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Lobachevsky State University of Nizhni Novgorod -
National Research University

Olga Angelova

MARKETING

Recommended by the Methodological Commission of the Institute of Economics
and Entrepreneurship for students of the UNN, studying in the field of training
38.03.01 "Economics" (in English)

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2017

МИНИСТЕРСТВО ОБРАЗОВАНИЯ И НАУКИ РФ
Федеральное государственное автономное
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университет им. Н.И. Лобачевского»

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МАРКЕТИНГ

Учебно-методическое пособие

Рекомендовано методической комиссией Института экономики и
предпринимательства ННГУ для иностранных студентов, обучающихся по
направлению подготовки 38.03.01 «Экономика» (бакалавриат) на
английском языке

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В настоящем пособии изложены основные темы курса «Маркетинг» на английском языке, представлены основные типы задач по анализу рынка, товарной политики компании, ценообразованию.

Учебно-методическое пособие предназначено для иностранных студентов, изучающих курс «Маркетинг» на английском языке.

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FOREWORD

Курс «Маркетинг» относится к дисциплинам базовой части ОПОП. К началу изучения дисциплины у студентов должны быть сформированы устойчивые представления, касающиеся понятийного аппарата в области функционирования предприятия на рынке, особенностей рыночной экономики.

Целями освоения дисциплины являются:

- формирование у студентов научно-мировоззренческой позиции в отношении роли и значения маркетинга в обеспечении эффективного функционирования компании на рынке,
- овладение теоретико-методологическими основами организации маркетинговой деятельности в компаниях с учетом отраслевой специфики,
- получение практических навыков по разработке маркетинговых управленческих решений для повышения эффективности работы предприятия на рынке.

Программа курса направлена на освоение следующих компетенций:

ОК-4 Способность к коммуникации в устной и письменной формах на русском и иностранном языках для решения задач межличностного и межкультурного взаимодействия

Уметь	Владеть
Грамотно и методически верно составить отчет о принятых решениях в сфере маркетинга	Навыками презентации разработанных управленческих решений в сфере маркетинга

ОПК-3 Способность выбрать инструментальные средства для обработки экономических данных в соответствии с поставленной

задачей, проанализировать результаты расчетов и обосновать полученные выводы

Знать	Уметь	Владеть
Маркетинговые инструменты обработки рыночной информации	Анализировать данные о рыночной деятельности компании	Навыками расчетов основных маркетинговых показателей

ПК-1 Способность собрать и проанализировать исходные данные, необходимые для расчета экономических и социально-экономических показателей, характеризующих деятельность хозяйствующих субъектов

Знать	Уметь	Владеть
методы сбора информации о рынке; Методы анализа полученной информации	анализировать рыночную конъюнктуру и оценивать ее влияние на компанию; проводить маркетинговые исследования с использованием различных методов и инструментов	навыками принятия управленческого решения на основе анализа и разработки комплекса маркетинга

The purpose of the course MARKETING is a formation of students' understanding of the role and significance of marketing in the company's activities in the market. Main attention is given the skills of application of marketing tools in the enterprise.

Students as a result of studying the course Marketing should receive the following competencies:

- ✓ OK-4 Ability to communicate in Russian and foreign languages for solving problems of interpersonal and intercultural interaction;
- ✓ OPK-3 Ability to select tools for processing economic data, analyze the results of calculations and justify the findings
- ✓ PK-1 Ability to collect and analyze the data needed to calculate the indicators of economic entities

Students who successfully completed the training course will acquire the following knowledge and skills:

- basic marketing concepts
- the structure of the marketing mix
- the concept of product life cycle
- methods of analysis of commodity company policy
- methods of market analysis
- approaches to pricing of goods and services of the company
- techniques and tools of promotion

THE MARKETING



What is a MARKETING?

Advertising ?

Personal selling?

Making products available in stores?

ALL OF THE ABOVE, AND MUCH MORE!

There are about 1500 different definitions the term «Marketing». For example:

- ✓ American Marketing Association (AMA) previously defined **marketing** as «the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, services to create exchanges that satisfy individual and organizational goals». The official AMA definition published in July 2013 defines **marketing** as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large"¹
- ✓ Phillip Kotler²'s definition is “**Marketing** is a societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others.”
- ✓ Marketing is the solution of your customers problems for profit

Looking at the all definitions one sees that they agree on the following points:

¹ <https://www.ama.org/resources/pages/dictionary.aspx?dLetter=M>

² https://en.wikipedia.org/wiki/Philip_Kotler

- Marketing is a management process.
- Marketing is about giving customers what they want.

