

## Lecture 1

### What is marketing?

- Marketing is much more than this and includes
  - e.g. monitoring market trends, conducting market research, market segmentation, product development, branding, pricing, promotion etc.
- The **process** of maximising returns to stakeholders by developing exchanges with valued customers and creating an advantage for them.
- Customers receive an **advantage** through exchange.
- Simply put, marketing is the delivery of customer value and satisfaction at a 'profit'.
- Depends on what people value

### The domain of marketing

- Marketing is 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
- "Marketing is not a specialised activity. It is the whole business seen from the point of view of its final result, that is, from the customer's point of view"

### The focus of marketing

- **People:** Those involved in the marketing process, including customers, personnel and other customers present when exchanges took place
  - They are the focal point of all marketing activities
- **Target market:** A specific group of customers on whom an organisation focuses its marketing efforts
  - e.g. Jetstar Airways, targets its domestic flights in Australia to people who want to fly to a destination without having to pay for things that are not essential to arriving at the destination safely and in good spirit.
  - Companies target different markets with different package.

### Customer value and satisfaction

- "Creating value in everything we do for customers!"
- Customer value is the customer's evaluation of the differences between all the benefits and all the costs of a market offering relative to those of competing offers
  - the evaluation process can be highly personal
  - 'Value' is based on customer perceptions and expectations
  - Customers differ in their perceptions and expectations. Similarly, an individual customer's perceptions and expectations change over time.
  - Can be situational.
  - The "cost" here is not only about money
- **Customer Satisfaction:** the extent to which a product's perceived performance matches a customer's expectations.
- **Value:** A customer's subjective assessment of benefits relative to costs in determining the worth of a product
  - Customer costs include anything a buyer must give up to obtain the benefits the product provides.

- o Customer benefits include anything a buyer receives in an exchange.

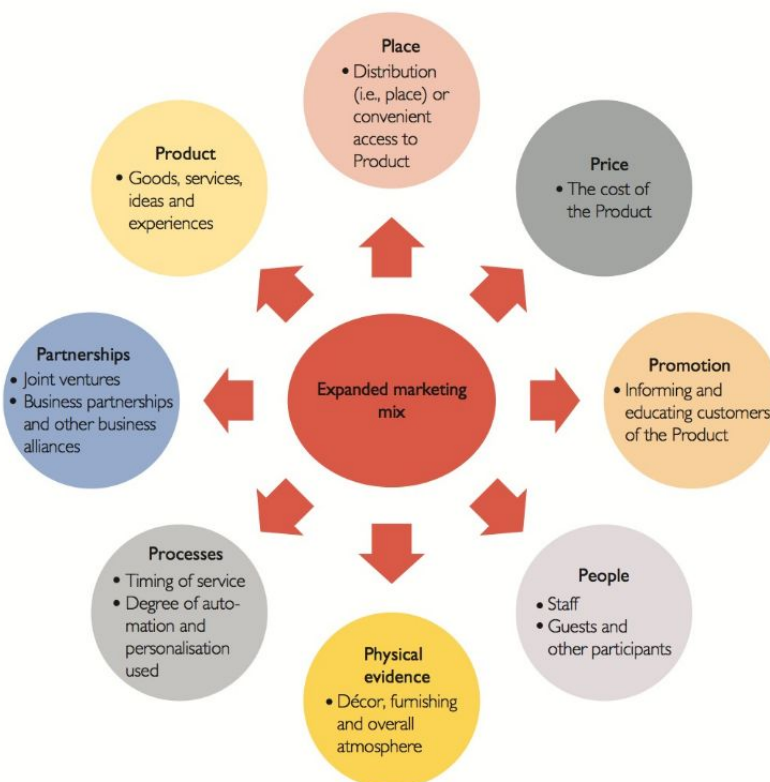


Key questions to ask when competing on customer value:

- Which customers will we serve?
- What exactly do customer's value?
- Of all the things customer's value, on which should we focus to achieve value (how will we serve customers best)?
- How well do customers think we deliver that value? >> Market research
- How will customer value change in the future?

### The Marketing Mix

- Marketers combine and balance these four elements when determining how to satisfy customers' needs for a product: Product, Price, Place (Distribution), Promotion (**4Ps**)
- More recent marketing professionals have suggested expanding the marketing mix to include important variables: People, Physical evidence, Processes, Partnerships (**8Ps**)



- **Product:** Product can be anything, e.g. good (tangible), service (intangible), idea (intangible), experience (intangible), or any combination of them.
  - o E.g. online banking, a mobile phone with plan
  - o New product & service development

- Value co-creation
  - Building the brand
  - The augmented product
  - Service quality
- **Price:** Relates to decisions and actions associated with establishing pricing objectives and policies and determining product prices
  - Determines the value of the exchange
  - Competitive tool for the company
  - The cost of the product for the customer + effort to get it
  - e.g. some luxury brands have an image of high quality and high price that has given them significant status.
- **Place (distribution):** Make products available in the quantities desired in the right place at the right time
  - An important determinant of VALUE
  - E.g. Minimise costs of inventory, transportation and storage
  - Downloading iTunes to an iPhone provides consumers with the benefits of music on the move
  - Select/motivate intermediaries
  - Establish/maintain inventory control
  - Develop/manage transportation and storage systems
  - Use of the Internet and e-commerce to facilitate distribution
- **Promotion:** Inform individuals or groups about the organisation and its products/services
  - Advertising
  - Public relations
  - Personal selling
  - Sales promotions
  - Viral marketing
- **People:** those people involved with preparing, producing and presenting the product, who are typically employees of an organisation and are paid to do a quality job.
  - add appeal, e.g. server uniforms in a restaurant
- **Physical evidence:** outer appearance, packaging, location, décor, lighting and other physical elements associated with the product
- **Process:** e.g. automation or use of self-service technology.
  - how the company is part of the process of customers' experience
- **Partnership:** Establishing, maintaining and nurturing partnerships throughout the supply chain
  - gain efficiency and reliability
  - partnerships with the media, partnerships with unions and other lobby groups, partnerships with government and of course partnerships with customers and the broader community