

PRINCIPLES OF MARKETING

Comprehensive Study Guide

Modules 1 - 8

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Module 1: Marketing Foundations

Marketing is a full value process — not just advertising or social media posting. It encompasses creating, communicating, delivering, and exchanging value with customers and society.

Key Concepts

- Marketing creates, communicates, delivers, and exchanges value — broader than just promotion.
- Exchange requires mutual value between the customer and the organization.
- Customer orientation means starting with customer needs and building superior value over alternatives.
- STP (Segmentation, Targeting, Positioning) is the strategic core of marketing.
- The 4Ps — Product, Price, Place, Promotion — must align to support one coherent strategy.
- Marketing decisions must consider legal, ethical, and social impact.

The 4Ps Framework

All four elements must reinforce the same strategic position:

- **Product — the value bundle offered to the customer:** Product
- **Price — reflects perceived value and supports positioning:** Price
- **Place — channels that make the offer accessible to target customers:** Place
- **Promotion — communicates the value proposition to the audience:** Promotion

Key Metrics to Know

- Awareness — do target customers know the brand exists?
- Conversion — are aware customers taking desired actions?
- Customer Acquisition Cost (CAC) — cost to acquire one new customer
- Customer Lifetime Value (CLV) — total value a customer brings over their relationship

Vocabulary

Term	Definition / What to Know
Exchange	A transaction where two parties receive mutual value
Customer Orientation	Starting with customer needs to create superior value over alternatives
STP	Segmentation, Targeting, Positioning — the strategic marketing framework

Value Proposition	A clear statement of the value a product delivers to a specific customer
Value Creation	The process of creating benefits that customers are willing to pay for
4Ps	Product, Price, Place, Promotion — the marketing mix elements
CAC	Customer Acquisition Cost — total spend to acquire one new customer
CLV	Customer Lifetime Value — revenue a customer generates over their relationship

Quick Self-Check

- 💡 *Can I explain why marketing is broader than promotion?*
- 💡 *Can I apply STP to a simple product or service example?*
- 💡 *Can I connect 4Ps decisions to one clear positioning strategy?*

Module 2: Strategic Analysis — SWOT & Environment

SWOT analysis is a decision tool, not just a list-making exercise. Good analysis links market conditions to positioning and resource choices. The strongest strategies align internal strengths with external opportunities.

SWOT Framework

- Strengths and Weaknesses are INTERNAL factors (what the business controls).
- Opportunities and Threats are EXTERNAL factors (market environment).
- Use PEST scanning to identify external factors: Political, Economic, Social, Technological.
- Prioritize SWOT items by strategic impact and urgency before choosing actions.

TOWS Strategy Matrix

After building a SWOT, convert findings into strategy using the TOWS framework:

- **SO — Use strengths to exploit opportunities (most aggressive growth strategy):** SO (Strength + Opportunity)
- **WO — Overcome weaknesses to capture opportunities:** WO (Weakness + Opportunity)
- **ST — Use strengths to neutralize threats:** ST (Strength + Threat)
- **WT — Minimize weaknesses and avoid threats (most defensive):** WT (Weakness + Threat)

Environmental Scanning (PEST)

- **Political — regulations, trade policy, government stability:** Political
- **Economic — growth rates, inflation, consumer confidence, purchasing power:** Economic
- **Social — demographics, cultural trends, lifestyle shifts:** Social
- **Technological — innovation, automation, digital disruption:** Technological

Vocabulary

Term	Definition / What to Know
SWOT Analysis	Framework organizing Strengths, Weaknesses, Opportunities, and Threats
Environmental Scanning	Systematic process of monitoring external forces (PEST) that affect strategy
Internal Factors	Strengths and weaknesses — aspects the business controls

External Factors	Opportunities and threats — market and environmental conditions
TOWS / SO Strategy	Using strengths to capture opportunities — most aggressive approach
WO Strategy	Overcoming weaknesses to access available opportunities
ST Strategy	Leveraging strengths to defend against threats
WT Strategy	Minimizing exposure where both weaknesses and threats align
Strategic Fit	Alignment between internal capabilities and external market opportunities
Risk Mitigation	Actions taken to reduce exposure to identified threats or weaknesses

Quick Self-Check

- 💡 *Can I classify each example correctly as S, W, O, or T?*
- 💡 *Can I explain why one SWOT item is higher priority than another?*
- 💡 *Can I convert SWOT findings into SO, WO, ST, and WT actions?*

Module 3: Segmentation, Targeting & Buyer Behavior

Strong marketing starts with clear audience definition, not generic messaging. Effective targeting and buyer insight improve positioning, conversion, and retention.