To sum up, Marketing is managing profitable customer relationships. And its goal is to attract new customers by promising superior value and to keep current customers by delivering satisfaction.

Marketing as a science appeared in the late 19th century due to the development of industry and trade. We can distinguish several concepts in the development of marketing theory:

Production Concept	Firms that follow this philosophy focus on manufacturing products that are relatively easy to produce. The company does everything it can to improve production efficiency to lower the price of the product. However, this approach it does not focus on the needs of the customer.
Product Concept	Companies that follow this philosophy try to make it the best-performing product in the market via improvements. Its focusing too much on one's product can also be dangerous.
Selling Concept	Firms that follow this philosophy focus on "pushing" the product using advertising and promotion. Please note that marketing is not selling: selling is similar to pushing, and marketing, we will see, is more like pulling
Marketing Concept	One of the most important terms that you will learn in this course is the marketing concept. If a firm wants to achieve its goals it has to focus on satisfying the needs of its customers. If a firm focuses on satisfying the needs of its customers, in this case it does not have to " push " its product. The public will demand the product and " pull " it through the channel of distribution
Societal marketing concept	Unfortunately, satisfying customers' short-term needs may not be compatible with society's needs. For instance, your customers may prefer large automobiles and hamburgers, no-deposit bottles. Society is better off if we drive small cars and eat soy burgers. Social responsibility is the belief that organizations have a responsibility to society as a whole. An organization must think of the effects its

	actions have on society
Relationship marketing	<p>The goal of Relationship marketing is to have a satisfied customer and establish an ongoing, personal, and long-term relationship with him or her. This means that the organization will have to understand the needs of the customer as they change over time. What matters is the lifetime value of the customer, not how much money a firm makes with one transaction. One goal of relationship marketing is customer retention, to keep an organization's existing customers. The cost of keeping an existing customer is lower than the cost of finding a new customer</p>

The realization of marketing strategy requires a set of managed elements, which are called **marketing mix** (MM). It includes 4 items. They are:

1. **Product.** Goods and services (creating offerings).
2. **Promotion.** Communication.
3. **Place.** Getting the product to a point at which the customer can purchase it (delivering).
4. **Price.** The monetary amount charged for the product (exchange).



Marketing does not occur in a vacuum. The marketing environment consists of external forces that directly and/or indirectly impact the organization. Changes in the environment create opportunities and threats for the organizations. Environmental scanning collects information about external forces. The main ones are:



PRODUCT

Product means the goods-and-services combination the company offers to the target market.

There are 3 levels of product:



Product Life Cycle (PLC) popularized by Theodore Levitt (1965). A product's life cycle (PLC) can be divided into several stages characterized by the revenue generated by the product.



Methods of analysis of commodity policy of the company:

- ✓ ABC analysis
- ✓ growth-share matrix (BCG matrix).

The **ABC analysis** is based on the Pareto principle (20-80). ABC analysis divides product into 3 categories according to the degree of their impact on the company's activities.

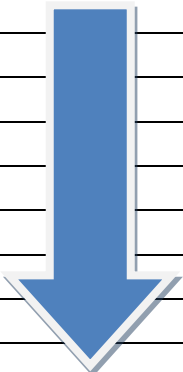


Let's consider an example. Spend ABC analysis of the products of milk factory based on the following data:

Production	volume of sales for the year in real terms, kg
Milk	154290
baked milk	5021
Kefir	54567
Sour cream	44908
Yogurt	3744
clabber	3824
Bifidok	2728
Milk shake	1897
Ryazhenka	36357

- ✓ **Stage 1**. Sort the products in descending order of sales.

Production	volume of sales for the year in real terms, kg
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Milk	154290	
Kefir	54567	
Sour cream	44908	
Ryazhenka	36357	
baked milk	5021	
clabber	3824	
Yogurt	3744	
Bifidok	2728	
Milk shake	1897	

✓ **Stage 2.** We calculate the share of each product in the total sales volume.

