
The Art and Science of Marketing

BA291

Learning Objectives

1. Define *marketing*
2. Differentiate between the selling and marketing concepts
3. Define key concepts in *customers needs and the marketplace* and explain their role in the society
4. Identify the five steps in the marketing process
5. Explain factors that influence buying decision
6. Analyze how companies segment, target, and position themselves in the market
7. Describe the four main components of the marketing mix

2

Agenda

1. Definition of Marketing
2. The Selling and Marketing Concepts
3. Customer Needs and the Marketplace
4. The Marketing Process
5. Factors Influencing Buying Decision
6. Segmentations, Targeting, and Positioning
7. The Marketing Mix (4Ps)

3

"The aim of marketing is to make selling unnecessary."

Peter Drucker

4

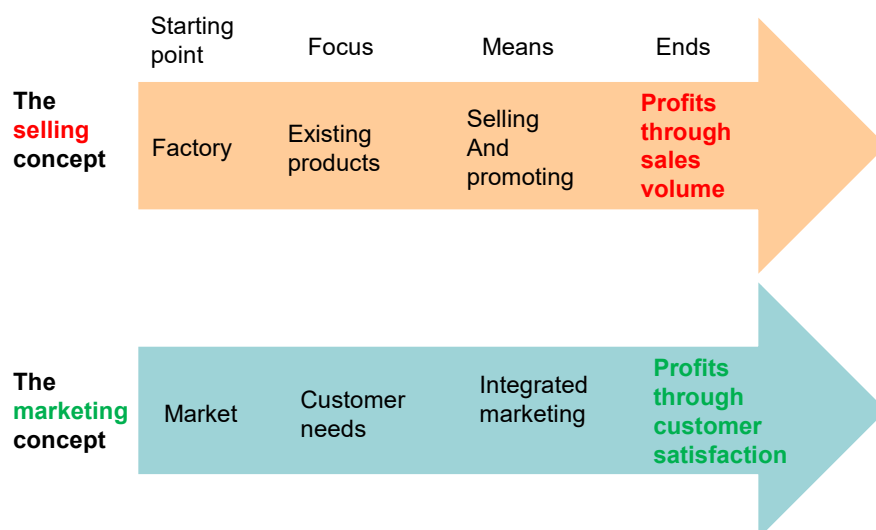
1. Definition of Marketing



“Marketing is the process by which company **create value** for customers and build strong customer relationships in order to **capture value** from customers in return”.

Philip Kotler

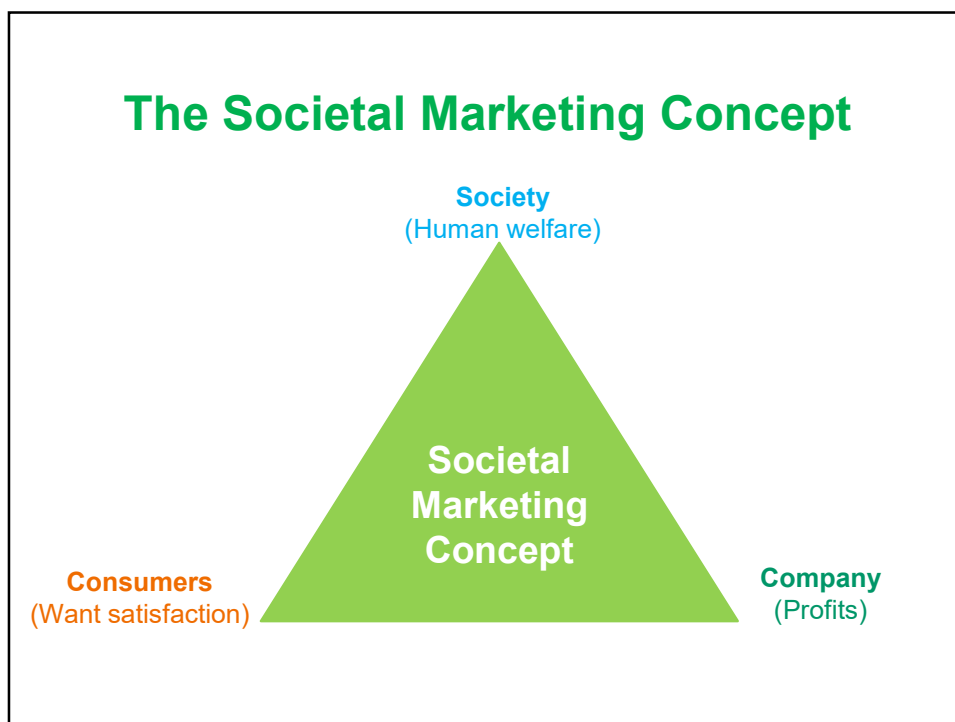
2. The Selling VS Marketing Concepts





"Any customer can have a car painted any colour that he wants so long as it is black".