The Four Segmentation Bases

- **Demographic** — age, gender, income, education, occupation, family size: Demographic
- **Geographic** — region, city size, climate, urban/rural: Geographic
- **Psychographic** — values, lifestyle, personality, interests, opinions: Psychographic
- **Behavioral** — purchase occasion, usage rate, loyalty, benefits sought: Behavioral

Evaluating Segment Attractiveness

A good segment should be:

- **Measurable** — size and characteristics can be quantified
- **Substantial** — large enough to be worth pursuing
- **Accessible** — can actually reach and serve the segment
- **Differentiable** — responds differently to marketing than other segments
- **Actionable** — the business can develop effective programs for it

Consumer Decision Process

- **Need Recognition** — customer identifies a problem or unmet need
- **Information Search** — seeks out options and alternatives
- **Evaluation of Alternatives** — compares options using key criteria
- **Purchase Decision** — selects and buys the chosen option
- **Post-Purchase Evaluation** — compares experience to expectations; drives loyalty or churn

Influences on Buyer Behavior

- **Cultural** — shared values, norms, subcultures, social class: Cultural
- **Social** — reference groups, family, social roles and status: Social
- **Personal** — age, occupation, economic situation, lifestyle, personality: Personal
- **Psychological** — motivation, perception, learning, beliefs, attitudes: Psychological

Vocabulary

Term	Definition / What to Know
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Segmentation	Dividing a broad market into groups with shared needs or characteristics
Target Market	The specific segment(s) a business chooses to focus on
Buyer Persona	A semi-fictional profile of the ideal customer based on research data
Consumer Decision Process	Five stages: need recognition → search → evaluation → purchase → post-purchase
Behavioral Segmentation	Grouping by usage rate, purchase occasion, loyalty, or benefits sought
Psychographic Segmentation	Grouping by values, lifestyle, personality, and interests
Involvement Level	Degree of thought and effort a customer puts into a purchase decision

Quick Self-Check

- 💡 *Can I classify a customer example into the correct segmentation base?*
- 💡 *Can I justify why one segment is a better target than another?*
- 💡 *Can I map a customer decision journey and suggest one marketing action per stage?*

Module 4: Positioning & Value Proposition

Positioning is a strategy decision, not only a messaging exercise. Differentiation must be valuable to customers, credible in-market, and supported by delivery.

What is Positioning?

Positioning defines how your offer should be perceived in the customer's mind relative to alternatives. A strong value proposition answers: "Why should this specific customer choose our offer?"

Points of Parity vs. Points of Difference

- **Points of Parity (POP)** — table-stakes features every competitor must have to be considered; fix these before claiming superiority: Points of Parity (POP)
- **Points of Difference (POD)** — meaningful, credible differentiators that give customers a reason to choose you: Points of Difference (POD)

Positioning Statement Formula

For [Target Audience], [Brand] is the [Frame of Reference] that [Key Benefit] because [Reason to Believe].

Perceptual Mapping

Perceptual maps visualize where brands sit in customers' minds relative to two key dimensions (e.g., price vs. quality). Use maps to identify: market crowding, competitor proximity, and whitespace opportunities.