Production	volume of sales for the year in real terms, kg	Share in the total sales volume, %
Milk	154290	50,20
Kefir	54567	17,75
Sour cream	44908	14,61
Ryazhenka	36357	11,83
baked milk	5021	1,63
clabber	3824	1,24
Yogurt	3744	1,22
Bifidok	2728	0,89
Milk shake	1897	0,63

✓ **Stage 3.** We calculate the cumulative share of each product

Production	volume of sales, kg	Share in the total sales volume, %	Cumulative share, %
Milk	154290	50,20	50,20
Kefir	54567	17,75	50,20+17,75=67,95
Sour cream	44908	14,61	67,95+14,61=82,56
Ryazhenka	36357	11,83	94,39
baked milk	5021	1,63	96,02
clabber	3824	1,24	97,26
Yogurt	3744	1,22	98,48
Bifidok	2728	0,89	99,37
Milk shake	1897	0,63	1

✓ **Stage 4.** We select the groups of goods - A (the closest value of the cumulative share to 75%), B (95%) and C.

Production	volume of sales, kg	Share in the total sales volume, %	Cumulative share, %
Milk	154290	50,20	50,20
Kefir	54567	17,75	67,95
Sour cream	44908	14,61	82,56
Ryazhenka	36357	11,83	94,39
baked milk	5021	1,63	96,02
clabber	3824	1,24	97,26
Yogurt	3744	1,22	98,48
Bifidok	2728	0,89	99,37
Milk shake	1897	0,63	1

ASSIGNMENTS FOR THE INDEPENDENT WORK OF STUDENTS

1) Spend ABC analysis of the products of online - shop based on the following data:

Product	Sales, ths. Rub	Product	Sales, ths. Rub
Books	345	Men's watch	215
Magazines	27	Watches for women	70
Souvenirs	459	accessories	5
Umbrellas	99	Maps (Atlas)	12
Postcards	67	Flash cards	150
Flowers	343	Computer disks	18
Bijouterie	1005	Stationery	55

2) Analyze the commodity policy of the company, which produces soft drinks, using the BCG matrix and make conclusions.

Type of product	sales volume, ths. Rub.		Market Share (%), 2016	
	2015	2016	firm	main competitor
Lemonade	256,8	564,96	8	32
Dushes	124,41	124,4	50	50
Krushon	133,98	132,95	62	30
Baikal	116,44	115,0	57	43
Cream Soda	256,8	1001,52	2	14
Sayan	175,45	75,18	7	6
Lime	67,48	122,99	12	88
Citro	87,73	350,92	10	15
Mojito	73,37	47,69	15	34

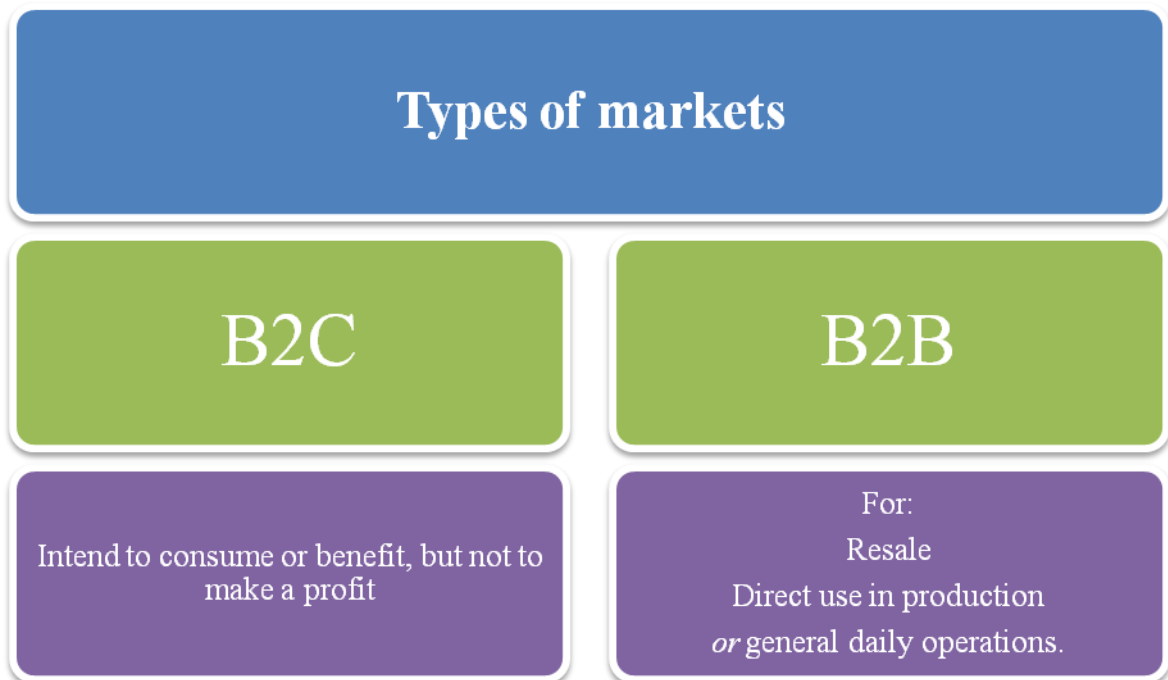
3) Spend ABC analysis of the products of Online Store based on the following data:

Product	Sales, thousand rubles	Product	Sales, thousand rubles
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Toys	1200	sport equipment	843
Books	849	bijou	923
Clothes for women	8097	Clothes for men	2039
Footwear	2650	Clothes for children	5017
Bags	1350	scarves	398

MARKET CONCEPT IN MARKETING ACTIVITY

A **market** is an aggregate of people who, as individuals or organizations, have needs for products and who have the ability, willingness and authority to purchase such products.



Market Capacity (market size) is the potential volume of sale of goods and services, determined by the size and structure of actually demonstrated or future demand.

Let's look at an example. Define school diaries capacity of the market (E) of Nizhniy Novgorod region in volume and value terms. It is known that the population of the region is 3340.7 thousand. people, of whom 12% are pupils of schools. 10% of students use only electronic diary. There is evidence that the student uses in 1 year 1.11 diary. The average diary is worth 50 rubles

$$E = C * (1 - S_n) * N$$

$$C = 3340.7 * 0.12 = 400884 \text{ (pupils in Nizhniy Novgorod region)}$$

$S_n = 0,1$ (10% of students use only electronic diary)

$N = 1,11$ (one student uses 1.11 diary per year)

$E = 400884 * (1 - 0,1) * 1,11 = \underline{400484 \text{ (items)}}$

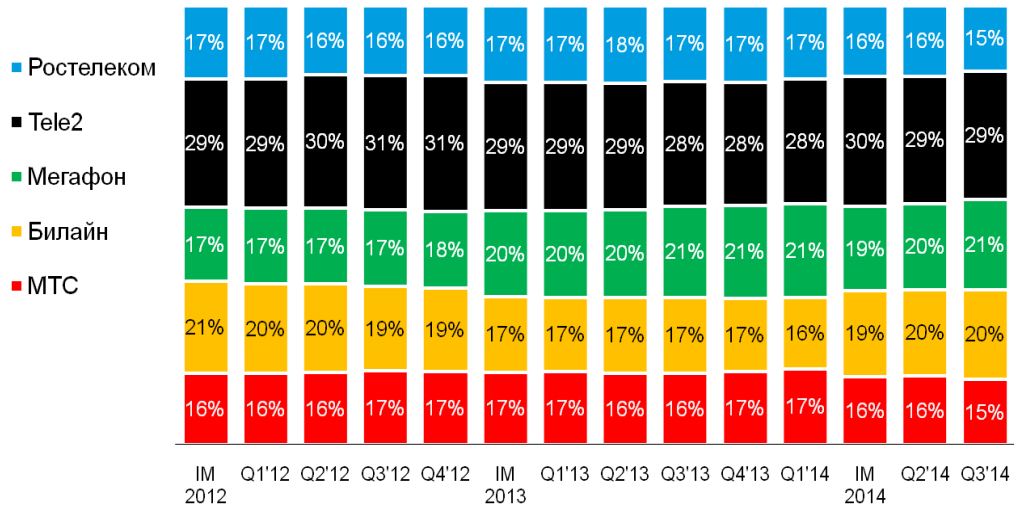
$E = 400484 * 50 = \underline{20024200 \text{ (rubles)}}$

ASSIGNMENTS FOR THE INDEPENDENT WORK OF STUDENTS

1) Calculate the capacity of the gasoline market in the city of N, if registered in the traffic is 180 thousand cars, of which 1 percent of alternative energy sources use. Average fuel consumption rate of A-95 is 70 liters per month for the period from May to October, in the remaining six months of consumption is reduced by 20%.

2) Determine the market size of accessories for shaving in the city Voronezh. According to the statistics on 1 January 2015 the population of Voronezh was 1024 thousand people. According to the statistics the percentage of the number of men 45%, of which adult men who are potential users of the goods 25%. Costs per year for this type of product is 5000 rubles.

