TYPES OF MERKETS

Types of markets

The market is the find is a group of individuals' organisations or both that:

- Need or want a product
- Have the money to purchase the product
- Are willing to spend the money
- Are socially and legally authorised to purchase the product
- Generally the term market refers to the total population or mass-market that purchases product

Resource Market

- The resource market consist of those individuals or groups that engaged in all forms of primary production including mining, agriculture, forestry and fishing
- Where the product and sale of raw materials occur o

E.g. gold, silver, aluminum, sugar, wheat etc. o Produced by BHP Billiton, Rio Tinto etc.

Labour is traded on the resource market – as it is a key factor of production

Industrial Market

- Where goods that are used as supplies in the production process are traded
- The outputs of another business are used as inputs for a business with more transformed Resources. E.g. Aluminium to build cars

Intermediate Market (wholesalers)

- Where businesses retail products, produced by other businesses, to sell retail businesses
- Involves purchasing in bulk to offset costs and then distributing the goods in smaller quantities to retailers

Consumer

- Markets where businesses sell directly to the consumer
- Most widely recognised markets. E.g. Harvey Norman, David Jones, Myers etc.

Mass

- Market segmentation refers to the dividing of the mass market to smaller sub-categories. E.g. milk is a mass market product, yet low-fat and skim milk are produced to appeal to a segmented market of "healthy-wise individuals

Niche

- A smaller section of a larger market segment
- Have a very specific customer base
- Due to less sales volume, businesses compensate with higher prices to retain profitability. E.g. rice milk

- The *Competition and Consumer Act 2010* (CCA) is one of the most important pieces of legislation affecting marketing and business practices in Australia. The act has two major purposes:
  - To protect consumers against undesirable practices
  - To regulate certain trade practices that restricts competition
- The CCA applies to virtually all businesses and is enforced and administered by the Australian competition and consumer commission (ACCC), each state and territory's consumer agency (Department of Fair Trading), and the Australian security and investment commission (ASIC) in respect of financial services.

DECEPTIVE AND MISLEADING ADVERTISING

- The CCA makes deceptive and misleading advertising illegal.
- Deceptive and misleading advertising unfairly creates an inaccurate impression in the customer about some characteristics of the product, often a deliberate effect to convince them to make to purchase.
- It makes no difference weather the business intended to mislead or deceive you- it is how the conduct of the business affects your thoughts and beliefs that matter.
- Ads must not use words that claim that the product has some specific quality when it does not.
- Examples of deceptive and misleading advertising under the CCA include
  - Fine print
  - Before and after advertising
  - Test and surveys
  - Country and origin
  - Special offer
- The most common deceptive and misleading advertising techniques are
  - Bait and switch
  - Dishonest advertising

<u>Deceptive and misleading advertising – case studies</u>

- Redbull- 'redbull gives you wings' – taken to court
- Subway- was sued for the foot-long sub not being an actual foot-long
- Reebok- false advertising- shoes that were modeled by Miranda Kerr helped tone your body better than any other sport shoe- were fined $3500 and were forced to refund customers.

PRICE DISCRIMINATION

- Price discrimination is the setting of different prices for a product in separate market
- Although can be sold for a different price if there is some difference e.g. transporting the product or it's a similar product and bulk might get discount.
- The CCA prohibits price discrimination if the discrimination could substantially reduce completion

    - Ensures places are consistent with marketing strategy and goals
    - E.g. oxford shirts only sold to Myers, David Jones etc.

Exclusive
- Restricting the number of products or their availability
- Selling at a limited number of venues
    - Allows business to control all methods of the marketing mix
    - Used by hyper-exclusive products e.g. sports cars, jewelers

Physical distribution issues
Transport
- Process of moving goods from one location to another
- Considerations:
    - Cost of transport and time needed
    - Type of good e.g. fresh fruit = refrigeration

Warehousing
- Process of storing products before they are distributed
- Build up in holding stock decreases lead time
- Considerations:
    - Type of good e.g. perishables = can only warehouse for short period
    - Cost of warehousing, inventory becoming toxic (obsolescent)

Inventory
- Must manage levels of inventory
- Considerations:
    - Overstock can lead to obsolescent stock and clearance sales = reduction in profit
        - Restricts capacity to store new/updated stock
    - Undersupply could damage customer loyalty
        - Not enough stock to satisfy consumer demand = loss in sales

People, Processing and physical evidence (Additional P's to Marketing Mix)
- People: Refers to the performance of human resources
    - Excellent customer service = high level of customer satisfaction
- Process: The consumer's total experience from searching for a product to using the product
- Physical evidence: The physical appearance of the product's presentation
    - Visual packaging influences consumer buying behaviour
    - Crucial in promoting a positive image

E-Marketing
- Provides business with opportunity to interact with consumers
    - Use of emails to directly communicate
    - Online operations reaches a global audience = faster sales volumes