

The Art and Science of Marketing

BA291

Week 8

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Learning Objectives

1. Define *marketing* and its role in the society
2. Differentiate between the selling and marketing concepts
3. Differentiate between consumer buying behavior and organizational buying behavior.
4. Identify the four steps in crafting a marketing strategy.
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

Agenda

1. Definition of Marketing
2. The Selling and Marketing Concepts
3. The Marketing Process
4. Understanding Today's Customers
5. Segmentations, Targeting, and Positioning
6. The Marketing Mix (4Ps)

Marketing in a Changing World

Marketing

- The process of creating value for customers and building relationships with those customers in order to capture value back from them

Cause-related marketing

- ↳ Identification and marketing of a social issue, cause, or idea to selected target markets

The Role of Marketing in Society

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

The Role of Marketing in Society (cont.)

Utility

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

Form

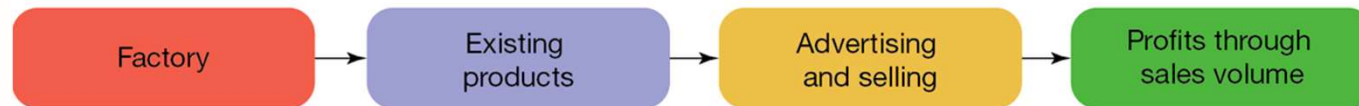
Time

Place

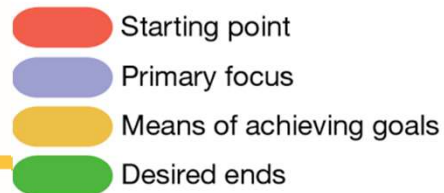
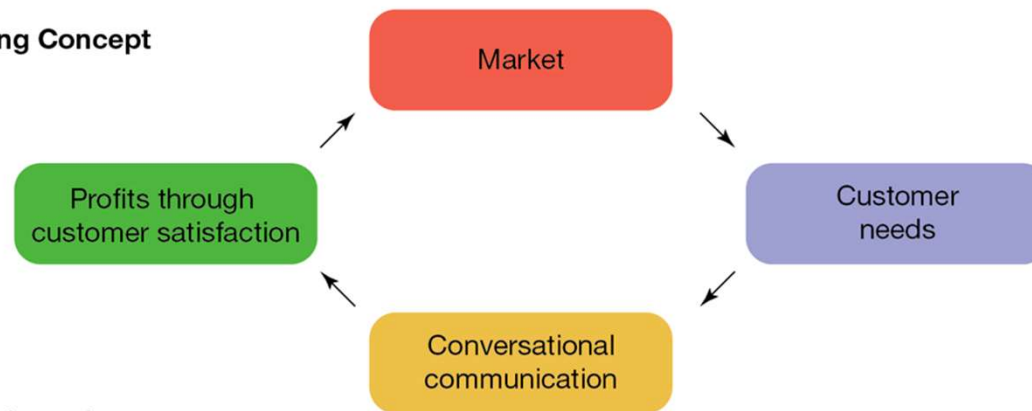
Possession