3) The figure shows the market share of mobile operators in the Nizhny Novgorod Region. Assess the level of concentration in the industry, using the HHI, based on data for the 3rd quarter 2014.



PRICING IN MARKETING

Price is

- ✓ the value placed on what is exchanged
- ✓ the amount a customer pays for the product
- ✓ the quantity of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service



Let's look at examples of various methods for determining the price.

- 1) The company manufactures chairs. The amount of the fixed costs of the enterprise of 100,000 rubles per month. For a month produced 100 units, the cost of materials and wages per product unit account for 3548 rubles.

$$P = 3548 + (100000 / 100) = 4548 \text{ (rub.)}$$

- 2) There is evidence of the relationship between the parameters of enterprise products with the parameters of the basic model (the price of the base model 1999 rub.):

product Parameters	The importance of the parameter	Expert scores (0-10)	
		New product	basic
1	0,35	6	9
2	0,15	10	5
3	0,3	10	7
4	0,2	8	9

For new product: $6 \cdot 0.35 + 10 \cdot 0.15 + 10 \cdot 0.3 + 8 \cdot 0.2 = 8.2$

For basic product: $9 \cdot 0.35 + 5 \cdot 0.15 + 7 \cdot 0.3 + 9 \cdot 0.2 = 7.8$

$$P = (1999/7.8) * 8.2 = \underline{2101,51 \text{ (rub)}}$$

- 3) The cost price of the goods is 320 rubles. Acceptable profitability is 20%. Indirect taxes 18%. Is it profitable to the company's selling price in the amount of 450 rubles?

Determine the value of the sale price on the basis of available data: $320 * 1.2 = 384 \text{ (rub.)}$

$384 * 1.18 = 453.12 \text{ (RUR)}$.

453.12 more than 450 - not profitable

- 4) The company, which produces refrigerators, based on an assessment of market conditions and prices, expects that the retail price of a model can be set at the level of 19900 rubles. Thus the profit and retailing costs account for 30% of the price, profit and wholesale costs - 25% and the private profit of the company - 25%. **Calculate what may be the cost of production of the refrigerator models.**

Cost of production = X

Price for company = 1.25 X

Wholesale price = 1.25 * 1.25 X = 1,5625 X

Retailing price = 1,5625 * 1.3 X = 2.01325 X = 19900

X = 9884.52 (rub)

- 5) The company produces furniture accessories. It was decided to develop a system of discounts for the amount of the order. The average unit price of the goods is 10 rubles, of which 2 have ruble profit. The cost of order processing is 5000 rubles. The total annual volume of purchases per customer 100000 pieces. Buyer orders in lots of 10,000 units. In what should be in the range of discount to the buyer was beneficial to increase the party must be ordered in 2 times

Profit at the size of the order = 10000

$(10000 * 2 - 5000) * 10 = 150000$ (rub.).

Profit at the size of the Order 20000

$(20000 * 2 - 5000) * 5 = 175000$ (rub.).

Increase in profit: $175000 - 150000 = 25000$ (rub.)

The size of possible discounts: $25000 : 1000000 * 100 = 2.5\%$

ASSIGNMENTS FOR THE INDEPENDENT WORK OF STUDENTS

- 1) You are the owner of a shoe store. At present the sales volume of 29 000 pairs of shoes a year. You buy a pair of shoes from the manufacturer to an average of 2050 rubles. Average price in your store is 2600 rubles per pair. Total fixed costs for rent and electricity for the store is 180 thousand rubles per year
 - Determine the break-even point, calculate the profit of your store
 - With a discount of 5% of the sales price, how many pairs Shoes need to be sold each year to a profit increase of 20% compared to the baseline?
 - Next year you are planning to conduct an advertising campaign that will cost 80 000 rub., at the same time selling price increased by 10%. What will be the break-even point?

- 2) Determine the level of prices for Electric cookers method based on competitors' prices. The price of the base plate 4950 rubles. Assessment of the basic parameters of the base and the new products shown in the table:

product Parameters	The importance of the parameter	Expert scores (0-10)	
		New product	basic
The amount consumed electric	0,3	79	85

power			
Variety of functions	0,3	80	55
design	0,1	56	47
Service life	0,1	58	79
safety	0,2	78	57

3) The company produces motor petrol with an octane rating of "95".

- The cost price of 1 ton of petrol is 2,500 rubles
- Calculated profit on a 1 ton of petrol is 750 rubles
- Rate of excise duty are 455 rubles per 1 ton
- Wholesale organization established by agreement marketing premium at a rate of 18%.
- The VAT rate of 20%.

