

Topic 1: Introduction to marketing concepts

Marketing: the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large.

- Constant pursuit of value creation - what we think we get (benefits) for what we think we give (costs).

The marketing Process: a process that involves understanding the market to create, communicate and deliver an offering for exchange

The exchange of value

- **Exchange:** the mutually beneficial transfer of offerings of value between the buyer and seller. Value creating process because it leaves both parties better off Must satisfy:
 - Two or more parties must participate, each with something of value desired by the other party
 - All parties must benefit from the transaction
 - The exchange must meet both parties' expectations (e.g quality, price)
- **Value:** customer's overall assessment of the utility of an offering based on perceptions of what is received and what is given - Benefits a customer receives from a product in relation to its price
 - **Customer Needs** – drive benefits provided by firms
 - Purchase intention and loyalty of consumers are driven by the type of benefits that organisations provide, the quality and value of these benefits. Include:
 - Specific product benefits
 - Brand image benefits
 - Value may have multiple dimensions
 - Emotional value: utility derived from the feelings or affective states that a product generates
 - Social value (enhancement of social self-concept): utility derived from product's ability to enhance social self-concept
 - Functional value
 - Price/value for money: utility derived from the product due to the reduction of its perceived short terms and longer term costs
 - Performance/quality: utility derived from the perceived quality and expected performance of the product
 - **Satisfaction** extent to which product's perceived performance matches a buyer's expectations
 - **Quality** 'free from all defects' and fit for purpose. Hard quality is the core service elements such as the quality of the seat in an airline. Soft quality is the processes for getting people to the seat

The Marketing Mix - set of variables that a marketer can exercise control over in creating offering for exchange – 7P's

1. **Product:** a good, service or idea offered to the market for exchange.
 - **Brand:** collection of symbols such as a name, logo, slogan and design intended to create an image in the customer's mind that differentiates a product from competitor's products – some branded and some not
 - **Brand image:** Set of beliefs that a consumer has regarding brand - sum of all associations a brand has. May be attributes, benefits, brand values, brand personality.
 - **Bundle of attributes:** features and functions of a product that benefit customer
 - **Need:** a day-to-day survival requirement: food, shelter and clothing
 - **Want:** a desire, but not necessarily for day-to-day survival
 - **Demand:** a want that a consumer has the ability to satisfy
 - **Good:** a physical (tangible) offering capable of being delivered to a customer
 - **Service:** an intangible offering that does not involve ownership – experience
2. **Price:** the amount of money a business demands in exchange for its offerings. Take into account factors:
 - Production, communication and distribution costs
 - Required profitability
 - Partner's requirements
 - Competitor's prices
 - Customer's willingness to pay
3. **Promotion:** the marketing activities that make potential customers, partners and society aware of and attracted to the business's offerings. Product might be:
 - Already established: remind customers
 - Modified: inform existing customers about improvement/attract new customers
 - New – make customers aware of the product for the first time
 - Information or education: persuade
4. **Distribution (place):** means of making offering available to customer at right time/place. Logistics function and marketers need to understand how logistics impact ability to deliver product at time/place that suits customer
 - Logistics: that part of the marketing process concerned with supply and transport
 - Supply chain: the parties involved in providing all of the raw materials and services that go into getting a product to the market
5. **People:** any person coming into contact with customers -affect value for customers. Employees/fellow customers
6. **Process:** the systems used to create, communicate, deliver and exchange an offering.
7. **Physical evidence:** refers to the tangible cues (including physical environment) that can be used as a means to evaluate service quality prior to purchase – particularly services. Architectural design, furniture, décor, shop fittings etc. Tangible cues should inspire confidence in the likely service product

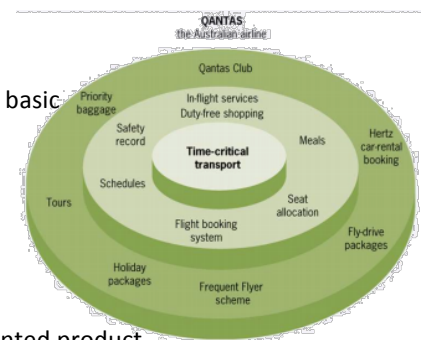
Topic 2: Products in the Traditional Sense

Product: A good, service or idea offered to the market for exchange. In a traditional sense, marketing is about the exchange of goods and the good comprises a bundle of attributes including (and usually) a brand attribute.

- Goods: tangible offerings capable of being delivered to a customer - ownership
- Services: intangible offerings to the market – experience

The total product concept: a view of the product that describes the core product, expected product, augmented product and potential product in order to analyse how the product creates value for the customer

- **The core product:** fundamental benefit that responds to customer's problem of an unsatisfied need or want. Regardless of product changes – core product remains the same
- **The expected product** Attributes that actually deliver the benefit that forms the core product – fulfil the customer's most basic expectations of the product
 - Marketers try to differentiate their offering using fundamental characteristics such as branding, packaging and quality standards at the expected product level
- **The augmented product:** bundle of benefits that buyer may not require as basic fulfilment of needs
 - Enables marketers to differentiate offerings from competitors
 - Often augmented features form main part of choosing brand
- **The potential product:** Possibilities could become part of expected/augmented product.
 - Attractive to marketers as offer new ways to differentiate their product and increase value for customers



Product relationships – relationship between organisation's multiple products

- **Product item:** particular version of a product that can be differentiated from the organisation's other product items by characteristics such as brand, ingredients, style or price.
- **Product line:** set of closely related (end use, target market, technology or raw materials) product items.
- **Product mix:** set of all products that organisation makes available to customers - width and depth
 - Width: number of product lines offered by a company
 - Depth: number of different products available in each product line

Product category

