Principles of Marketing

Session 1

Introduction:

Marketing, Value, Satisfaction

Instructor: svend@itsoneworld.com

Class Orientation

- BE = International Program
- Work Hard Play Hard
- Class attendance is required. Material on the exams will come from the textbook, handouts, and from class discussions
- Use of Mobile Phones in Class is absolutely NOT acceptable.

Course Objectives

- Introduction and general background of Marketing. What is marketing? What is its purpose? Why is it useful?
- To provide fundamental concepts of marketing and to apply these in the marketing management process.
- To provide students with knowledge that will benefit them as consumers in daily life, regardless of whether they pursue a career related to marketing or not.

GRADE COMPUTATION

Activity	Percent of Final Grade
Individual Assignments	25 %
Group Project	20 %
Participation (Individual)	10 %
Final Examination (Individual)	45 %

Today's Learning Objectives:

- Define marketing and identify the requirements for marketing to occur.
- Explain how marketing discovers and satisfies consumer needs.
- Distinguish between marketing mix elements and environmental forces.
- Explain how organizations build strong relationships and customer value through marketing.
- Describe how today's customer era differs from prior eras oriented to production and selling.


WE CAN'T COMPETE ON PRICE.
WE ALSO CAN'T COMPETE ON QUALITY, FEATURES OR SERVICE.
THAT LEAVES FRAUD, WHICH I'D LIKE YOU TO CALL MARKETING.
www.dilbert.com
scottadams@aol.com
© 2007 Scott Adams, Inc./Dist. by UFS, Inc.


DOGBERT, THE VP OF MARKETING
DESCRIBE YOUR PRODUCT IN TECHNICAL TERMS AND I'LL TURN IT INTO MARKETING LANGUAGE.
WELL, IT TENDS TO OVER-HEAT.
"HOTTEST PRODUCT ON THE MARKET!"
ALL THE PARTS ARE KNOWN CARCINOGENS.
"MAKES YOU APPRECIATE LIFE!"
www.dilbert.com
scottadams@aol.com
© 2007 Scott Adams, Inc./Dist. by UFS, Inc.

What is Marketing?

The process by which individuals and groups obtain what they <u>need</u> and <u>want</u> through creating and <u>exchanging</u> products and <u>value</u> with others.

Simply put:

Marketing is the delivery of <u>customer</u> <u>satisfaction</u> at a profit.

