

# MARKETING AND RESEARCH

## Lecture Title: Marketing Principles and Theories



**Lecturer: Ms. Aysel Schembri**

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**Undergraduate Diploma in  
Business Administration**

# Lecture summary

- Understand marketing principles.
- Different marketing tools and models to evaluate the market.



# Marketing Principles

The principles of marketing are agreed-upon marketing ideas that businesses use for an effective marketing strategy. They are the principles upon which we build product promotion strategies. We can use the marketing principles for the effective promotion of either goods or services.

For an effective strategy there are various marketing models and tools available.



# Evolving Marketing Mix



7 Ps of the Marketing Mix

Products/Service	Promotion	Price	Place	People	Process	Physical Evidence
what you offer your audience/customers including products, service, ideas, processes and performance	the strategy, tools and tactics that you use to inform, engage, motivate and move to act	what your audience/customers pay for a product or service	where you are seen and engage with audience/customers	those who engage with your audience on your behalf, those who deliver the service, see the service	how you deliver your product/service with own cost and time quality, quality through the customer experience	evidence of brand and mix, physical (and intangible) signs of a reliable brand and a quality customer experience

McCarthy's 4Ps  
1960

Booms & Bitner's 7Ps  
1981

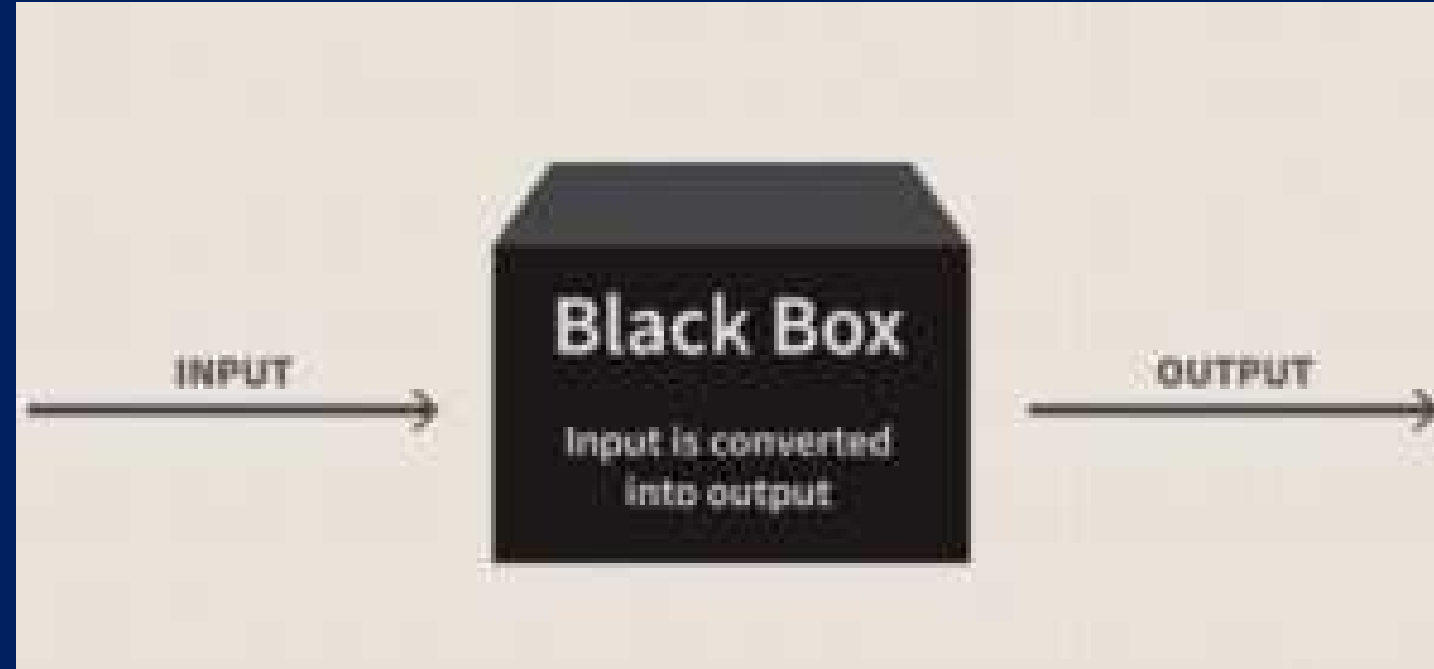


# MOST Analysis



# The Black Box model

- The black box model shows the interaction of stimuli, consumer characteristics, decision process and consumer responses. It can be distinguished between interpersonal stimuli (between people) or intrapersonal stimuli (within people).