Henry Ford



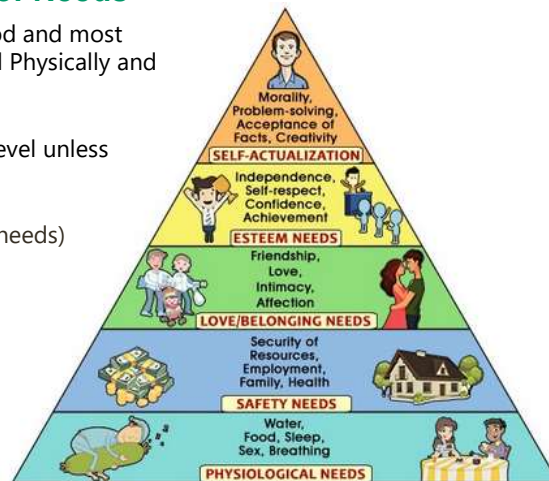
3. Customer Needs and the Marketplace

Maslow's Hierarchy of Needs

Human nature is basically good and most needs have to do with survival Physically and Psychologically

Individual cannot satisfy any level unless needs below are satisfied

1. Physiological (Survival needs)
2. Safety
3. Belonging
4. Esteem
5. Self actualization

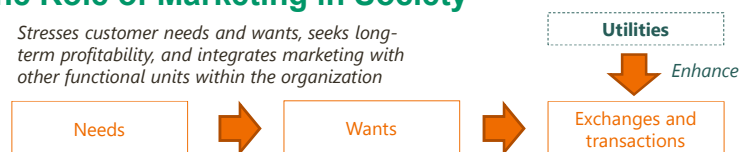


9

3. Customer Needs and the Marketplace

The Role of Marketing in Society

Stresses customer needs and wants, seeks long-term profitability, and integrates marketing with other functional units within the organization



Needs

Differences between a person's actual state and his or her ideal state; they provide the basic motivation to make a purchase

Wants

Specific goods, services, experiences, or other entities that are desirable in light of a person's experiences, culture, and personality

Exchange Process

The act of obtaining a desired object or service from another party by offering something of value in return

Transaction

An exchange of value between parties

Utility

The power of a good or service to satisfy a human need. Form, time, place, and possession.

10

4. The Marketing Process

Create value *for customers* and build customer relationships

Create value
from customers
in return

Understand the marketplace and customer needs and wants

- Research
- Data & information

Design a customer-driven marketing strategy

- STP

Construct an integrated marketing program that delivers superior value

- 4Ps (Product, Price, Place, Promotion)

Build profitable relationships and create customer delight

- CRM, CEM

Capture value from customers to create profits and customer equity

5. Factors Influencing Buying Decision

Culture

Socioeconomic level

Reference groups

Situational factors

Self-image

12

6. STP Process

Using the current marketing situation and objectives as guideline to develop a **marketing strategy**, “STP”, to choose the position that company would like to establish in those markets, and then developing a *marketing mix* to help getting there.

Segmentation

The process of splitting a market into smaller groups with similar product needs or identifiable characteristics, for the purpose of selecting appropriate target markets.

- Identify segmentation bases and segment the market
- Develop profiles of the resulting segments

Targeting

Selection of a suitable market segment with the intention of heavily focusing the firm's marketing offers and activities towards this group of related consumers.

- Evaluate the attractiveness of each segment
- Select the target segment(s)

Positioning

The target market's perception of the product's key benefits and features, relative to the offerings of competitive products

- Identify possible positioning concepts for each segment
- Select, develop and communicate the chosen positioning

13

Dividing Markets into Segments

Market

A group of customers who need or want a particular product

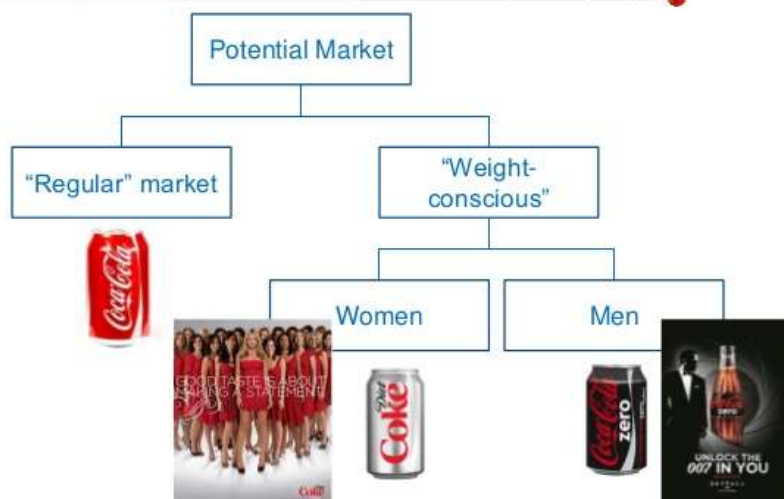
Market Segmentation

The division of a diverse market into smaller, relatively homogeneous groups with similar needs, wants, and purchase behaviors