The Selling Concept versus The Marketing Concept

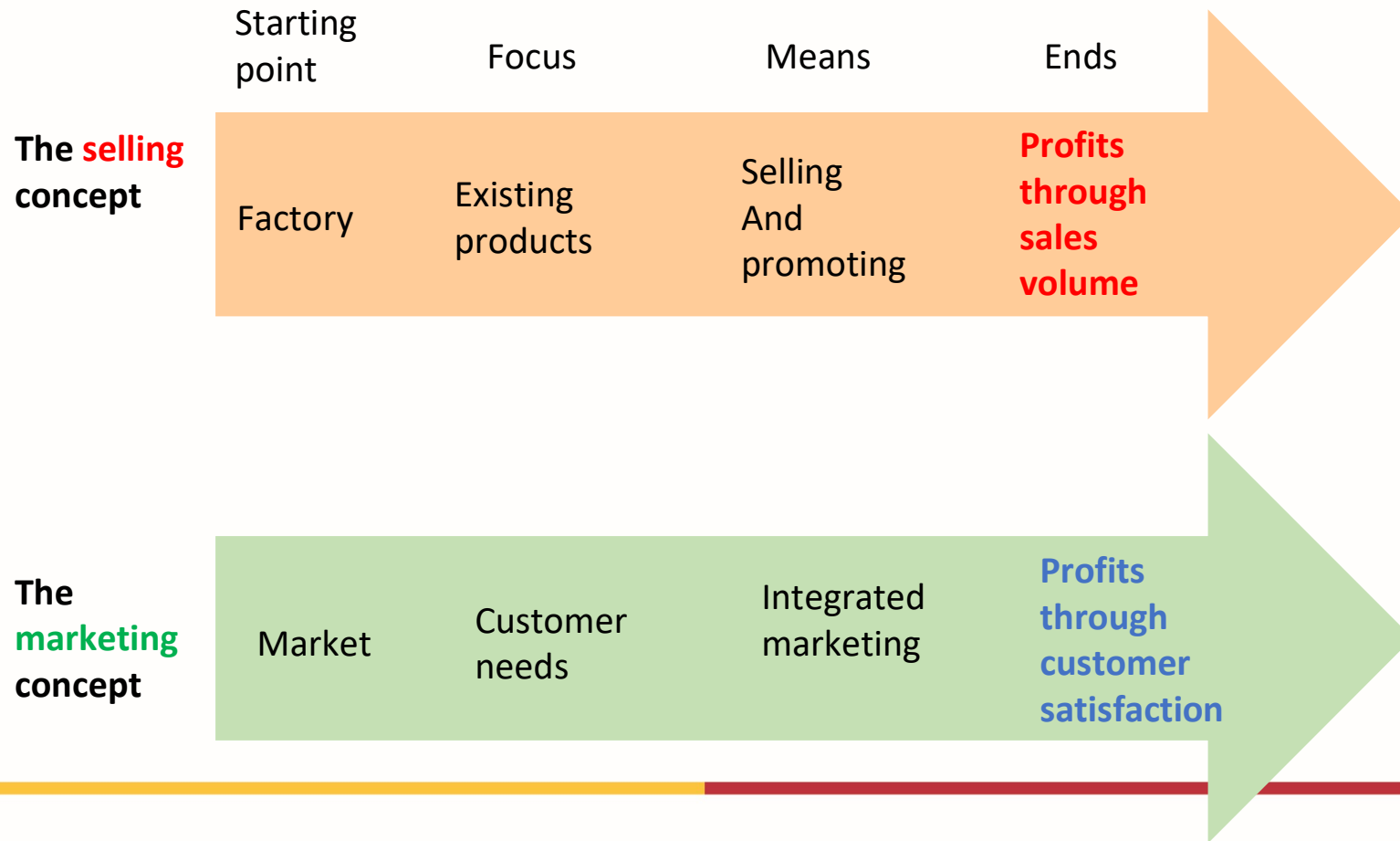
The Selling Concept



The Marketing Concept



The Selling VS Marketing Concepts



“The aim of marketing is to make selling unnecessary.”