- The black box model is related to the black box theory of behaviorism, where the focus is not set on the processes inside a consumer, but the relation between the stimuli and the response of the consumer.



## STIMULI

*EXTERNAL FACTORS*

### Marketing Mix

Product  
Price  
Place  
Promotion

### Environmental

Economic  
Technological  
Political  
Cultural  
Demographic  
Situational

## BLACK BOX (BUYER'S MIND) *INTERNAL FACTORS*

### Consumer Characteristics

Beliefs/Attitudes  
Values  
Knowledge  
Motives  
Perceptions  
Lifestyle

### Decision-Making Process

Problem solving  
Information search  
Alternate evaluation  
Purchase  
Post purchase  
Evaluation

## RESPONSES

### Purchase

Product  
Brand  
Source  
Amount  
Method of Payment

**No Purchase**



# What is Consumer Behavior?

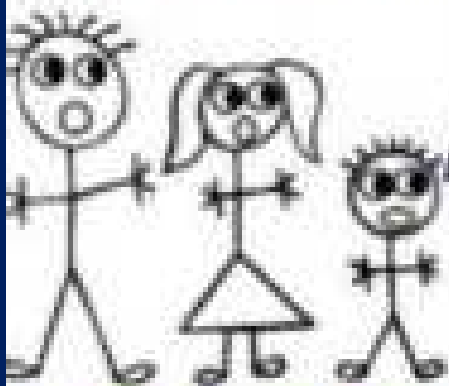
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**Routine  
Purchases**



**Costly  
Purchases**



**"Absolutely not!  
You will not take  
me to school in  
that thing!"**



Many children  
today tell  
their parents  
what car to  
buy.

**The study of activities related to the purchase,  
use, and disposal of goods and services**



What does affect you while  
you are taking decision to  
purchase any good?





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# The purpose of SWOT Analysis

Unveiling the Power of SWOT Analysis

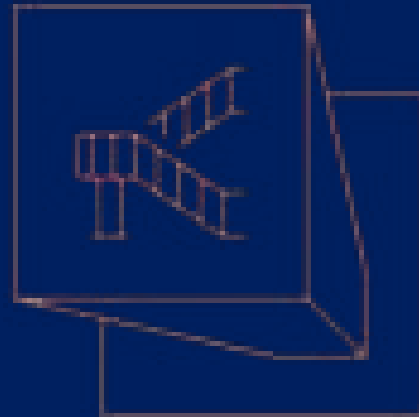


# Internal Analysis of Strengths and Weaknesses

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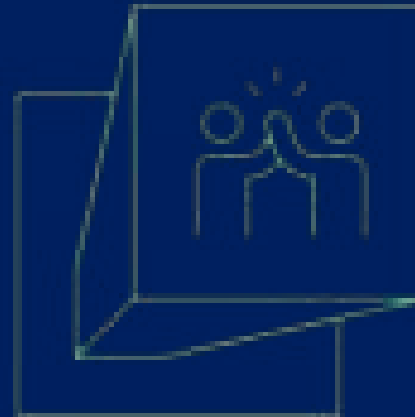
## Addressing critical performance gaps

Tackling essential  
shortcomings for  
major  
improvements.



## Leveraging unique competencies

Utilizing distinct  
skills for significant  
success.



## Revising flawed assumptions

Correcting  
misguided beliefs  
with minimal effect.



## Exploring untapped potential

Investigating unused  
capabilities with  
limited impact.



# Key Questions for Managers in Internal Analysis

How do we assemble **bundles** of Resources, Capabilities and Core Competencies to create **VALUE** for customers?