When to Reposition

- Market shifts change what customers value
- Performance signals show weak segment fit
- Price-driven switching indicates weak differentiation
- Customer expectations are inconsistent with brand delivery

Vocabulary

Term	Definition / What to Know
Positioning	How an offer is perceived in the customer's mind relative to alternatives

Value Proposition	A clear statement of why a customer should choose your offer
Frame of Reference	The category or competitive set your brand competes in
Point of Parity (POP)	Must-have features shared by all competitors — table-stakes
Point of Difference (POD)	Meaningful differentiators that provide a competitive advantage
Perceptual Map	Visual tool mapping brand positions on two consumer-relevant dimensions
Repositioning	Changing how a brand is perceived, often due to market shifts or weak performance

Quick Self-Check

- 💡 *Can I write a complete positioning statement with target, frame of reference, and key benefit?*
- 💡 *Can I separate POPs from PODs in a realistic scenario?*
- 💡 *Can I recommend a repositioning action when signals indicate weak fit?*

Module 5: Product Strategy & Customer Experience

A product is more than features — it includes service, support, and overall experience quality. Sustainable growth depends on promise-delivery alignment over time.

Product as a Value Bundle

- Core Benefit — the fundamental problem solved or need fulfilled
- Actual Product — the physical or digital item with features, quality, and branding
- Augmented Product — additional services, warranties, support, and experience

Customer Journey Mapping

Customer experience includes every interaction from discovery through post-purchase support. Journey mapping reveals friction points that reduce conversion or increase churn.

- Discovery & Awareness — how customers first learn about the product
- Consideration & Evaluation — comparing options, reading reviews
- Purchase — the transaction and checkout process
- Onboarding & First Use — critical window for activation and satisfaction
- Ongoing Use & Support — continued experience, help resources
- Post-Purchase & Retention — repeat purchase triggers and loyalty

CX Metrics to Know

- **CSAT — Customer Satisfaction Score; how satisfied after an interaction:** CSAT
- **NPS — Net Promoter Score; likelihood to recommend (0-10 scale):** NPS
- **Churn Rate — % of customers who stop purchasing in a period:** Churn Rate
- **Repeat Purchase Rate — % of customers who buy again:** Repeat Purchase Rate

Vocabulary

Term	Definition / What to Know
Core Benefit	The fundamental problem solved or need fulfilled by the product
Product Line	A group of related products under the same brand or category
Customer Journey	The sequence of interactions from discovery through post-purchase
Touchpoint	Any interaction point between the customer and the brand
Customer Experience (CX)	Total perception formed across all interactions with the brand

Onboarding Friction	Barriers that prevent customers from getting early value quickly
Churn	Loss of customers who stop purchasing or cancel subscriptions
CSAT / NPS	Metrics measuring satisfaction and likelihood to recommend, respectively
Lifecycle Stage	Introduction, growth, maturity, or decline — affects product priorities

Quick Self-Check

- 💡 *Can I describe the core benefit before discussing product features?*
- 💡 *Can I identify one critical journey stage with friction and explain its business impact?*
- 💡 *Can I interpret churn or NPS data to recommend one CX improvement?*

Module 6: Pricing Strategy

No single pricing model fits every context — strategy should match the segment and objective. Price changes require value communication and credibility, not just number changes.

Pricing Approaches

- **Value-Based** — price based on perceived customer value and willingness to pay (best alignment with marketing): Value-Based Pricing
- **Cost-Plus** — add a markup to total costs; simple but ignores customer perception: Cost-Plus Pricing
- **Competitive** — price relative to competitors; useful in commoditized markets: Competitive Pricing
- **Psychological** — use price points and framing to influence perception (e.g., \$9.99): Psychological Pricing

Key Pricing Concepts

- Perceived value drives willingness to pay more than cost alone.
- Price elasticity: segments differ in how sensitive they are to price changes.
- Reference prices shape fairness perception and conversion behavior.
- Tiering and packaging can improve accessibility while protecting overall value.
- Weak conversion is not always a price problem — diagnose fit and friction first.
- Test price adjustments on smaller cohorts before full rollout.

