What is Marketing?

Process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

Simply put: Marketing is the delivery of customer satisfaction at a profit.

The Marketing Objective

“Satisfy the needs of a group of customers better than the competition.”

- Distinguish from Selling or Advertising: merely a subset of marketing actions used to satisfy consumer needs.
- Marketing focuses on the use of all the firm’s controllable influences to satisfy the customer.

Activities in the Marketing Process ...

- Identify needs of customers that company can satisfy
- Design a Product (“bundle of benefits”) that satisfies those needs - better than existing products.
- Promote / communicate these benefits in order to motivate purchase
- Price at the right level so that consumers are willing & able to buy the product and the firm’s profit goals are met
- Make the product available at the right Place so that exchange is facilitated

Broad Objective of Marketing

- To grow the business by adapting it to changes in the environment:
  - by monitoring
    - changes in customer needs
    - changes in competition
    - changes in the company’s own skills / resources
  - looking for opportunities & threats that arise from these changes
  - initiate tactical actions that “fit” the co’s offering to these opportunities / threats.

Core Marketing Concepts

- Needs, wants, and demands
- Markets
- Products and services
- Exchange, transactions, and relationships
- Value, satisfaction, and quality
**Consumer’s Needs, Wants and Demands**

- Needs - state of felt deprivation for basic items such as food and clothing and complex needs such as for belonging.
  - i.e. I am hungry.
- Wants - form that a human need takes as shaped by culture and individual personality.
  - i.e. I want a burger, fries, and a soft drink.
- Demands - human wants backed by buying power.
  - i.e. I have money to buy this meal.

**Products & Services:**

<table>
<thead>
<tr>
<th>Products</th>
<th>Anything that can be Offered to a Market to Satisfy a Need or Want</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiences</td>
<td>Persons</td>
</tr>
<tr>
<td>Organizations</td>
<td>Information</td>
</tr>
</tbody>
</table>

| Services | Activities or Benefits Offered for Sale That Are Essentially Intangible and Don’t Result in the Ownership of Anything |

**Products**

- A bundle of Attributes that provide Consumers with certain Benefits.
- Also called
  - Resource; Marketing Offer; Customer Solution
- Ex: Drill Bits.
  - Benefits provided?
- Sellers who focus on the Specific product rather than the Benefits provided suffer from “Marketing Myopia”.

**How Do Consumers Choose Among Products and Services? DMP**

- Value Gained From Owning a Product and Costs of Obtaining the Product is Customer Value
- Product’s Perceived Performance in Delivering Value Relative to Buyer’s Expectations is Customer Satisfaction
- Total Quality Management Involves Improving the Quality of Products, Services, and Marketing Processes

**How Do Consumers Obtain Products and Services?**

- Exchanges: Fundamental Concept
- Transactions: Unit of Measurement
- Relationships: Building a Marketing Network Consisting of the Company and All Its Supporting Stakeholders

**What is a Market?**

- Market – Buyers who are interested in purchasing products or want that can be satisfied due to exchange or relationships.
Modern Marketing System

Marketing Management

Marketing Management Philosophies

Societal Marketing Concept

Basic Marketing Concept

Marketing vs. Sales Concepts
The Marketing Concept

To achieve organizational (& Societal) goals by determining the needs and wants of customers and delivering the desired benefits more effectively and efficiently than competitors.

- "There is only one valid definition of business purpose: to create a customer." - Peter Drucker
- "Everything starts with the customer." - Lou Gerstner, CEO of IBM
- "Creating shareholder wealth is not the purpose of the business. It is the reward for creating customer value." - Michael Tracy and Fred Wiersema in CFO magazine

Market Orientation

An organization that has a market orientation focuses its efforts on continuously collecting information about customers' needs and competitors' capabilities, sharing this information across departments, and using the information to create customer value.

Connecting With Customers

- Market Segmentation: determining distinct groups of buyers (segments) with different needs, characteristics, or behavior.
- Market Targeting: evaluating each segment’s attractiveness and selecting one or more segments to enter.

Developing the Marketing Mix

<table>
<thead>
<tr>
<th>Product</th>
<th>Price</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods-and-service combination that a company offers a target market</td>
<td>Amount of money that consumers have to pay to obtain the product</td>
<td>Company activities that make the product available</td>
</tr>
<tr>
<td>Activities that inform, persuade target customers to buy the product</td>
<td>Target Customers</td>
<td>Intended Positioning</td>
</tr>
<tr>
<td>Promotion</td>
<td></td>
<td></td>
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</tbody>
</table>

Marketing Framework

Marketing Mix (The 4 P’s)

Marketing Framework

Source: Robert Dolan, HBS Note
The new view – 6 Cs Framework

Recasting the 6C - 4P Framework in Value Terms

Customer value your product more if the complementor’s product is present (e.g., hot dog producer and mustard producer!)

Customer value your product less if the competitor’s product is present

Consumer Benefits

Create value for consumers and benefit producers through the four utilities:
- **Form utility**–having a product or service in the form you want it by to make it more appealing to buyers.
- **Time utility**–having a product or service when you want it.
- **Place utility**–having a product or service where you want it.
- **Possession utility**–helping buyers to take possession of a product or service.

Connections With Customers

Most marketers are targeting fewer, potentially more profitable consumers.

Asking:
- What value does the customer bring to the organization?
- Are they worth pursuing?

Focus has shifted to:
- keeping current customers, and
- building lasting relationships based on superior satisfaction and value.

Relationship Marketing

The hallmark of developing and maintaining effective customer relationships is today called **relationship marketing**, linking the organization to its individual customers, employees, suppliers, and other partners for their long term benefit.

Customer Relationship Management (CRM)

**Customer relationship management** is the process of identifying prospective buyers, understanding them intimately, and developing long-term perceptions of the organization and its offering so that buyers will choose them in the marketplace.
Technologies for Connecting

Learn About & Track Customers With Databases
Create Products & Services Tailored to Meet Customer Needs
Communicate With Customers in Groups Or One-on-One
Distribute Products More Efficiently & Effectively

The Marketing Process
- The Value Delivery Sequence

Two Views of the Value-Delivery Process

The New Marketing Paradigm

Old view
- Marketing as a Function
- Separate Function
- Differentiation
- Feature Positioning for mass market
- Domestic Focus
- Product management
- Short-term sales, share objectives
- Transactions
- Limited use of IT
- "Self-sufficiency" bias
- Price discounts
- Product quality
- Media and sales "power"; efficiency

New view
- Marketing as a Business Philosophy
- Integrated with other functions
- Market and Account management
- Benefit positioning for segmented markets
- Global focus
- Value creation for all Stakeholders
- Long-term profit and satisfaction
- Long-term relationship partnerships
- Expanded use of IT strategies
- Co-marketing and strategic alliances
- Value-based pricing
- Quality provider
- Message effectiveness