And...

Will environmental changes make our core competencies obsolete?

Are substitutes available for our core competencies?

Are our core competencies easily imitated?



# SWOT Analysis - Identifying Weaknesses

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1

## Outdated training programs

Outdated programs hinder skill development and growth.



2

## Lack of leadership skills

Leadership skills are crucial for organizational success.



3

## Insufficient technology infrastructure

Technology gaps limit operational efficiency and



4

## Absence of R&D facilities

R&D facilities are vital for competitive advancement.





# SWOT Analysis – Strengths & Examples

- **A loyal customer base for a small business:** small businesses are particularly fragile, especially in volatile markets. That's why having a loyal customer base is a big strength for a small business — they can push through difficult conditions and will always have a group of people willing to support them.
- **Lots of capital for a country:** having lots of finances is always a plus. A healthy financial situation allows countries to take bigger risks and survive tougher conditions, both of which are beneficial in every regard.
- **Premium quality for a handmade product:** if a product is of high quality, it's bound to receive more sales, and do so in a part of the market which offers larger margins.



# SWOT Analysis - Opportunities

- Characteristics of Market Opportunities:
  - An absolute “**must pursue**” market
    - Represents much potential but is hidden in “fog of the future.”
  - A marginally interesting market
    - Presents high risk and questionable profit potential.
  - An unsuitable\mismatched market
    - Is best avoided as the firm’s strengths are not matched to market factors.



# SWOT Analysis - Threats

- Types of Threats:
  - Normal course-of-business threats
  - Sudden-death (survival) threats
- Considering Threats:
  - Identify the threats to the firm's future prospects.
  - Evaluate what strategic actions can be taken to neutralize or lessen their impact



# SWOT Analysis

Simply making lists of a company's strengths, weaknesses, opportunities, and threats is not enough; the payoff from SWOT analysis comes from the conclusions about a company's situation and the implications for strategy improvement that flow from the four lists.

Basing a company's strategy on its most competitively valuable strengths gives the company its best chance for market success.



# Group Task

- Select an organisation that you are familiar with – 10 mins.
- Carry out a SWOT analysis on the selected organisation – 20 mins.
- Apply the opportunity approach on the selected organisation – 10 mins



# PESTEL

PESTEL analysis is another tool that helps to understand how the market works. By monitoring opportunities and threats to its operations and markets, the company can anticipate the evolution of the environment and thus ensure the sustainability of its operations.



# PESTEL

## Political



- War,
- Dictatorship,
- Facilities for starting a business
- Waste reduction policy,
- High taxes

## Economic



- High GDP,
- Price inflation
- Saturated markets
- High loan rates for companies...

## Social



- Purchasing habits
- The budget per household
- Trends and cultural influence in the country

## Technological



- The country's technical and logistical resources
- The level of expertise
- The latest developments (tools, research)

## Environmental



- Law "to preserve animal and plant life",
- Suitable Environment to launch the activity (soils, climate)

## Legal



- Employment laws of the country,
- Laws related to the activity
- Permits, authorizations and other requirements,

# Porter's 5 forces

A model that covers five separate threat factors that can impact business growth.

- The intensity of the competitive landscape;
- Level of supplier power;
- Buyer's entry/exit costs;
- The threat of substitute products;
- Access to the market for new entrants





# Porter's 5 forces

The first thing to investigate is how intense the competition is within your niche. The key insights you should gather at this stage are:

- The competition level within the marketplace;
- Key competitors;
- A clear understanding of your competitive strategy.



# Ansoff Matrix





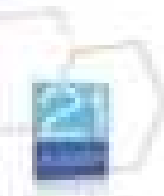
# STP marketing



# Applying STP to digital communications

Figure 4.10 Stages in target marketing strategy development





# How to use STP marketing?

The needs of each segment are the same, so marketing messages should be designed for each segment to emphasise relevant benefits and features required rather than one size fits all for all customer types. This approach is more efficient, delivering the right mix to the same group of people, rather than a scattergun approach.



# Any Questions?



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