Pricing Recommendation Framework

A strong pricing pitch should include:

- Rationale — why this pricing model fits this offer and segment
- Assumptions — what conditions must hold for this to work
- Expected impact — on conversion, revenue, and retention
- Monitoring plan — which metrics to track and when to adjust

Vocabulary

Term	Definition / What to Know
Perceived Value	The customer's assessment of what an offer is worth to them
Willingness to Pay	Maximum price a customer would pay for the offer
Value-Based Pricing	Setting price based on customer perceived value, not just costs
Cost-Plus Pricing	Adding a fixed markup to total production/service costs

Competitive Pricing	Setting prices relative to competitors in the same market
Psychological Pricing	Using price points and framing to create favorable perceptions
Price Elasticity	How sensitive demand is to a change in price for a given segment
Reference Price	The price a customer expects or uses as a benchmark for fairness
Tiering / Packaging	Offering multiple price/feature tiers to serve different segments
Churn Sensitivity	How price changes affect customer cancellation or dropout rates

Quick Self-Check

- 💡 *Can I justify why one pricing model is best for a given offer and segment?*
- 💡 *Can I explain perceived value in concrete customer language?*
- 💡 *Can I interpret response patterns after a price change (conversion, churn, complaints)?*

Module 7: Place — Distribution & Customer Journey

Place strategy is about where and how customers access and receive your value. Channel choices should reflect target behavior, economics, and operational capability.

Channel Types

- **Direct — selling directly to customers (own website, store, sales team); maximum control, higher margins:** Direct Channel
- **Indirect — using intermediaries (retailers, distributors, resellers); broader reach, lower margins:** Indirect Channel
- **Omnichannel — consistent experience across multiple channels simultaneously; reduces confusion and drop-off:** Omnichannel

Evaluating Channel Choices

Evaluate using four criteria:

- **Customer Fit** — does the channel match how the target segment wants to shop/receive?
- **Control** — how much influence does the brand retain over pricing, messaging, and experience?
- **Cost** — what are the economics at scale for this channel?
- **Scalability** — can the channel grow with demand efficiently?

Journey-Stage Friction Points

- **Discovery** — customers can't find the brand (SEO, channel visibility)
- **Purchase** — checkout friction, payment issues, unclear shipping
- **Fulfillment** — delays, tracking failures, damaged goods
- **Post-Purchase** — returns, support responsiveness, loyalty triggers

Channel Metrics

- **Cart Abandonment Rate** — customers leave before completing purchase
- **Fulfillment Issue Rate** — orders not delivered as promised
- **Repeat Purchase Rate** — measure of distribution satisfaction and loyalty
- **Support Complaint Volume** — signals friction points in fulfillment or service

Vocabulary

Term	Definition / What to Know
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Place (Distribution)	How and where customers access and receive the brand's value
Distribution Channel	The path a product takes from producer to end customer
Direct Channel	Selling directly to customers with no intermediary
Indirect Channel	Using retailers, distributors, or other intermediaries to reach customers
Omnichannel	Integrated experience across all channels (online, in-store, mobile, etc.)
Channel Conflict	Tension between different channels (e.g., direct vs. retailer pricing)
Touchpoint Friction	Barriers or failures at specific customer interaction points
Handoff Reliability	Consistency and quality of transitions between channels or stages
Cart Abandonment	Customer adds to cart but does not complete purchase
Fulfillment Visibility	Customer's ability to track and trust order delivery
Service Recovery	Actions taken to resolve a failed experience and restore customer trust

Quick Self-Check

- 💡 *Can I explain why one channel mix is best for the target segment?*
- 💡 *Can I identify one major friction point and its likely root cause?*
- 💡 *Can I link a metric pattern to a specific journey-stage problem?*

Module 8: Promotion, IMC & Campaign Planning

IMC (Integrated Marketing Communications) coordinates promotion channels so customers hear one clear value promise. Without integration, channels can conflict and weaken trust, conversion, and retention.

The IMC Planning Flow

Follow this sequence for every campaign:

- 1. Define Objective — what specific outcome should the campaign achieve?
- 2. Define Audience — who exactly are we trying to reach and what do they value?
- 3. Develop Message — what single promise should the audience walk away with?
- 4. Select Channel Mix — paid, owned, and earned media working together
- 5. Set Budget — allocate resources by channel priority and expected return
- 6. Define KPIs — how will success be measured at each funnel stage?
- 7. Launch & Optimize — monitor results and iterate based on data

Media Types

- **Paid Media** — advertising you pay for (search ads, display, social ads, sponsorships): Paid Media
- **Owned Media** — channels you control (website, email list, social profiles, app): Owned Media
- **Earned Media** — organic coverage from others (PR, reviews, word-of-mouth, shares): Earned Media

