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Marketing Principles

Produced for the CRC for Premium Quality Wool undergraduate program by;
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History of Marketing

- production > domestic consumption
- find new markets (national to global)
- U.S. derivation (~1900)

- **social institution**
 - means to satisfy certain consumer needs
- **value added by marketing**
- **new markets are the key**
 - synthetic fibres
 - videos, Walkman
 - R&D / New Product focus

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Modern Marketing

- **The Marketing Concept**
 - the customer first, last, always
 - strategy (global)
- **Market Insight**
 - market research
 - market information
 - profiling markets
 - understanding buyer behaviour
 - segments, targets, position
- **Applying Market Techniques**
 - product development
 - product management
 - nature of pricing
 - distribution function
 - promotion
- **“if it ain’t broke, you might as well break it”**

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Related Areas

- **Product Management**
- **Psychology**
- **Sociology**
- **Cultural Anthropology**
- **Information Science**
- **Accounting**
- **Economics**
- **Management**
- **Statistics**

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Importance of Marketing

- “Knowledge of prices, of pricing patterns, and the capacity to analyze the economic forces that cause and change those prices will be a necessary condition to effective marketing decisions”
- “The benefits of a year-long and outstanding job of production can be wiped out with a single poorly informed marketing decision”

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Systems Approach

Consumption

Retailing

Wholesaling

Processing

Assembly

Production

- “marketing might be defined as the set of economic and behavioural activities that are involved in coordinating the various stages of economic activity from production to consumption”
 - no farm gate
 - recombination of resources at each stage is production



Marketing after the Farm-gate

- **Product Marketing**
 - trade promotion
 - technical promotion
 - industrial marketing
- **PUSH**
 - personnel
 - marketing products to processors
 - maximising production efficiency (cost)
 - enhancing processor products
- **Consumer Marketing**
 - generic promotion
 - advertising
 - branding
- **PULL**
 - \$\$\$\$
 - marketing products to consumers

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Marketing Activity

- **Product Related**
 - packaging, delivery, distribution
 - product development
 - sales service
- **Trade Related**
 - trade seminars
 - trade fairs
 - trade missions
 - trade advertising
- **Consumer Related**
 - * store promotion
 - * POS material
 - * consumer media advertising
 - * public relations
 - * market failure
 - * group activity justified
- **AMLC philosophy**
 - eg. lamb

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Market Failure

- individual firm can't capture most of the benefits from providing an activity
 - e.g. consumer promotion
- significant economies of scale exist in the provision of an activity
- where the costs imposed on an industry by the actions of a firm are higher than the costs to a firm
 - e.g. meat substitution



Group Marketing

- Marketing groups can influence
 - demand
 - the quantity of product
 - the quality of product
 - marketing efficiency
 - competitive structure of selling
 - pricing policy (government)
 - other producers orientation to the market

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Marketing Efficiency

- **Technical Efficiency**
 - input / output relationships throughout the system / pipeline
 - production level
 - processing level
- **Pricing Efficiency**
 - adjustment of prices to balance demand and supply
 - common description between buyer & seller
 - equal bargaining power
 - price volatility shouldn't mask signals

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Woolgrower Action Framework

- **Market Insight**
 - difficult, passive consumers
 - markets constantly evolving
- **Applying Marketing Techniques**
 - **New Products**
 - Where do these come from?
 - **Promotion**
 - Where in the pipeline?
- **Assembly**
 - (group activity is important)
 - competitive structure of selling
 - product quality
 - other producers' orientation
- **Marketing Efficiency**
 - production
 - processing
 - pricing

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Critical Marketing Functions

- identifying consumer needs
- new products
 - developing
 - promoting
 - industrial
 - consumer
- assembling raw material
 - selling innovation
 - quality
 - cultural
- producing raw material
 - cost of production
- processing raw material
 - process innovation (R&D)
- pricing raw material
 - measurement and description

