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MARKETING: The Core 5/e

CHAPTER
1
CREATING CUSTOMER RELATIONSHIPS AND VALUE THROUGH MARKETING

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FIGURE 1-1 The see-if-you' re-really-a-marketing-expert test

Answer the questions below. The correct answers are given later in the chapter.

1. True or false. You can now buy a flying car for about \$279,000 that takes off or lands at most airports, has a safety parachute, drives on any roadway, gets 35 mpg, and can fill up at most gasoline stations.

1. True 2. True 3. (c) plastic bottles

LO1 WHAT IS MARKETING?

> **You Are a Marketing Expert Already**

- Involved in 1,000s of Buying Decisions
- May Be Involved in Selling Decisions



> **Marketing is NOT Easy**

DISCOVERING HOW COLLEGE STUDENTS STUDY HELPS LAUNCH A NEW PRODUCT AT 3M



➤ **Discovering Student Study Needs**



➤ **Satisfying Student Study Needs**



http://bevideos.mhhe.com/business/video_library/007732482x/swf/Clip_01.html

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L01

WHAT IS MARKETING?
DELIVERING BENEFITS

➤ **Marketing Seeks to:**

- Discover Needs and Wants of Customers
- Satisfy Them

➤ **Exchange**

“Marketing is the activity for creating, communicating, delivering, and exchanging offerings that benefit its customers, the organization, its stakeholders, and society at large.”



AMA Definition of Marketing

MarketingPower.com

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L01

WHAT IS MARKETING?

DIVERSE FACTORS INFLUENCE MARKETING ACTIVITIES

➤ **The Organization Itself and Its Departments**

➤ **Society**

➤ **Environmental Forces**

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FIGURE 1-2 A marketing department relates to many people, organizations, and environmental forces



L01

WHAT IS MARKETING?
REQUIREMENTS FOR MARKETING TO OCCUR



- > Two + Parties with Unsatisfied Needs
- > A Desire and Ability to be Satisfied
- > A Way for the Parties to Communicate
- > Something to Exchange



L02

HOW MARKETING DISCOVERS CONSUMER NEEDS
THE CHALLENGE: NEW PRODUCTS

- > Consumers May Not Know or Cannot Describe What They Need or Want
- > Most New Products Fail
- > The Challenge:
 - “Focus on the Consumer Benefit”
 - “Learn From the Past”

L02

Dr. Care Vanilla-Mint Aerosol Toothpaste
What "benefits" and what "showstoppers?"



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L02

Terrafugia Transition Flying Car
What "benefits" and what "showstoppers?"



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L02

**HOW MARKETING
DISCOVERS CONSUMER NEEDS**
NEEDS VS. WANTS

> Need



> Want



> Does Marketing Persuade
People to Buy the
"Wrong" Things?



> Market

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FIGURE 1-3 Marketing seeks to discover consumer needs through research and then satisfy them with a marketing program



LO3 HOW MARKETING SATISFIES CONSUMER NEEDS

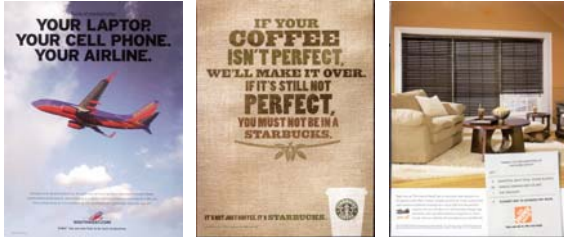
- > **Target Market**
- > **The 4 Ps: Controllable Marketing Mix Factors**
 - Product  • Promotion 
 - Price \$499 • Place 

LO4 THE MARKETING PROGRAM CUSTOMER VALUE AND RELATIONSHIPS

- > **Customer Value**
- > **Value Strategies**
 - Best Price • Best Service
 - Best Product

L04

Southwest Airlines, Starbucks, and Home Depot
What customer value strategy?