- **Demographics** - the study of statistical characteristics of a population
- **Psychographics** - classification of customers on the basis of their psychological makeup, interests, and lifestyles
- **Geographic Segmentation** - categorization of customers according to their geographical location
- **Behavioral Segmentation** - categorization of customers according to their relationship with products or response to product characteristics

14

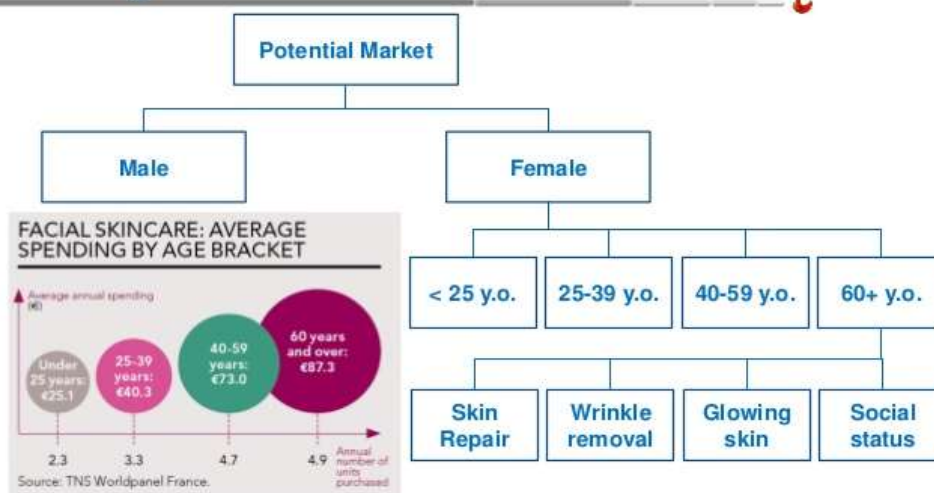
Example: Coca Cola Segmentation (USA)



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7

Example: Cosmetics Market Segmentation



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8

HKUST
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WORLD CLASS RATING

Example: Hotel Segmentation

Segment by Ave. Rates	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy
Marriott Group (USA)	BVLGARI HOTELS & RESORTS THE RITZ-CARLTON® JW MARRIOTT	RENAISSANCE® HOTELS MARRIOTT	COURTYARD® Residence Inn® SPRINGHILL SUITES®	FAIRFIELD INN & SUITES® TownePlace SUITES®		
Hilton World-wide (USA)	WALDORF ASTORIA CONRAD HOTELS & RESORTS	Hilton HOTELS & RESORTS EMERALD SUITES®	DOUBLETREE Hilton Garden Inn HOMEWOOD SUITES BY HILTON	Hampton HOME2 HOTELS BY ACORIAN		
Accor Group (France)	SOFITEL LUXURY HOTELS	PULLMAN HOTELS AND RESORTS	Mercure HOTELS NOVOTEL	adagio aparthotel	ibis HOTEL	hotelF1

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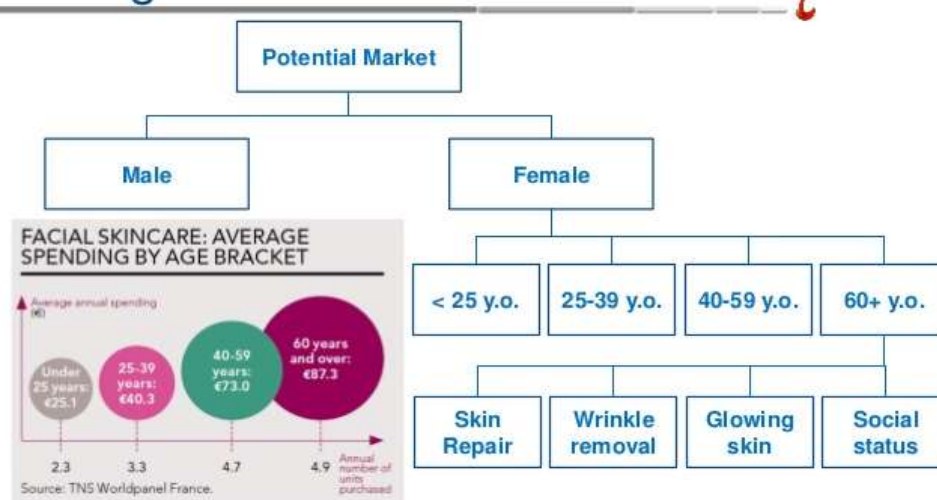