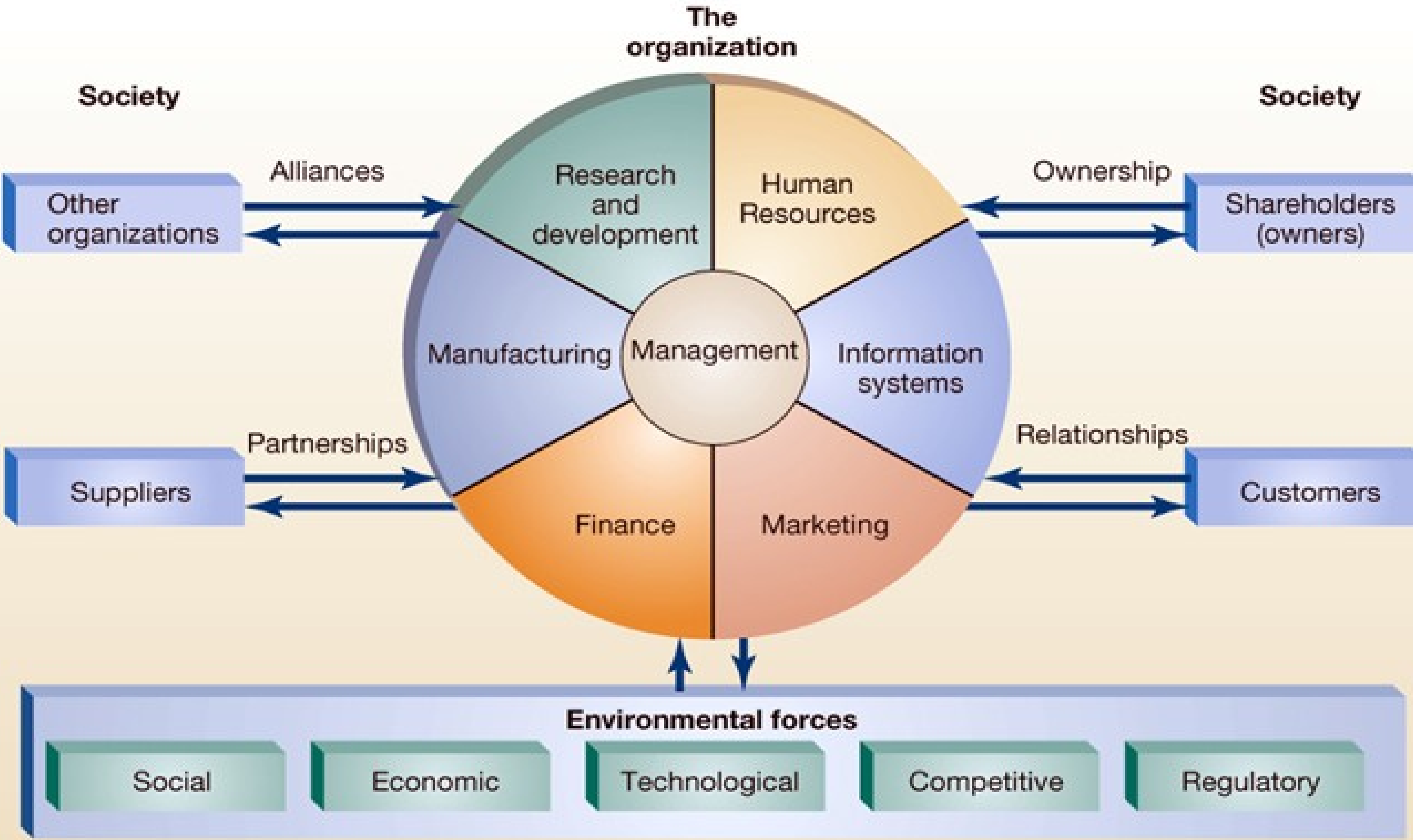
AMA Definition of Marketing

Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

What is Marketing

- Marketing: Using Exchanges to Satisfy Needs
  - **Marketing**
  - **Exchange - the trade of things of value between buyer and seller so that each is better off after the trade.**
- The Diverse Forces Influencing Marketing Activities

An organization's marketing department relates to many people, groups, and forces



Concept Check

Marketing focuses on discovering and satisfying consumer needs.

HOW MARKETING DISCOVERS AND SATISFIES CONSUMER NEEDS

- Discovering Consumer Needs
  - The Challenge of Meeting Consumer Needs With New Products
    - "Focus on the consumer benefit"
    - "Learn from the past"
    - "Showstoppers"

Dr. Care Vanilla-Mint Aerosol Toothpaste

What “benefits” and what “showstoppers”?

Scooba Robotic Floor Washer
What “benefits” and what “showstoppers”?

Coca Cola Vanilla: What “benefits” and what “showstoppers”?

Rotiboy: What "benefits" and what "showstoppers"?

Tom Yum Goong: What “benefits” and what “showstoppers”?

HOW MARKETING DISCOVERS AND SATISFIES CONSUMER NEEDS

- Discovering Consumer Needs
- Consumer Needs and Consumer Wants
- Marketing tries to satisfy both
  - Need
  - Want

- What a Market Is – Consists of people with desire and ability to buy a specific product

What are Consumer’s Needs, Wants and Demands?

- Needs - state of felt deprivation for <u>basic</u> items such as food and clothing, and <u>complex</u> needs such as for belonging. (i.e. I am hungry.)

- Wants - form that a human need takes as <u>shaped</u> by culture and individual personality. (i.e. I want a hamburger, French fries, and a soft drink.)

- Demands - human wants <u>backed by buying power</u>. (i.e. I have money to buy this meal.)