Peter Drucker

The Marketing Concept

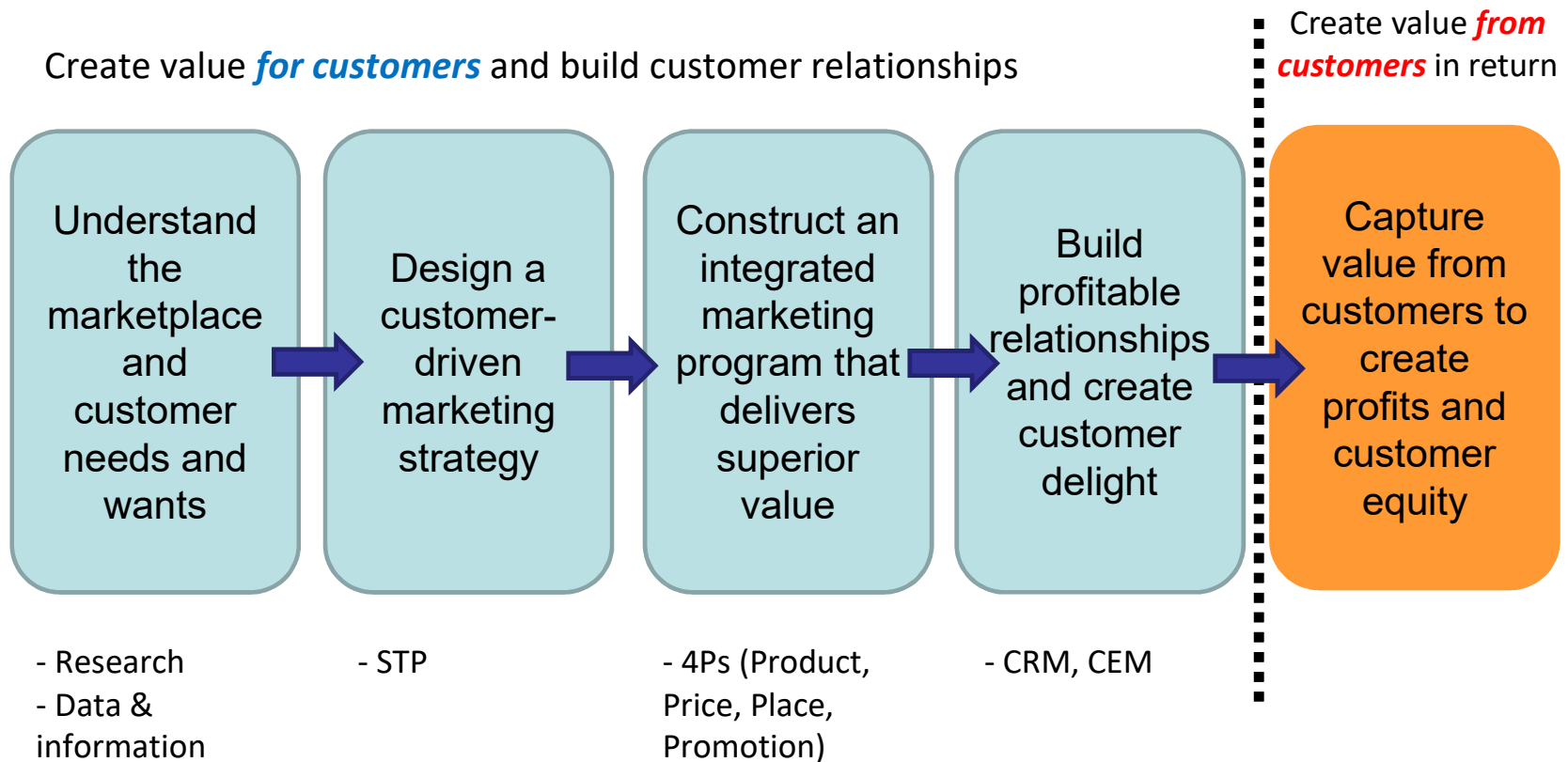
Marketing concept

An approach to business management that stresses customer needs and wants, seeks long-term profitability, and integrates marketing with other functional units within the organization

Relationship marketing A focus on developing and maintaining long-term relationships with customers, suppliers, and distribution partners for mutual benefit

Customer loyalty The degree to which customers continue to buy from a particular retailer or buy the products of a particular manufacturer or service provider

The Marketing Process



Understanding Today's Customers

- **Consumer market**
 - Individuals or households that buy goods and services for personal use
- **Organizational market**
 - Companies, government agencies, and other organizations that buy goods and services either to resell or to use in the creation of their own goods and services

Understanding Today's Customers (cont.)

Marketing research

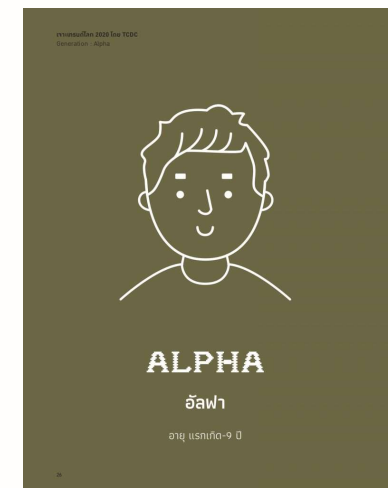
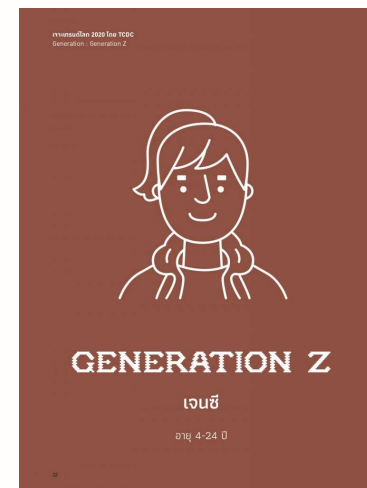
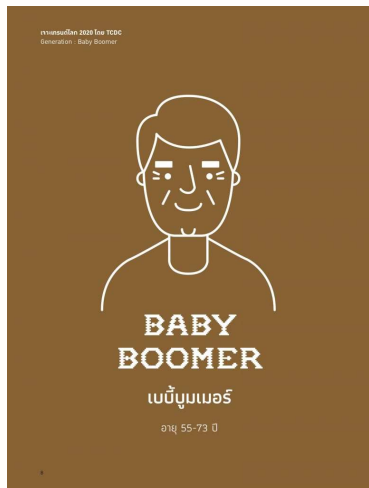
The collection and analysis of information for making marketing decisions