Market-Coverage Strategies



19

Example: Cosmetics Market Segmentation



8

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Undifferentiated Marketing (Mass Marketing)
Differentiated Marketing (Segmented Marketing)
Concentrated Marketing (Niche Marketing)
Micro Marketing



21

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22

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23

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Positioning

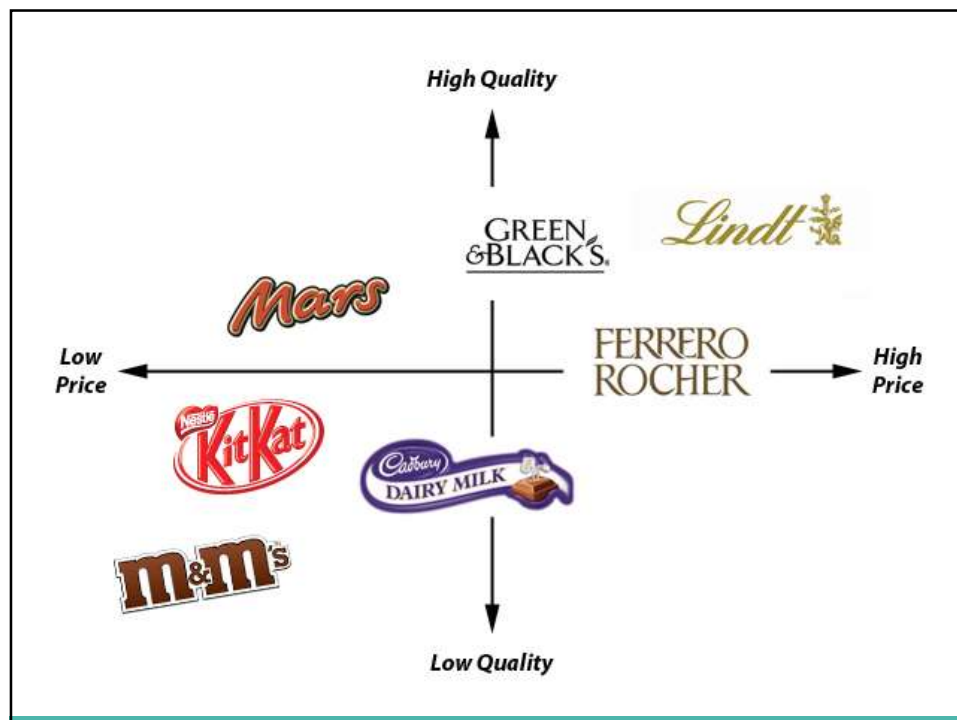
The process of designing a company's offerings, messages, and operating policies so that both the company and its products occupy distinct and desirable competitive positions in target customers' minds.