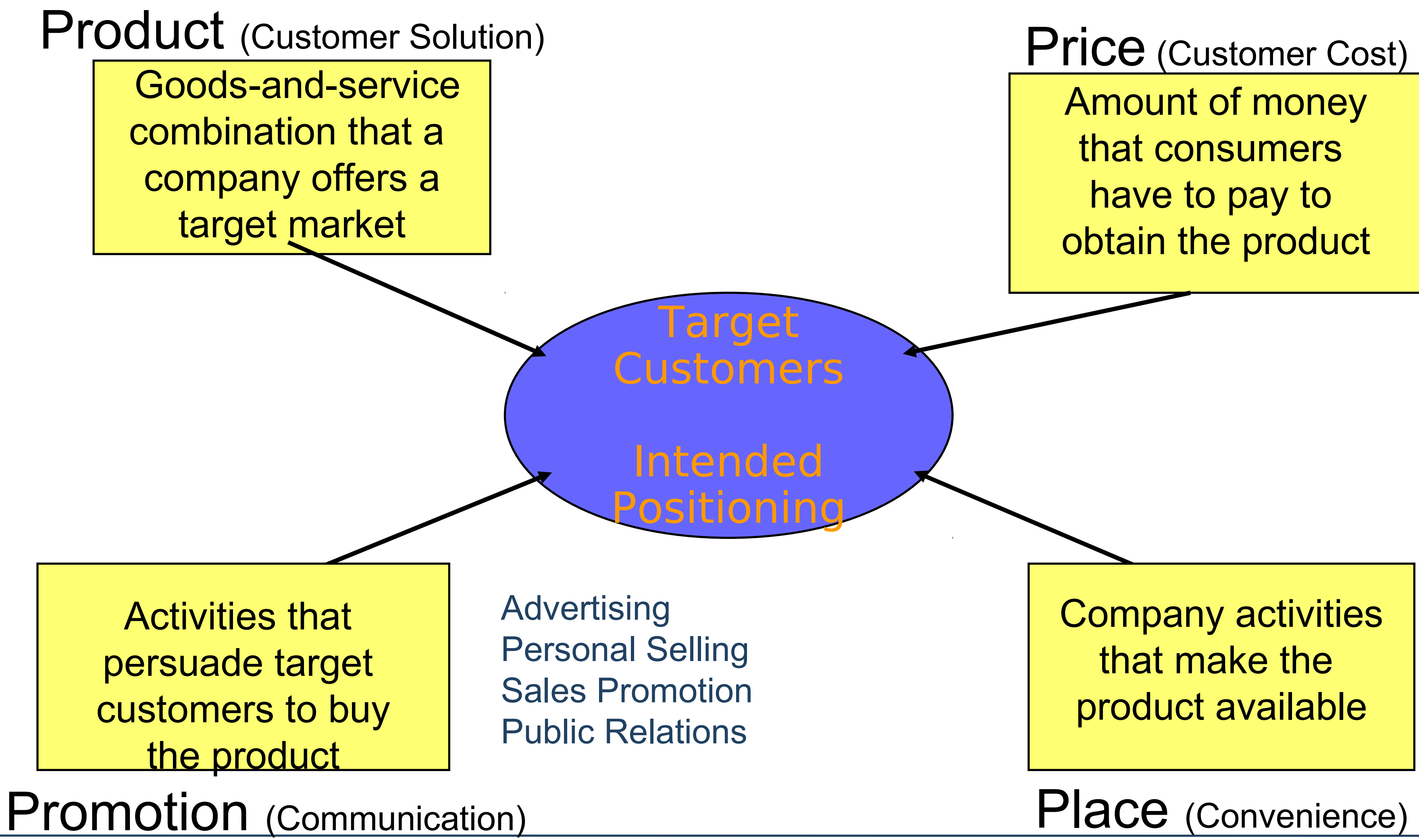
Marketing’s first task: Discovering Consumer Needs

HOW MARKETING DISCOVERS AND SATISFIES CONSUMER NEEDS

- Satisfying Consumer Needs
  - Target Market
  - The Four P's: Controllable Marketing Mix Factors
    - Product
    - Price
    - Promotion
    - Place
  - The Uncontrollable, Environmental Forces
    - Social
    - Economic
    - Technological
    - Competitive
    - Regulatory

Marketing Strategy □ Marketing Mix

“The 4 Ps,” Tactical Tools



Summary of factors that affect an organization's marketing program

THE MARKETING PROGRAM: HOW CUSTOMER RELATIONSHIPS ARE BUILT

- Customer Value and Customer Relationships
- Customer value is the unique combination of benefits received by targeted buyers that includes quality, price, convenience, on-time delivery, and both before-sale and after-sale service.
  - Best Price
  - Best Product
  - Best Service

Starbucks
What customer value strategy?