Observation, surveys, interviews, focus groups

Exhibit 13.3 Marketing Research Techniques

Technique	Examples
Observation	Any in-person, mechanical, or electronic technique that monitors and records behavior, including website usage tracking and monitoring of blogs and social networking websites.
Surveys	Data collection efforts that measure responses from a representative subset of a larger group of people; can be conducted in person (when people with clipboards stop you in a mall, that's called a <i>mall intercept</i>), over the phone, by mail or email, or online. Designing and conducting a meaningful survey requires thorough knowledge of statistical techniques such as <i>sampling</i> to ensure valid results that truly represent the larger group. For this reason, many of the simple surveys that you see online these days do not produce statistically valid results.
Interviews and focus groups	One-on-one or group discussions that try to probe deeper into issues than a survey typically does. <i>Focus groups</i> involve a small number of people guided by a facilitator while being observed or recorded by researchers. Unlike surveys, interviews and focus groups are not designed to collect statistics that represent a larger group; their real value is in uncovering issues that might require further study.
Process data collection	Any method of collecting data during the course of other business tasks, including warranty registration cards, sales transaction records, gift and loyalty program card usage, and customer service interactions.
Experiments	Controlled scenarios in which researchers adjust one or more variables to measure the effect these changes have on customer behavior. For instance, separate groups of consumers can be exposed to different ads to see which ad is most effective. <i>Test marketing</i> , the launch of a product under real-world conditions but on a limited scale (such as in a single city), is a form of experimental research.
Ethnographic research	A branch of anthropology that studies people in their daily lives to learn about their needs, wants, and behaviors in real-life settings.
Neuromarketing studies	Research that measures brain activity while customers are viewing or interacting with products, websites, or other elements.

Customer Insight by Generation



Source: TCDC and <https://www.everydaymarketing.co>

Purchase Influences



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Identifying Market Opportunities

- **Strategic marketing planning**

- The process of examining an organization's current marketing situation, assessing opportunities and setting objectives, and then developing a marketing strategy to reach those objectives

1. Examine current marketing situation

- Review past performance
- Evaluate competition
- Examine strengths and weaknesses
- Analyze the business environment

2. Assess opportunities and set objectives

- Explore product and market opportunities
- Set sales targets that are invigorating while being realistic

3. Develop marketing strategy

- Divide market into strategically productive segments
- Choose best-fit segments
- Identify ideal position in minds of target customers
- Develop marketing mix

Crafting a Marketing Strategy

- **Marketing strategy**

- An overall plan for marketing a product
- Includes the identification of target market segments, a positioning strategy, and a marketing mix