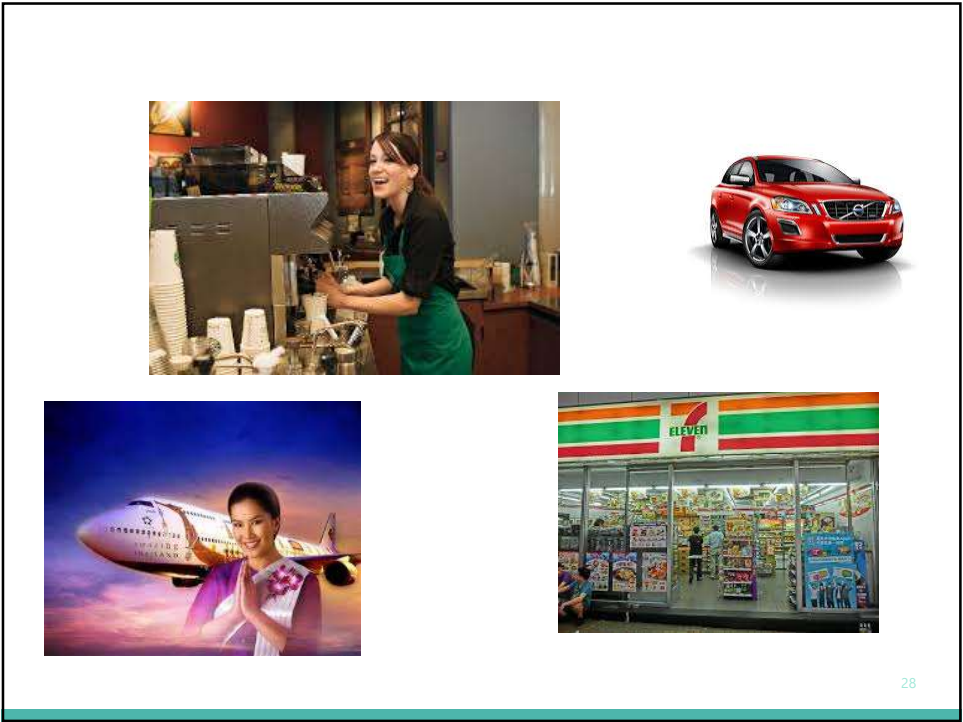
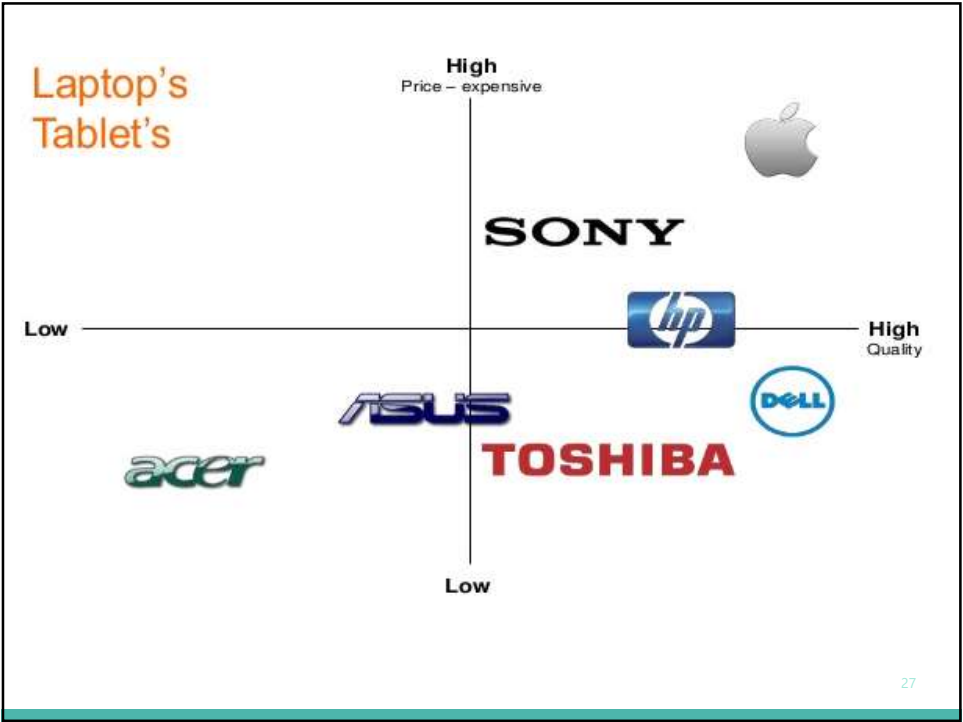
"Positioning is the **centerpiece** of Marketing Strategy"

Identifies the way a firm wants customers to think about their product/brand to maximize their product interest

Defines how the product will be differentiated to compete in an increasingly competitive marketplace

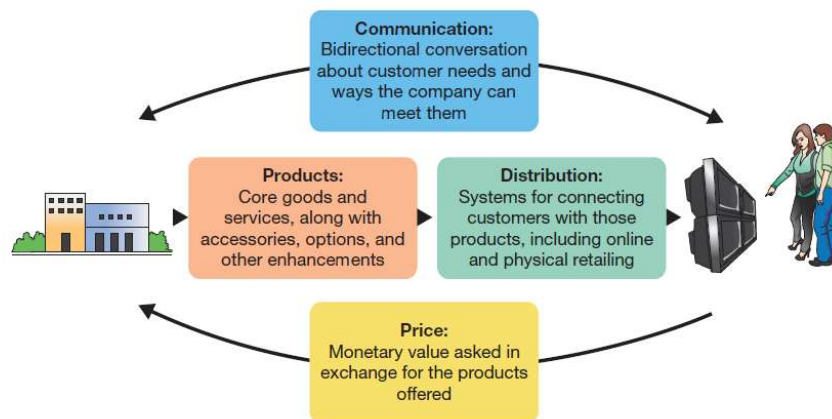
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7. The Marketing Mix (4Ps)

The four key elements of marketing strategy: product, price, distribution, and customer communication



29