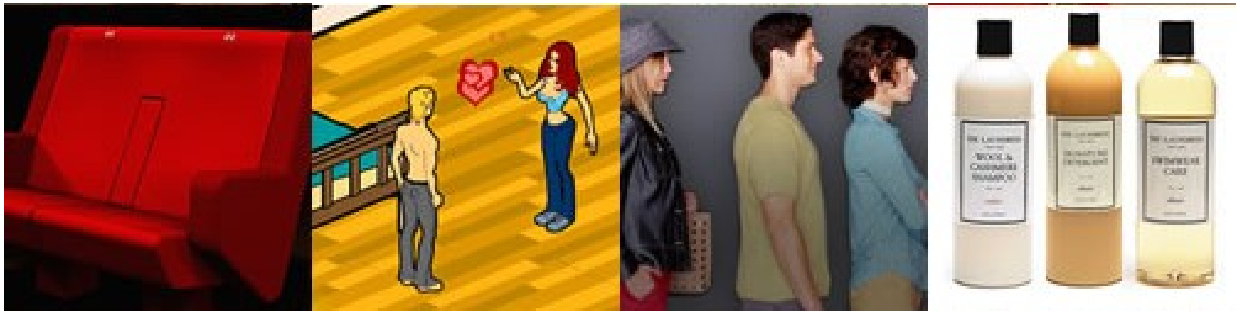
THE MARKETING PROGRAM: HOW CUSTOMER RELATIONSHIPS ARE BUILT

- Relationship Marketing and the Marketing Program
  - Relationship Marketing:
    Easy to Understand, Hard to Do
  - The Marketing Program - a plan that integrates the marketing mix to provide a good, service, or idea to prospective buyers.

Marketing's Second Task: Satisfying Consumer Needs

Concept Check

1. An organization can't satisfy the needs of all consumers, so it must focus on one or more subgroups, which are its target markets.



Concept Check

2. What are the four marketing mix elements that make up the organization’s marketing program?

A: product, price, promotion, place

Concept Check

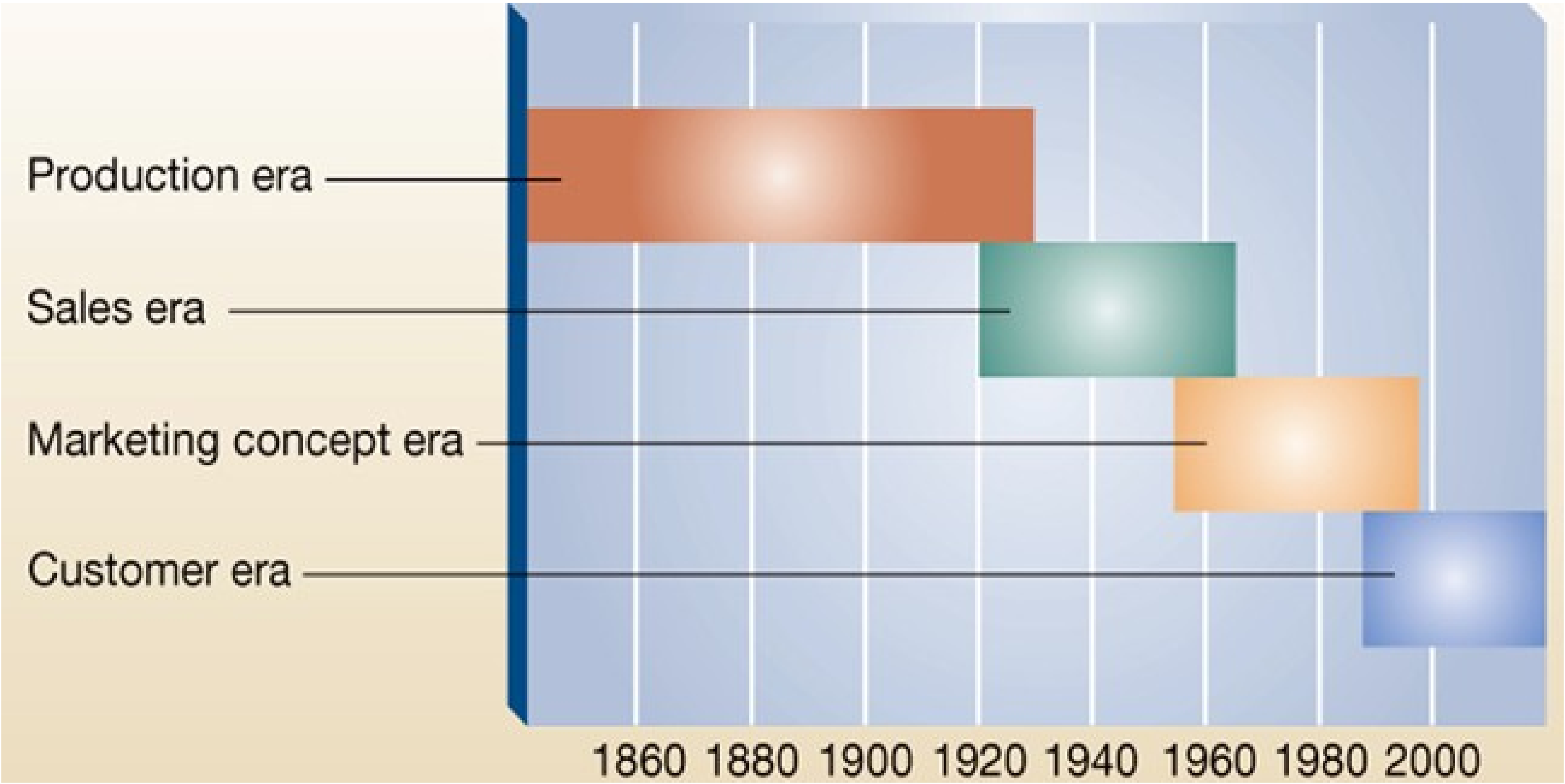
3. What are environmental forces?