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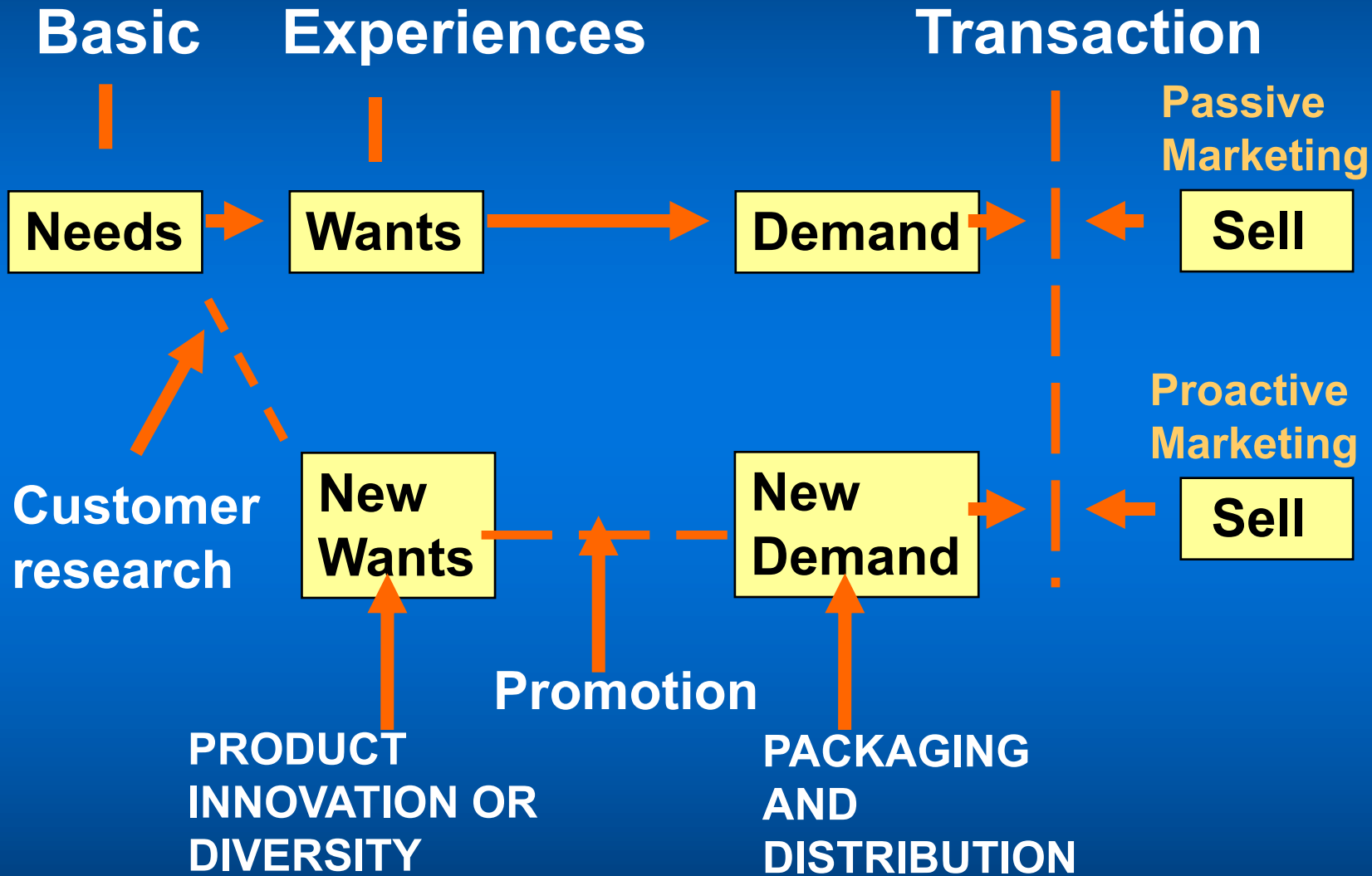
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Another Perspective of Marketing



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Peter Auer

Source: Stanton, J. & Senior, A. (1994)



What is Quality?

- **DESIRED SATISFACTIONS = QUALITY**
 - **Performance**
 - Reliability
 - Conformity
 - Durability
 - **Supplementary Features**
 - **Serviceability**
 - **Aesthetics**
 - **Perceptions**

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4 P's of Marketing

- **Product**
 - developed from market research for the target customer
- **Pricing**
 - policy based on profit, financing, relative position
- **Promotion**
 - enhance positioning
- **Pathways**
 - product presented to customer when it is required

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