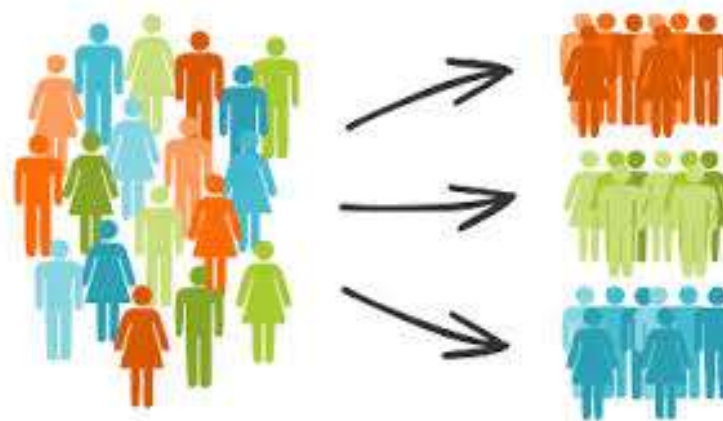
Dividing Markets into Segments

- **Market**

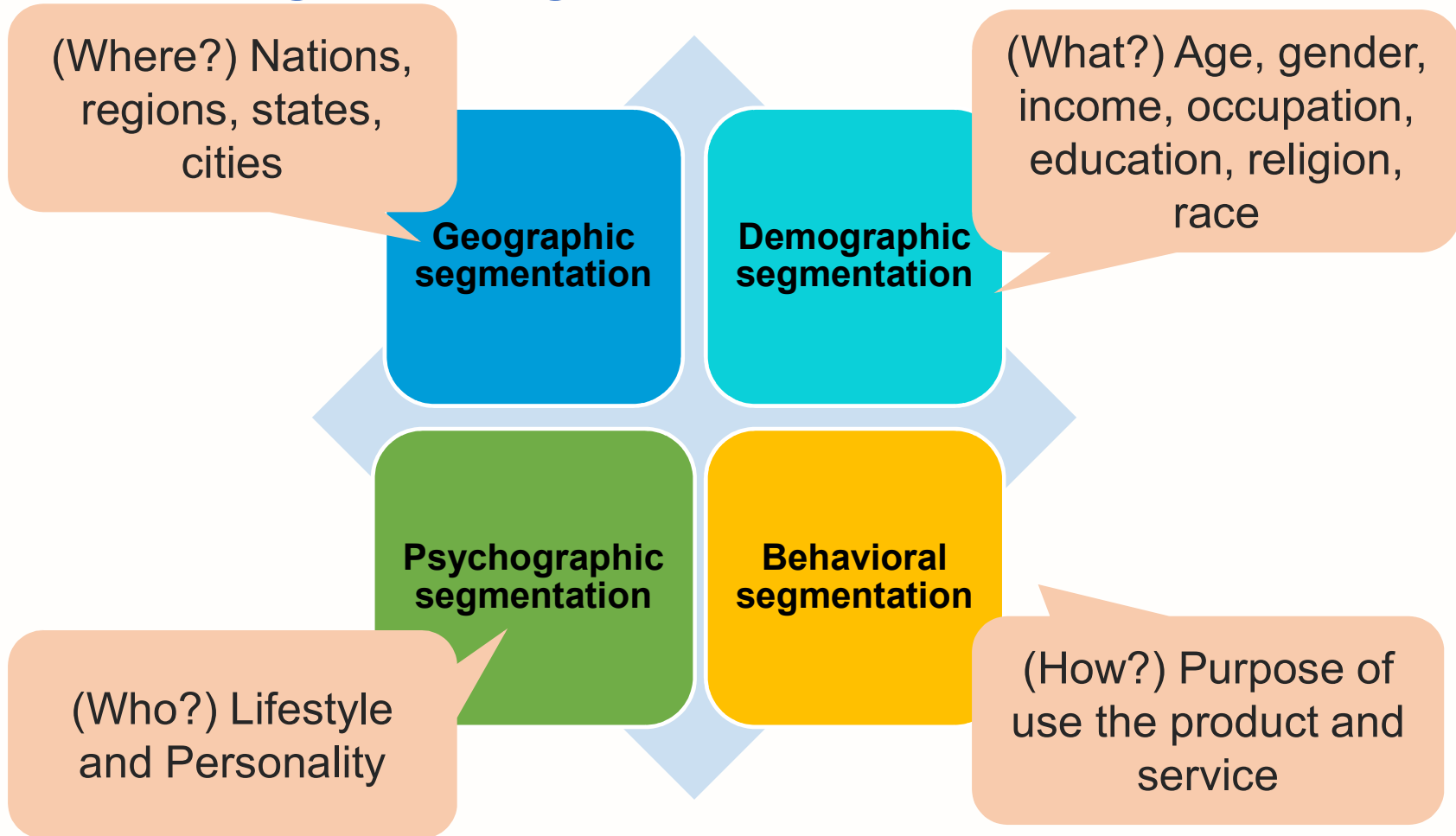
- A group of customers who need or want a particular product and have the money to buy it