A: Environmental forces are those that the organization's marketing department can't control. These include social, economic, technological, competitive, and regulatory forces.

HOW MARKETING BECAME SO IMPORTANT

- Evolution of the Market Orientation
  - Production Era
  - Sales Era
  - Marketing Concept Era
  - Customer Era
    - Market Orientation
    - Customer Relationship Management (CRM)

Four different orientations in the history of Business



Marketing Management Philosophies

Based on different assumptions about:

- what customers want
- what marketers should do

Concept	Description
Production Concept	Consumers favor products that are available and highly affordable.
Product Concept	Consumers favor products that offer the most quality, performance, and innovative features.
Selling Concept	Consumers will buy products only if the company aggressively promotes/ sells these products.
Marketing Concept	Focuses on needs & wants of target markets & delivering satisfaction better than competitors.
Societal Mktg. Concept	Focuses on needs & wants of target markets & maintaining or improving societal and customer well-being.

Production Concept

Late 1800s & Early 1900s
Demand > Supply; High Costs

(Still appropriate under these limited circumstances)

- Consumers Favor:
  - Widely available
  - Highly affordable
- Management's Focus: "engineer"
  - Improving production efficiency
  - Improving distribution efficiency

Fails to recognize customer needs/wants

Product Concept

Late 1940s (Post World War II)
Demand < Supply

- **Consumers Favor:**
  - Quality, performance
  - Innovative features
- **Management's Focus: "inventor"**
  - Make superior products ("build a better mousetrap")
  - Make continuous improvements
- **Danger: "Marketing Myopia"**
  - Focus on physical products, not customer needs & wants
  - "Fall in love" with the product, not the customer
    - Customers don't need or want ("just don't care")
    - Over-improve
    - New technology replaces

Selling Concept

Late 1940s (Post World War II)
Demand < Supply

- **Consumers Favor:**
  - Not buying or not buying enough
- **Management's Focus:** "hard-sell salesman"
  - Large-scale selling and promotion efforts
  - Coaxing & pushing people to buy

Danger: "Sell what you can make"

(versus "Make what you can sell")