L04

THE MARKETING PROGRAM
RELATIONSHIP MARKETING

> Relationship Marketing

- Easy to Understand
- Hard to Do

> Marketing Program

L04

3M' S STRATEGY & MARKETING PROGRAM
HELPING STUDENTS STUDY

> Move from Ideas to a Marketable Highlighter Product

> Add the Post-it® Flag Pen

> Develop a Marketing Program for the Post-it® Flag Highlighter and Pen



http://bevideos.mhhe.com/business/video_library/007732482x/swf/Ciip1.html

FIGURE 1-4 Marketing programs for two new 3M Post-it® brand products targeted at two distinct customer segments: college students and office workers

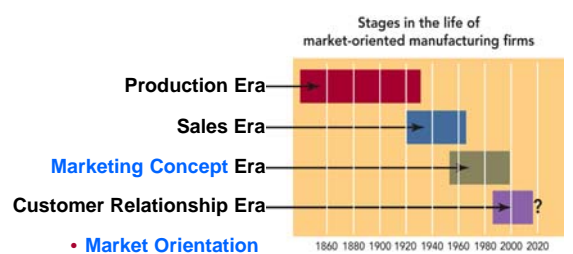
MARKETING PROGRAM ACTIVITY TO REACH:			
MARKETING MIX ELEMENT	COLLEGE STUDENT SEGMENT	OFFICE WORKER SEGMENT	RATIONALE FOR MARKETING PROGRAM ACTIVITY
Product strategy	Offer Post-it® Flag Highlighter to help college students in their studying	Offer Post-it® Flag Pen to help office workers in their day-to-day work activities	Listen carefully to the needs and wants of potential customer segments to use 3M technology to introduce a useful, innovative product
Price strategy	Seek retail price of about \$3.99 to \$4.99 for a single Post-it® Flag highlighter or \$5.99 to \$7.99 for a three-pack	Seek retail price of about \$3.99 to \$4.99 for a single Post-it® Flag Pen; wholesale prices are less	Set prices that provide genuine value to the customer segment that is targeted
Promotion strategy	Run limited promotion with some ads in college newspapers and a TV ad and then rely on student word-of-mouth messages	Run limited promotion among distributors to get them to stock the product	Increase awareness among potential users who have never heard of this new, innovative 3M product
Place strategy	Distribute Post-it® Flag Highlighters through college bookstores, office supply stores, and mass merchandisers	Distribute Post-it® Flag Pens through office wholesalers and retailers and mass merchandisers	Make it easy for prospective buyers to buy at convenient retail outlets. (Both products) or to get at work (Post-it® Flag Pens only)

LO4 3M STRATEGY & MARKETING PROGRAM MARKETPLACE SUCCESS?

- > Developed Third Generation Post-it® Flag Highlighter
- > Appeared on *The Oprah Winfrey Show*



FIGURE 1-A Four different orientations in the history of American business



LO5

HOW MARKETING BECAME IMPORTANT ETHICS AND SOCIAL RESPONSIBILITY

- > Ethics
- > Social Responsibility
 - Societal Marketing Concept

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LO5

HOW MARKETING BECAME IMPORTANT BREADTH AND DEPTH OF MARKETING

> Who Markets?



> What Is Marketed?

Hermitage



• Products
(Goods)

• Services

• Ideas

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LO5

HOW MARKETING BECAME IMPORTANT BREADTH AND DEPTH OF MARKETING

> Who Buys & Uses What Is Marketed?

- Ultimate Consumers
- Organizational Buyers

> Who Benefits?

> How Do Consumers Benefit?: Utility

- Form Utility
- Time Utility
- Place Utility
- Possession Utility

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MARKETING

IN-CLASS ACTIVITY 1-1

DESIGNING A CANDY BAR

1-30

Ghirardelli Milk Chocolate with Caramel Squares



1-31

DESIGNING A CANDY BAR HANDOUT

MARKETING PROGRAM AND POINTS OF DIFFERENCE	COUNTRY AND TO WHOM WILL IT BE SOLD? (TARGET MARKET SEGMENTS)	
	Country?	To Whom?
What is it? (Product) Specify features, benefits, form, size, etc. and why		
How much will consumers pay for it? (Price) Specify cost and why		
How will consumers find out about it? (Promotion) Specify methods to inform and generate trial and why		
Where will consumers buy it? (Place) Specify types of retailers and why		
How is it different from others? (Points of Difference) Specify why it is superior to the competition		

1-32

Ghirardelli TV Ad
Who is the target market and what is the marketing mix?

QuickTime™ and a
YUV420 codec decompressor
are needed to see this picture.

1-33

VIDEO CASE 1

**3M'S POST-IT® FLAG HIGHLIGHTER:
EXTENDING THE CONCEPT!**



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