KPIs by Funnel Stage

- **Awareness** — impressions, reach, brand recall: Awareness
- **Consideration** — website visits, content engagement, email opens: Consideration
- **Conversion** — sales, sign-ups, trial activations, conversion rate: Conversion
- **Post-Purchase / Retention** — repeat rate, NPS, referral rate, churn: Post-Purchase

Marketing Plan vs. Business Plan

- Marketing Plan — narrower and tactical; focuses on how to reach and win customers (strategy, message, channels, campaigns, KPIs)
- Business Plan — broader; covers operations, management, financials, implementation, and funding
- They must align — if marketing promises premium quality but operations can't deliver, customers leave

Marketing Plan Structure

- Purpose & Objectives — define the specific goal and constraints (time, budget)
- Industry Analysis — trends, growth, substitutes, competitive intensity
- Competitor Analysis — how others serve your target and where gaps exist
- Data Gathering — primary (surveys, interviews) and secondary (reports, public data)
- Insights & Interpretation — turn data into decisions: segment, positioning, channels
- Target Market & Positioning — who and how you will compete
- Marketing Mix (4Ps) — product, price, place, promotion decisions
- Budget & Schedule — resource allocation and timeline
- KPIs & Monitoring — metrics to track progress and triggers to adjust

Primary vs. Secondary Data

- **Primary** — collected by you (surveys, interviews, A/B tests); highly relevant but time/cost intensive: Primary Data
- **Secondary** — collected by others (reports, government data, reviews); fast and broad but may be outdated: Secondary Data

Vocabulary

Term	Definition / What to Know
IMC	Integrated Marketing Communications — coordinating all channels to deliver one consistent message
Paid Media	Advertising placements you pay for — search, display, social, sponsorships
Owned Media	Channels you control — website, email, app, social profiles
Earned Media	Organic exposure from others — PR, reviews, shares, word-of-mouth
Campaign KPI	Key Performance Indicator measuring specific campaign success
Marketing Plan	Written document explaining how a business will reach a target market and achieve marketing objectives
Industry Analysis	Study of macro trends, market size, growth rates, and competitive intensity
Primary Data	Data collected firsthand through surveys, interviews, tests, or observation
Secondary Data	Existing data collected by others — reports, census data, trade publications

SWOT in Planning	'Because our strength is X and opportunity is Y, we will pursue Z' — connects directly to strategy
Funnel Stage KPIs	Awareness (reach), Consideration (engagement), Conversion (sales), Retention (repeat, NPS)

Quick Self-Check

- 💡 *Can I build a campaign using the IMC flow from objective through KPI tracking?*
- 💡 *Can I explain how paid, owned, and earned media work together in one campaign?*
- 💡 *Can I match a KPI to its correct funnel stage?*

Master Reference: All Modules at a Glance

Module-by-Module Summary

Module	Topic	Core Idea	Key Terms
1	Marketing Foundations	Marketing = value creation, not just advertising. STP + 4Ps form the strategy core.	Exchange, STP, 4Ps, CAC, CLV
2	SWOT & Environment	SWOT is a decision tool. Convert findings to SO/WO/ST/WT actions using TOWS.	SWOT, PEST, TOWS, Strategic Fit
3	Segmentation & Buyer Behavior	Segment by demo/geo/psycho/behavioral. Map the decision journey and influences.	Segmentation, Persona, Decision Process
4	Positioning & Value Prop	Differentiate with PODs; fix POPs first. Perceptual maps show whitespace.	Positioning, POP, POD, Frame of Reference
5	Product Strategy & CX	Product = core benefit + experience. Journey mapping reveals friction.	Core Benefit, CX, CSAT, NPS, Churn
6	Pricing Strategy	Use value-based pricing. Price reflects perceived value, not just cost.	Perceived Value, Elasticity, Tiering
7	Place & Distribution	Channel fit, control, cost, and scalability. Reduce journey friction.	Direct/Indirect, Omnichannel, Abandonment
8	IMC & Campaign Planning	One message across paid/owned/earned. IMC flow from objective to optimization.	IMC, Paid/Owned/Earned, KPIs, Marketing Plan