Marketing Concept

1950s – Present

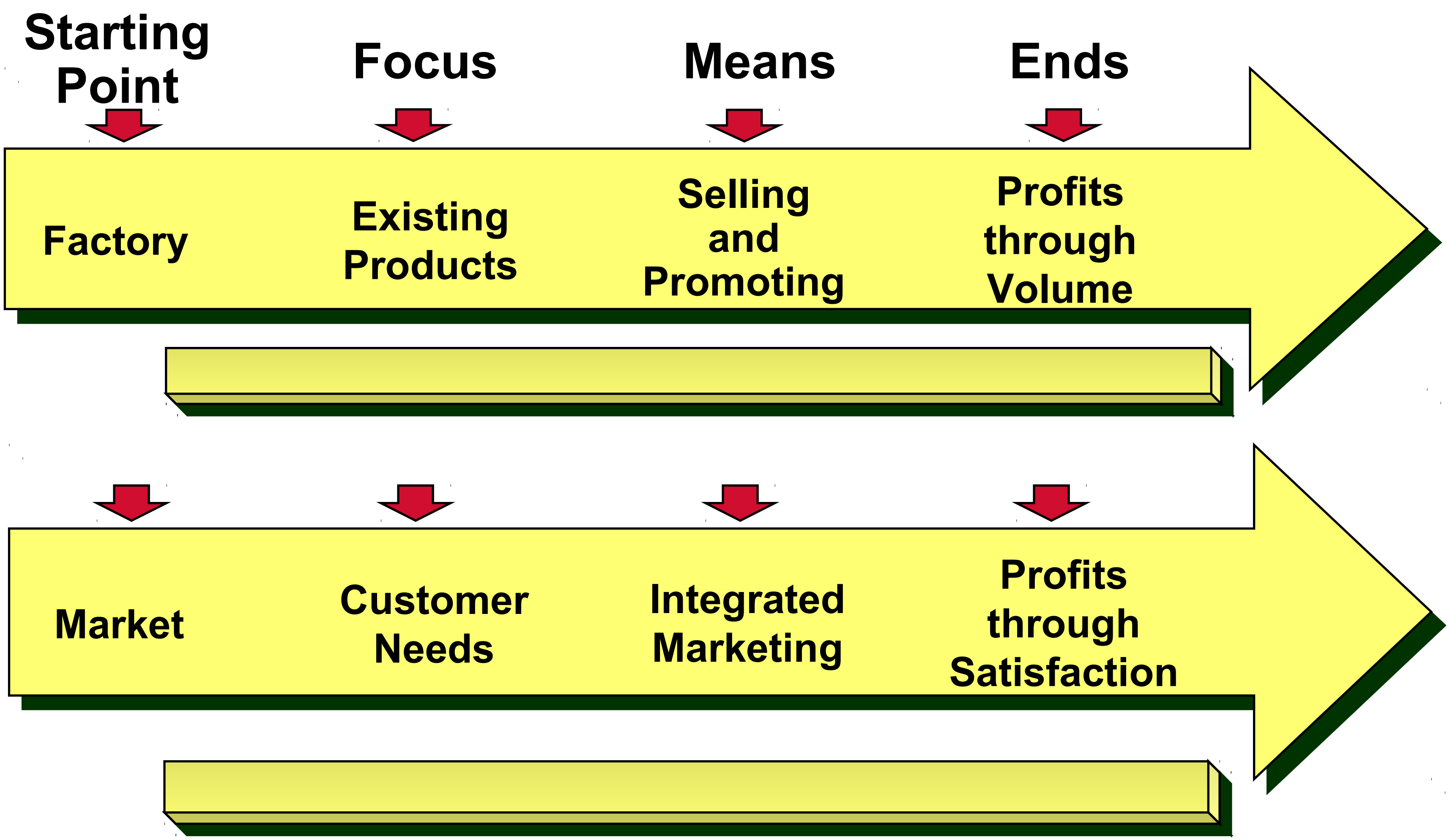
Demand < Supply

- **Consumers Favor:**
  - Products that satisfy their needs and wants
- **Management's Focus: "customer oriented"**
  - Understanding the needs and wants of consumers
  - Satisfying them more <u>efficiently</u> and more <u>effectively</u> than competitors

(NOTE: Efficiency & effectiveness - keeps the best of the production & product concepts)

(Focuses on the underlying and latent needs as well as the stated needs)