Calculate the wholesale market price for 1 ton of petrol

4) The company, which produces Sets of furniture for children's rooms, based on an assessment of market conditions and prices, expects that the retail price of a model can be set at the level of 14900 rubles.

Thus the profit and retailing costs account for 20% of the price, profit and wholesale costs - 15% and the private profit of the company - 25%. **Calculate what may be the cost of production of the Sets of furniture for children's rooms.**

5) Trading company offers on the market assortment from three products A, B and C at a price 11.50, 8.35 and 10.60 per share, respectively. The prices for the products A and C were not accepted by the market. What are the new prices for products A and C on the basis of psychological prices can be expected? The planned sales volume of 120,000, 540,000 and 230,000 units

respectively. What is the new price for the product in will keep the amount of revenue and cover the losses from the change in prices for A and C?

- 6) "Prestige" company produces plastic windows. The selling price per unit of output is 10,000 rubles. This variable production cost is 7500 rubles for the product, and the fixed costs 350,000 rubles a month. Determine how much you need to implement plastic windows to ensure break-even production. How many more have to sell plastic windows, if variable costs will increase by 2,000 rubles, and the selling price will rise only 1500 rubles?

- 7) The firm "World of Stationery" produces 10,000 packs of paper for writing in a month. In this case the material costs of a pack - 20 rubles, wages with deductions on social needs - 15 rubles, and other operating costs 12 rubles. Fixed costs for the entire production volume of 50,000 on marketing costs - 10 rubles for 1 pack. To determine the selling price of the enterprise, if the target profit of 20%.

PROMOTION. MARKETING COMMUNICATIONS

Promotion is to communicate with individuals, groups or organizations to directly or indirectly facilitate exchanges by informing and persuading one or more audiences to accept an organization's products. **Promotion** is communication used by marketers to inform, remind, or persuade potential buyers.

Promotional Mix



Advertising is paid form of non personal communication about an organization or its products that is transmitted to a target audience through a mass/broadcast medium.

Group advertising objectives fall into three categories:

Informative Advertising

- To communicate customer value and is used heavily when introducing a new product

Persuasive Advertising

- To build brand value and sometimes compare with competing brands

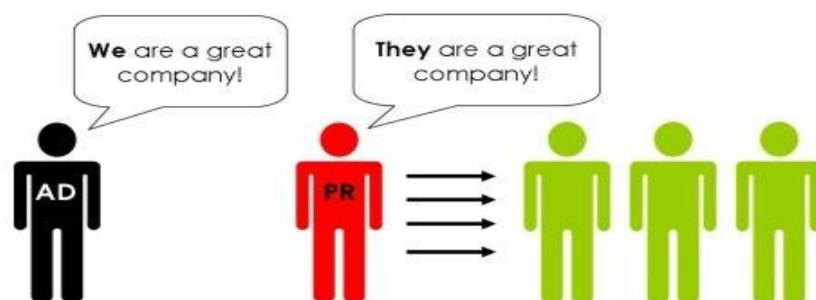
Reminder Advertising

- Maintain customer relationships and keep customers thinking about the product

Personal Selling is the process of communicating with a potential buyer (or buyers) face-to-face with the purpose of selling a product or service.

Public Relations (PR, Publicity) is News story form about an organization or its products or both, through mass medium at no charge. Public relations in many ways is similar to advertising, can use the same tools. But the main difference is in the level of costs.

Advertising vs. Public Relations



Sales Promotion is Materials that act as a direct inducement, offering added value, or incentive for the product, to resellers, sales persons or consumers. Designed for immediate (short term) increase in product sales.

Sales Promotion Methods



ASSIGNMENTS FOR THE INDEPENDENT WORK OF STUDENTS

Determine the type of submitted samples of advertising. Justify your opinion





2)



3)



4)

RECOMMENDED FOR READING

1. Tanner, Raymond **Principles of Marketing**. - Publisher: University of Minnesota Libraries Publishing, 2015 // <http://open.lib.umn.edu/principlesmarketing/>
2. Olujimi Kayode **Marketing Communications**. // <http://bookboon.com/en/marketing-communications-ebook>
3. website of the American Marketing Association
<https://www.ama.org/resources/pages/dictionary>

Ольга Юрьевна Ангелова

MARKETING

Учебно-методическое пособие

Федеральное государственное автономное
образовательное учреждение высшего образования
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