
MARK1012 Marketing Fundamentals

Chapter 1: Overview of Marketing

Learning Objectives

- Define the role of marketing in organisations
- Describe how marketers create value
- Understand why marketing is important both within and outside the firm.

What is marketing?

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

Marketing Plan: A written document composed of an analysis of the current marketing situation, opportunities and threats for the firm, marketing objectives and strategy specified in terms of the four Ps, action programs, and projected or pro forma income (and other financial) statements.

Strategy that specifies marketing activities for a specific period of time.

Core aspects of marketing

- Marketing helps create value
- Marketing is about satisfying customer needs and wants
- Marketing entails an exchange
- Marketing requires product, price, place and promotion decisions
- Marketing can be performed by both individuals and organisations
- Marketing occurs in many settings

The areas in which marketing can have an impact:

- Expand global presence
- Enriches society
- Can be entrepreneurial
- Pervasive across channel members

Marketing impacts:

- Employees
- Supply Chain partners
- Customers

Marketing is about Satisfying Customer Needs and Wants

Marketing success depends on: understanding the marketplace, especially consumer needs and wants.

The marketplace can be segmented into groups of people who are pertinent to the organisation.

The marketplace refers to the world of trade

Marketing entails an exchange (communications & delivery), customers/consumers/buyers, money & information, goods/services

Exchange: The trade of things of value between the buyer and the seller so that each is better off as a result. (fundamental thing beneath buyer-seller relationships)

A core aspect of marketing, borrowed from economics includes an exchange, which things of value are traded by buyers and sellers.

Marketing requires, price, place, promotion decisions (communicating value, creating value, delivering value, capturing value).

These four Ps are known as the marketing mix.

Value – In a marketing context, customers seek a fair return in goods and/or services for their hard earned money.

Value based marketing firms implement their strategies according to customers value.

Value co-creation: improves the value customers see in the brand by allowing customers to join in the creation process.

Value oriented marketers measure the benefits that customers perceive over the cost of their offerings.

Firms become value driven by: balancing customer benefits and costs, building relationships, sharing information.

Product: Creating Value

The fundamental purpose of marketing is to create value by developing a variety of offerings, including **goods, services and ideas**, to **satisfy customer needs**.

Goods: items you can physically touch

Services: intangible customer benefits that are produced by people or machines and cannot be separated from the producer. (e.g. getting cash from an ATM)

Ideas: concepts, opinions, philosophies; intellectual concepts such as these also can be marketed.

Within the marketing mix when a company offers many alternatives, which of the 4Ps creates value by satisfying customer needs.

Price: Capturing value

- Everything has a price, but it's not always monetary – buyers give up money, time and energy
- In a marketing context, customers seek a fair return in goods and/or services for their hard-earned money. They are seeking value, which reflects the relations of benefits to costs.

Two key elements when determining price: Marketers must ensure the seller achieves reasonable profit, marketers must figure out how much customers are willing to pay so they are satisfied with the purchase.

Place: Delivering the Value Proposition

- Place, or supply chain management, describes all activities necessary to get the product to the right customer when the customer wants it
- Without a strong and efficient marketing channel system, merchandise isn't available when customers want it, resulting in poor sales and low profits.
- Marketing channel management, also known as supply chain management, is the set of approaches and techniques that firms employ to efficiently and effectively integrate their suppliers, manufacturers, warehouses, stores and other firms involved in the transaction.
- In the marketplace, place is expected to deliver value.

Promotion: Communicating value

Promotion is communication by a marketer that informs, persuades and reminds potential buyers about a product or service to influence their opinions or elicit a response.

Promotion can enhance a product or services value and brand image.

Marketing can be Performed by both Individuals and Organisations

B2C: the process by which businesses sell to consumers

B2B: the process of selling from one business to another

C2C: consumers sell to other consumers

Marketing Impacts Various Stakeholders

Marketing also impacts – partners in the supply chain, including wholesalers, retailers and other intermediaries, such as transport and warehousing companies.

Marketing helps Create Value

Value: reflects the relationship of benefits to costs or, alternatively what you get for what you give.

Value Co-creation: customers can act as collaborators in creating the product.

Eras of marketing:

- **Production-oriented era** – build a good product and it will sell itself: retailers were considered places to hold inventory until it was sold, manufacturers were concerned with product innovation, not with satisfying the needs of the individual.
- **Sales-oriented era** – lots of advertising and personal selling was the keys to success (aggressive selling and tv advertising)
- **Market-oriented era** – Products were designed to focus on consumer needs, It was a buyers market.
- **Value-based marketing era** – there is more to marketing than just meeting needs and wants; consumers also expect a fair return for the price they pay.

How do marketing firms become more value driven?

Firms become more value driven by focusing on four activities:

- Share information about their customers and competitors across their own organisation and even with other firms, such as the manufacturers and transportation companies that help them get their product to the marketplace.
- They strive to balance their customers' benefits and costs.
- They concentrate on building relationships with customers.
- They need to take advantage of new technologies and connect with their customers using social and mobile media.

What are the benefits of long-term relationships with customers?

Firms that employ CRM systematically collect information about their customers' needs and then use that information to target their best customers with the products, services and special promotions that appear most important to them.

Relational orientation: A method of building a relationship with customers based on the philosophy that buyers and sellers should develop a long-term relationship.

Lifetime profitability is more important than the amount of money made during each transaction.

Customer relationship management (CRM): A business philosophy and set of strategies, programs and systems that focus on identifying and building loyalty among the firm's most valued customers.

How are marketers connecting with customers using social and mobile media?
Businesses use media to connect better with their customers and thereby serve their needs more effectively.

Why is marketing important?

- Can be entrepreneurial
- Expands global presence
- Pervasive across channel members
- Enriches society

In what ways can marketing impact a firm?
Advises production & develops value

Supply chain: The group of firms that make and deliver a given set of goods and services. Members of the supply chain: Supplier of raw materials, manufacturer, retailer.

Marketing channel: The set of institutions that transfer the ownership of and move goods from the point of production to the point of consumption; consists of all the institutions and marketing activities in the marketing process.

Marketing channel management: seeks to create a seamless value chain in which merchandise is produced and distributed in the right quantities, to the right locations and at the right time, while minimising system wide costs and maximising satisfaction of the value required by customers.

Entrepreneur: A person who organises, operates and assumes the risk of a new business venture.

Marketing Enriches Society

A firm doing the right thing emphasises the importance of marketing to society. All the top companies focus on factors other than financial profitability. Good corporate citizenry could include:

- Greener products
- Healthier food options
- Safer products
- Reduced carbon footprint

Summing up

Marketing helps facilitate the smooth flow of goods through the supply chain. Firms 'do the right thing' by considering the environmental impact and ethical practices.

Extra notes:

- Many successful American firms believe that marketers should focus on **financial profitability and social responsibility** beyond developing and marketing products and brands.
- One **challenge** for companies is to provide products that meet customers needs and wants while still being financially sound and making a profit.
- Which of the following adds to marketings **global presence**? The internet, entertainment venues, cheap foreign travel.
- The primary interest of marketers when **focusing on a target market** is finding potential buyers.