Marketing and Sales Concepts Contrasted



Societal Marketing Concept

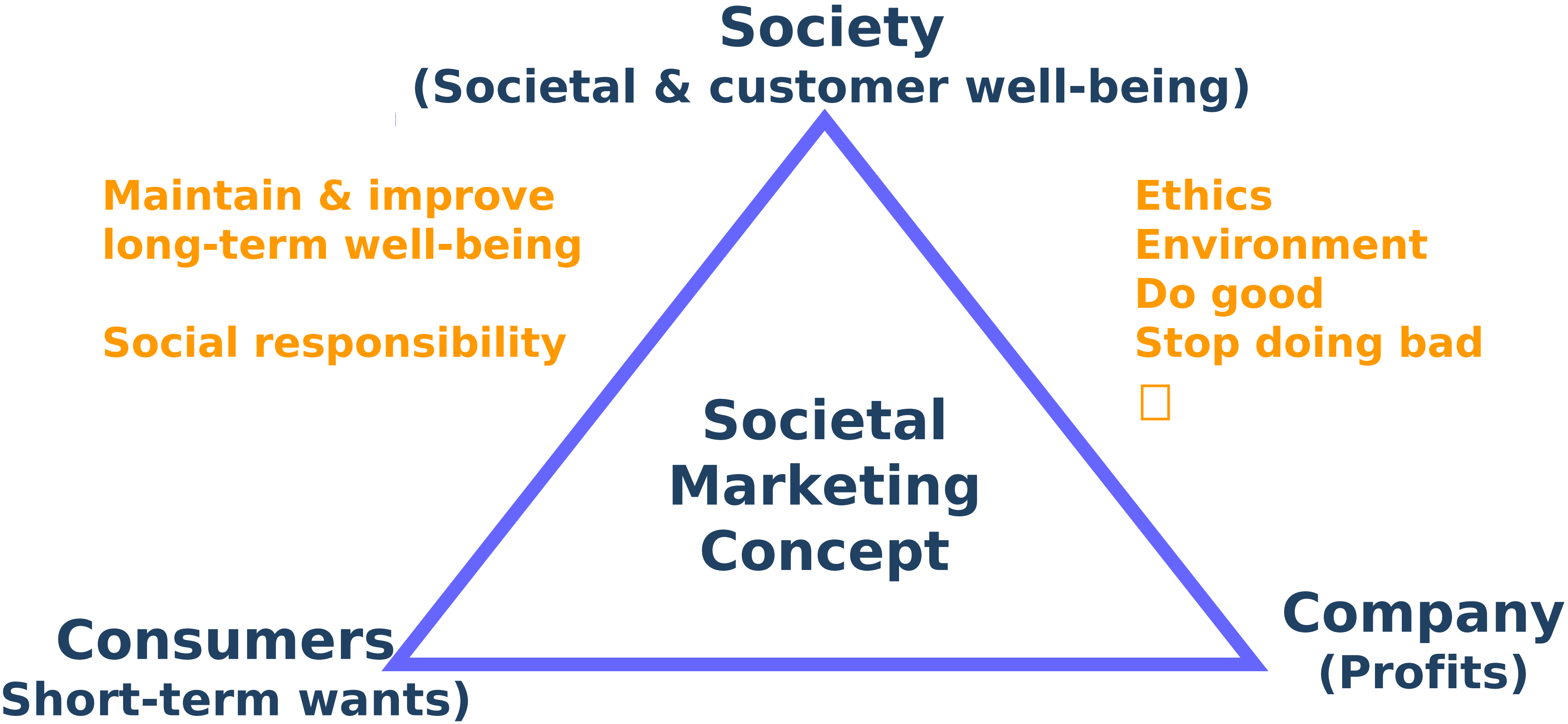
Late 20th Century – Still emerging

Recognizes potential conflict

Maintain & improve long-term well-being

Social responsibility

Ethics
Environment
Do good
Stop doing bad



HOW MARKETING BECAME SO IMPORTANT

- Ethics and Social Responsibility: Balancing Interests
  - Ethics
  - Social Responsibility
    - Societal Marketing Concept

HOW MARKETING BECAME SO IMPORTANT

- The Breadth and Depth of Marketing
  - Who Markets?
  - What Is Marketed?
    - Goods
    - Services
    - Ideas
  - Who Buys and Uses What Is Marketed?
    - Ultimate Consumers
    - Organizational Buyers

HOW MARKETING BECAME SO IMPORTANT

- The Breadth and Depth of Marketing
  - Who Benefits?
  - How Do Consumers Benefit?
    - Utility - the benefits or customer value received by users of the product.
      - **Form Utility**
      - **Time Utility**
      - **Place Utility**
      - **Possession Utility**

THE END

- Any questions?

- A = Ask
- S = Seek
- K = Knock