

# Chapter 1: Defining Marketing and the Marketing Process

## What is Marketing?

Marketing is the process whereby companies **create value** for customers and build strong customer relationships in return. This allows them to capture value from customers.

Steps:

1. Marketers need to understand the marketplace as well as customer needs and wants.
2. Marketers must design a customer-driven marketing strategy with the goal of getting, keeping and growing target customers.
3. Marketers must construct a marketing program that actually delivers superior customer value.
4. Build profitable customer relationships and create delight.
5. Firm captures value from customers.

## Explaining the Importance of Understanding Customers and the Marketplace

We need to know about customers wants, needs and demands (what they want, and what they can afford).

By delivering want-satisfying market offerings, a firm can capture **customer lifetime values** and **greater shares of a customer**, which contribute to a firm's **customer equity**.

To develop this winning strategy, the company must first decide **who it will serve** (differentiation and segmentation) before selecting **which segments it will cultivate** (target market). Next, the company must decide how it will serve and differentiate itself in the marketplace (differentiation and positioning).

- Production Concept: Management's task is to find more efficient ways to produce and therefore bring down the cost of production.
- Product Concept: Customers favour products that do best in quality, performance and innovative features.
- Selling Concept: Customers will not buy enough of sellers goods unless it undertakes large scale promotional efforts.
- Marketing Concept: First need to determine the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors do.
- Societal Marketing Concept: Calls for generating customer satisfaction and sustainable marketing strategies keyed at creating value in the long run.

After the downturn, trends have turned to **emphasise the value** in their **value propositions**, and connect globally on a **more intimate 1-to-1 communication** that facilitates **building relationships**.

**The overall process of building and maintaining profitable customer value and satisfaction = customer relationship management.**

Difference between customer value and customer cost is known as **customer perceived value**. Marketers need to create this value to make exchanges happen. The extent to which the customer's perceived expectations are matched by the product is **customer satisfaction**.