

Lecture 1: What is Marketing? (Chapter 1)

Core Concepts:

- Needs, wants and demands
- Products and services
- Customer value, satisfaction and quality
- Exchange, transaction and relationships
- Market

Marketing Concept:

1. Customer orientation
2. Continuous market research
3. All organisation activities and strategies are integrated
4. Aims to convert satisfied customers into loyal customers

Marketers...

- Environmental scanning and analysis
- Market research and analysis
- Segmenting, targeting and positioning
- Design products
- Set prices
- Identify places to sell
- Coordinate promotion
- Manage relationships (i.e. deal with people)

Lecture 2: Creating Value and Competitive Advantage (Chapter 2)

SELLING CONCEPT – focuses on existing products and heavy selling. Aims to sell what the company makes, rather than what the customer wants → profits through sales volume, e.g. TVSN. Large scale selling and promotion effort

MARKETING CONCEPT – focuses on the customer → profits through customer satisfaction

PRODUCTION CONCEPT – focuses on improving production and distribution efficiency, e.g. McDonalds

PRODUCT CONCEPT – quality, performance and innovative features, e.g. Apple

Market Orientated Culture – belief that purpose of the business is to create superior customer value

- Deep understanding of customers
- Awareness and knowledge of competitors
- Strong collaboration across all functions of the firm
- Leadership actions that focus on the customer

Customer Value: difference between the benefits the customer gains from owning and using a product and the cost of obtaining the product – the extent to which a product's perceived performance matches buyer's expectations.

Customers are VALUE MAXIMISERS

- Only consider features that are important to them
- Customer perception of value is a strong predictor of purchase
- Experience will influence future choice

Features: attributes of a product

Benefits: attributes the customer will use – they provide value for the customer

Customer satisfaction is influenced by...

- Past experiences
- Information and promises made by marketing organisations
- Competitors and competing products
- What seems like fair value

Functional attributes (i.e. meeting standards, operating trouble free, performing as expected) have a 37% influence on buyer satisfaction.

Psychological attributes (i.e. eager to satisfy, ability to respond to requests, consideration for the customer, innovation) have a 63% influence on buyer satisfaction.

Measuring Customer Satisfaction and Loyalty

- Customer satisfaction and loyalty surveys
- Complaint and suggestion systems
- Mystery shopping and customer interviews
- Lost customer analysis

Relationship levels

1. Basic
2. Reactive
3. Accountable
4. Proactive (business-to-business marketing)
5. Partnership (business-to-business marketing)

Relationship Ties

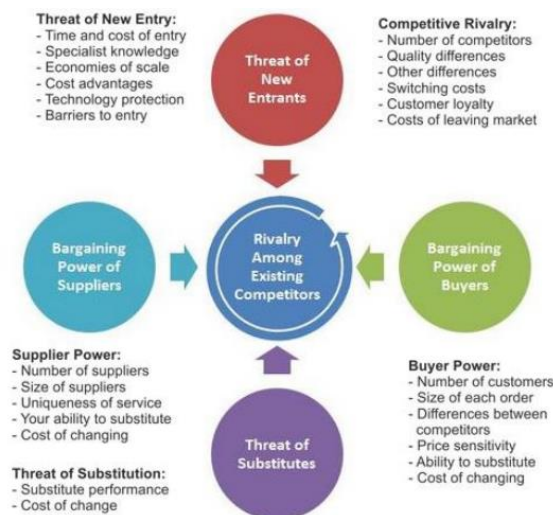
1. **FINANCIAL BENEFITS:** e.g. loyalty programs, cafes, flybys, frequent flyers
2. **SOCIAL BENEFITS:** focus on social bonds with customers by learning about their needs and individually personalising their products and services
3. **STRUCTURAL TIES:** links that an organisation may provide to a customer to assist with its own business, e.g. logging into a website to check order status

**Customer lifetime value = amount by which revenues from a given customer over time will exceed the company's cost of attracting, selling and servicing that customer.*

STRATEGIES FOR COMPETITIVE ADVANTAGE... (Satisfying target customer's needs better than competitors)

1. Competitor analysis – who are they, objectives, direct, indirect?
2. Develop your own competitive marketing strategies:
 - a) Overall cost leadership – offering lower price than competitors
 - b) Differentiation – concentrate on highly differentiated products, e.g. Apple iPad
 - c) Focus – concentrate on a small piece of the market (niche market)

Porter's Five Forces Analysis (drives industry competitiveness)



COMPETITIVE POSITIONS

- Market leader – largest market share, leads others in price changes, new products, promotional spend
- Market challenger – second biggest firm, fighting hard to increase market share, attack competitors strengths or weaknesses
- Market follower – wants to hold market share without rocking the boat
- Market nicher – serves small segments not served by other firms, relatively low market impact