- **Market segmentation**

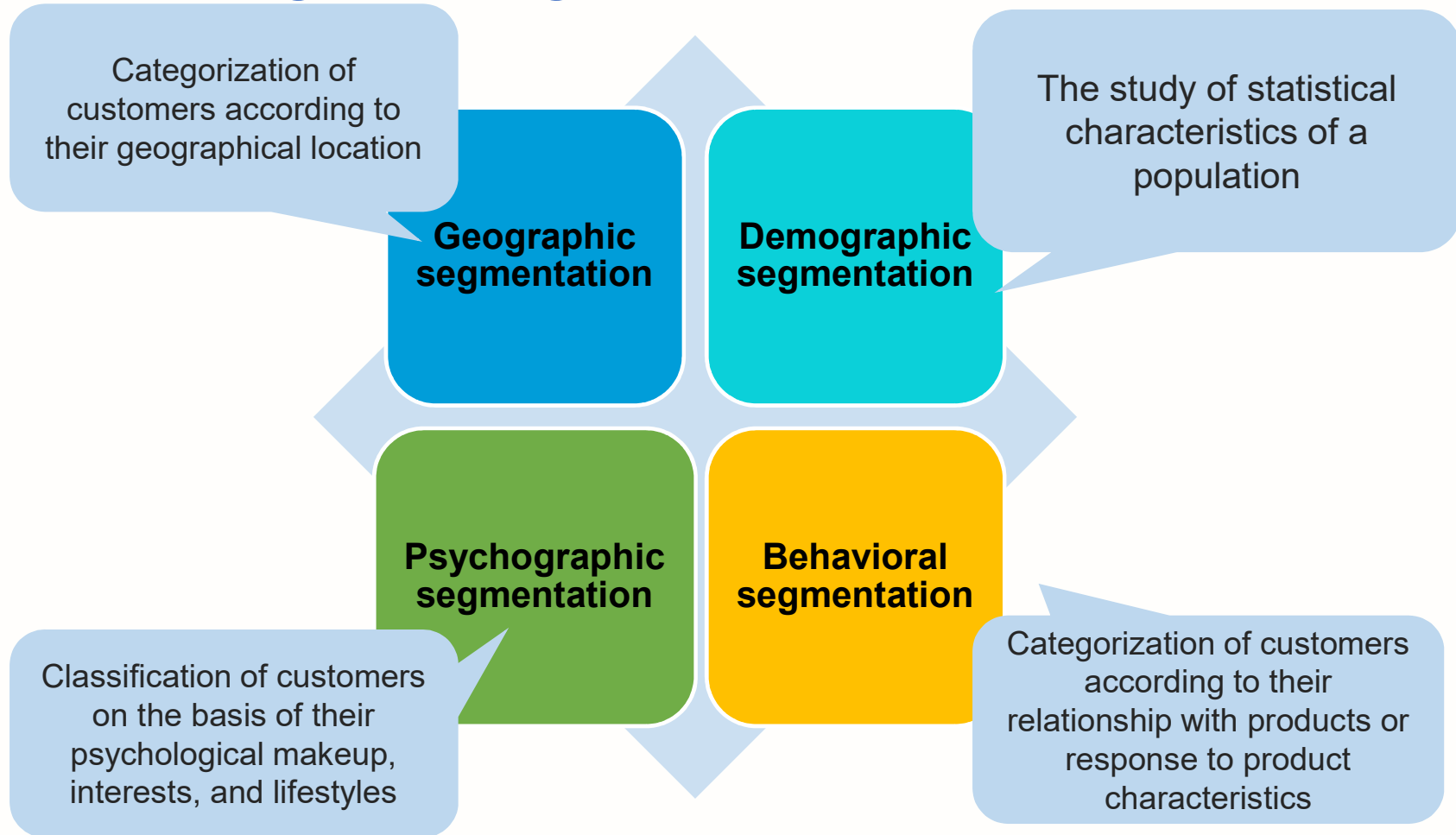
- The division of a diverse market into smaller, relatively homogeneous groups with similar needs, wants, and purchase behaviors



Segmenting Consumer Markets



Segmenting Consumer Markets



Choosing Your Target Markets

Target markets

- Specific customer groups or segments to whom a company wants to sell a particular product
- Undifferentiated, differentiated, concentrated, and individualized



