

APTAC Body of Knowledge Competency Guide

B. General Business Knowledge

B.1 Marketing

Description

What are some basic concepts in marketing?

- Marketing is providing the customer with the product or service that he needs. Marketers often refer to the 4P's –Product (or service), Price, Promotion and Place as essential considerations. In selling to the government, two other P's that can be included are: Personnel and Past Performance.
- Competitive advantage is gained by a business through cost leadership or differentiation and is the key determinant of successful companies
- Differentiation occurs when a company offers something unique that is valued by its customers and is not offered by a competing company. Some areas where a company can differentiate its product are: special features, additional services (i.e. repair, warranties, recycle, set-up, training etc.) technology advantages, special licenses, skills of personnel, location, price and timeliness.
- Market Segmentation leads to a targeted marketing strategy. Some ways a business can segment the government market are: geographic location, particular product offering, selected federal agency, particular contract vehicle or channel of distribution.
- Buying Center is the concept that a group of people is usually involved in a business or organizational purchase. The roles the personnel assume can be identified as users, influencers, buyers, deciders and gatekeepers. As an example a military radio purchase: user-soldier in field, influencer- commanding officer, buyer-contracting officer, decider-Program Manager, gatekeeper-base administrator.
- Market Research can be identified as primary research –specifically gathered by the company usually through customer surveys, focus groups or other feedback and secondary research which is obtained through a source such as an industry publication or a government database. Three main government databases for past contract information are: Federal Procurement Data System, GSA sales query, USAspending.gov. Companies in the government market have access to agency forecasts unlike the commercial market. A positive characteristic of the government market is the wealth of public information on contractors, contract awards and future needs available through government databases and websites.
- Product Life Cycles have four major stages (1) introduction (2) growth (3) maturity (4) decline.

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- Special characteristics of the Government Market include long purchase cycle, established plan for purchase, agency forecasts, rules and regulations as published in the FAR and supplements, accountability for public funds (posting of bids, awards and documenting contractor performance) and special socio-economic programs
- FOB origin is used widely in the private sector and indicates the buyer pays shipping cost, and takes responsibility for the goods when the goods leave the seller's premises.
- FOB destination designates the seller will pay shipping costs, and remain responsible for the goods until the buyer takes possession. GSA Schedules pricing require, in most cases, that the seller pays shipping utilizing FOB destination in contract awards.

Marketing Elements

1-Product (Good or Service)

Commercial Market: Company decides on quality, design, packaging, brand, positioning, warranties, and product support. No termination for convenience

Government Market: Government may have military specs/ NSN numbers, special packaging and marking, RFID & UID, NAICS codes, PSC codes, bundling of product requirements.
Termination for convenience

2-Price

Commercial Market: Company has wide latitude to price goods and services and few limitations on price increases

Government Market: Guided by “fair and reasonable” pricing, price is an evaluation factor; price is often limited by contract type or terms. Brooks Act for A& E contracts, Davis-Bacon Act in construction, Truth in Negotiations Act TINA, Federal False Claims Act.

3-Promotion

Commercial Market: Mix of Advertising, Sales promotion, Personal Selling and Publicity through various printed and electronic media

Government Market: Similar but greater use of capabilities statements can use GSA logo if GSA schedule holder, registrations on agency and government databases, special small business programs participation, high use of networking and Matchmakers and overall greater need for relationship building.

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4-Place

Commercial Market: Channels of distribution vary with long channels for low cost goods and shorter channels for high value and technical goods. Customer usually pays freight charges

Government Market: Delivery is important factor in contractor past performance. Government uses FOB destination in solicitations putting the burden of shipping on seller. ITAR may come into play if product is specifically military and is shipped internationally.

Personnel

Commercial Market: A consideration in some technical areas

Government Market: An important evaluation factor in government service contracts and contracts involving security. Required use of e-verify

Past Performance

Commercial Market: An informal consideration

Government Market: Formalized and documented and an important evaluation factor for subsequent awards. (PPIRS and FAPIIS).

References

Products:

Codes:

NAICS: <http://www.census.gov/eos/www/naics/>

NSNs (Federal Supply Class – expanded)

<http://www.dlis.dla.mil/PDFs/NSN.pdf>

Past Performance: <http://www.ppirs.gov/>

Packaging & Marking:

Mil STD- 2073 often used in military packaging

Packaging Code Lookup: http://palm.saic.com/code_lookup.nsf/codecheck

Mil STD-129 (latest revision) use in military marking:

<http://www.dsccl.dla.mil/offices/packaging/specstdslist.html>

Mil STD-130N <http://www.acq.osd.mil/dpap/pdi/uid/attachments/MIL-STD-130N-20080111.pdf>

RFID: <http://www.acq.osd.mil/log/rfid/index.htm>

Price:

FAR Cost Principles FAR Part 31:

<https://www.acquisition.gov/far/current/html/FARTOCP31.html#wp253693>

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Contract Pricing for negotiated procurements FAR Part 15.4

https://www.acquisition.gov/far/current/html/Subpart%2015_4.html#wp1208365

Truth in Negotiations Act (TINA)

http://www.law.cornell.edu/uscode/uscode10/usc_sec_10_00002306---a000-.html

Place:

Transportation:

FAR Part 47 <https://www.acquisition.gov/far/current/html/FARTOCP47.html#wp226845>

Market Research:

Federal Procurement Data System: https://www.fpds.gov/fpdsng_cms/

USA Spending: <http://www.usaspending.gov/>

GSA Schedule Sales Query: <https://ssq.gsa.gov/>

General Marketing Reference: “Marketing” William M. Pride and O. C. Ferrell