Targeting broadly



Targeting narrowly

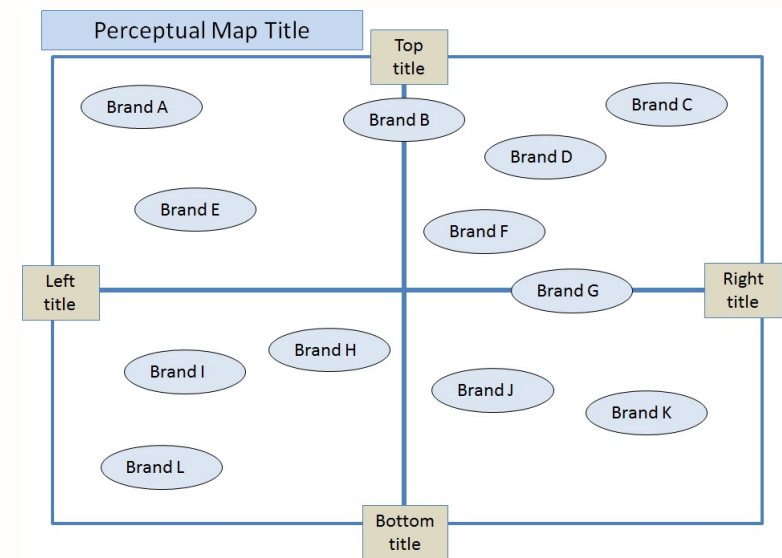
Exhibit 13.7 Market-Coverage Strategies



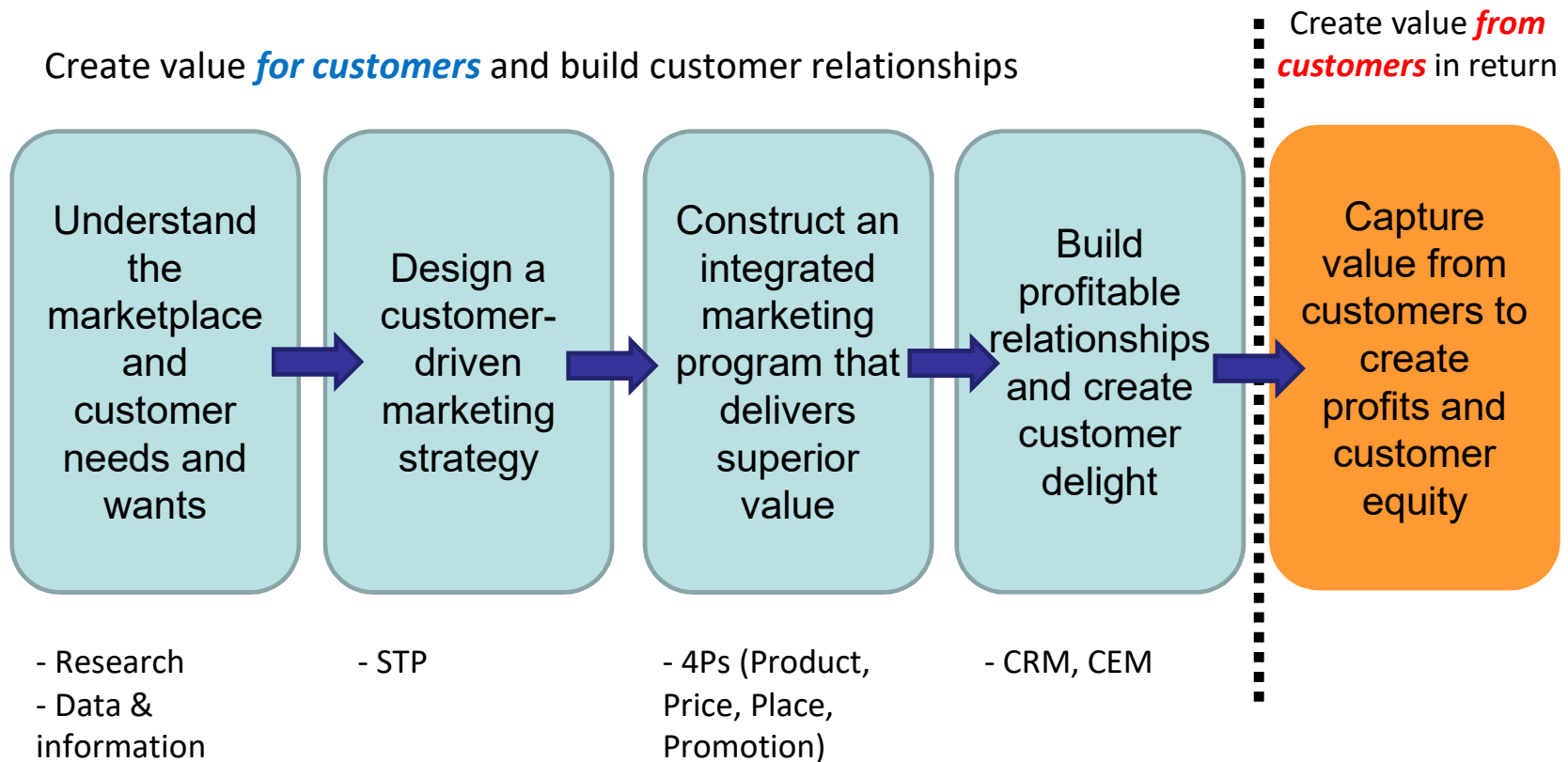
Staking Out a Position in Your Target Markets

Positioning

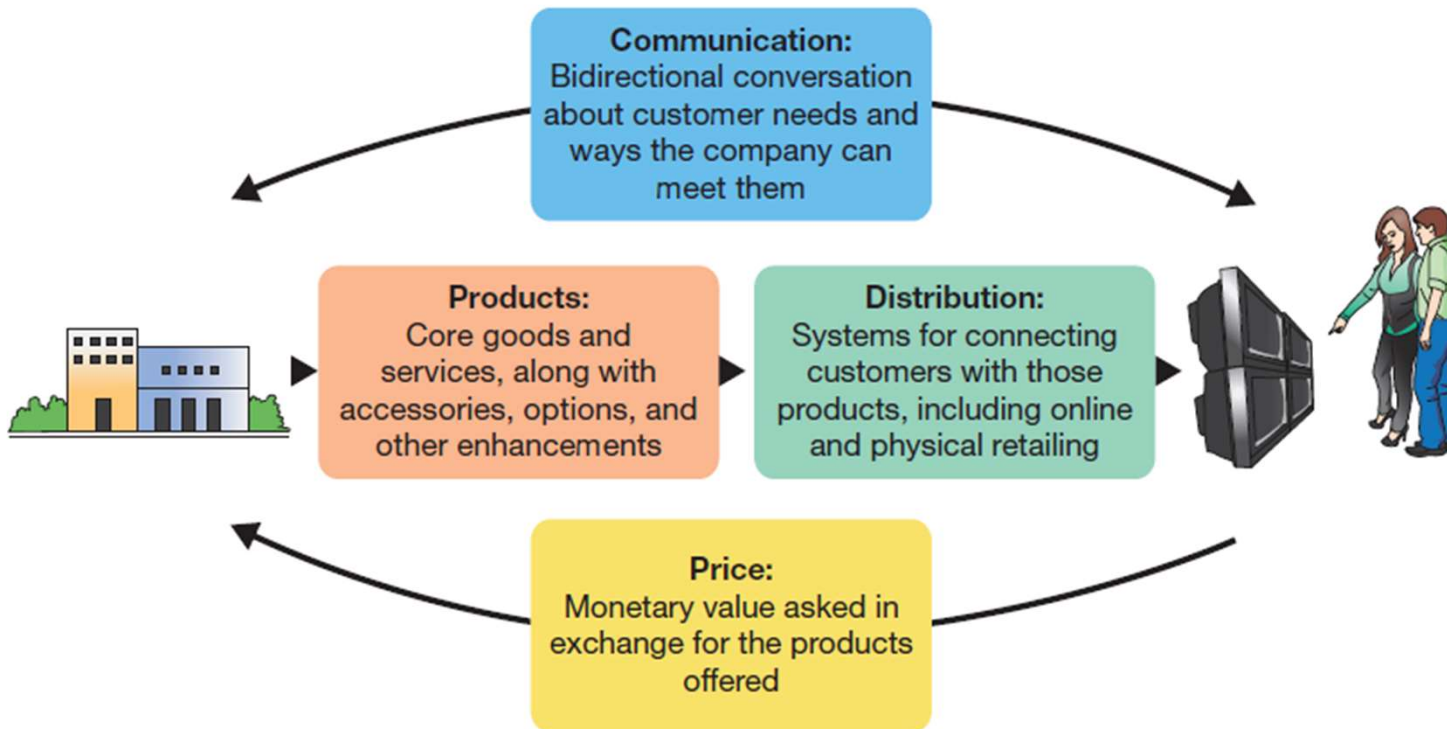
- Managing a business in a way designed to occupy a particular place in the minds of target customers



The Marketing Process



The Marketing Mix



Marketing mix

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

The Marketing Mix

Product

- A bundle of value that satisfies a customer need or want

Distribution channels

- Systems for moving goods and services from producers to customers
- Also known as *marketing channels*

Price

- The amount of money charged for a product or service

Promotion

- A wide variety of persuasive techniques used by companies to communicate with their target markets and the general public

Involving the Customer

Customer relationship management (CRM)

- A type of information system that captures, organizes, and capitalizes on all the interactions that a company has with its customers

Social commerce

- The creation and sharing of product-related information among customers and potential customers