

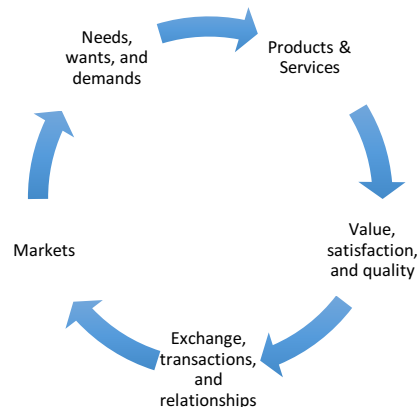
MKTG1501 Summary

Lecture 1 What is Marketing

1. What is **Marketing**?

- A social and managerial process by which individuals and groups obtain what they need and want through *creating and exchanging products and values* with others
- Management activity

2. Core Marketing Concepts



- Needs
 - States of felt deprivation
- Wants
 - The form taken by human needs as they are shaped by culture and individual personality
- Demands
 - Human wants that are backed by buying power
- Products
 - Anything that can be offered to a market to satisfy a need or want.
 - Includes physical objects, services, persons, places, ideas and organizations
 - Tangible or Intangible
- Customer value and Satisfaction
 - Core themes of marketing
 - *Customer value*: the difference between the benefits the customer gains from owning and using a product and the costs of obtaining the product
 - *Customer satisfaction*: difference between expectations and perceived performance
- Exchange
 - The act of obtaining something we desire from someone by offering something in return
- Market
 - The set of all actual and potential buyers of a product. They share a particular need or want that can be satisfied through exchange.
 - Markets interrelate with each other through the exchange process

3. Marketing Management

- The analysis, planning, implementation and control of programs designed to create, build and maintain beneficial exchanges with target buyers for the purpose of achieving organizational goals

4. Marketing concept

- Places the consumer as the focal point
- Has four premises:
 - Consumer orientation
 - Continuous marketing research
 - All organizational activities and strategies are integrated
 - Aims to convert satisfied consumers into loyal consumers

5. What Marketers do

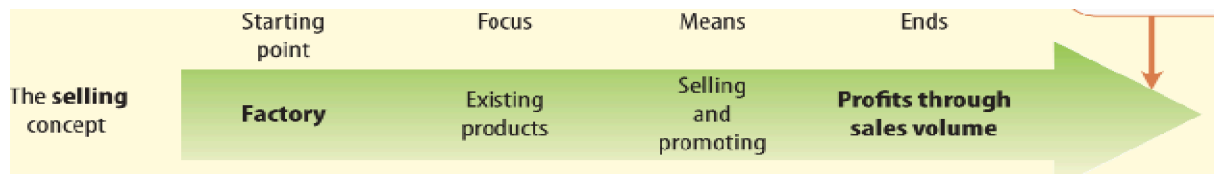
- Environmental scanning & analysis
- Marketing research & analysis
- Segmentation, targeting, positioning
- Design products
- Set prices
- Identify places to sell
- Coordinate promotion
- Manage relationships (i.e. deal with people)

Lecture 2 Creating value and competitive advantage

1. The selling concept

- Inside-out approach

- Focuses on existing products and heavy selling. The aim is to sell what the company makes, rather than making what the customer wants.



2. The marketing concept

- Outside-in approach

- Focuses on the customer



3. Alternative management philosophies and cultures

- The production philosophy
- The product philosophy
- The selling philosophy

4. Delivering value to customers

- The purpose of business is to create superior customer value
- *Strong market-oriented culture = Strong business performance/ profits*
- Strong market-oriented culture is reflected by:
 - deep understanding of customers
 - awareness and knowledge of competitors
 - strong collaboration across all functions of the firm
 - leadership actions that focus on the customer

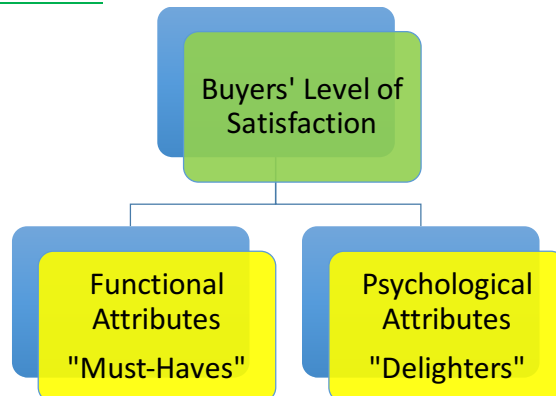
5. Customer value

- *The difference between the benefits the customer gains from owning and using a product and the cost of obtaining the product*
- Customers are value maximizers:
 - A customer buys from the firm that offers the highest customer-perceived value
- Features = attributes of a product
Benefits = are attributes you will use

6. Customer satisfaction

- Customer satisfaction = customer's conscious evaluation of a product or service feature, or of the product or service itself
- Satisfaction judgments are influenced by:
 - Past experiences

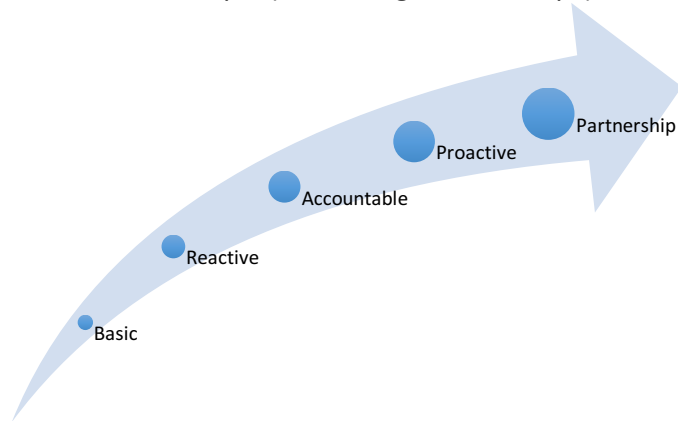
- The information and promises made by marketing organizations
- Company's competitors or competing products
- What seems like fair value
- *Customer satisfaction depends on the product's performance relative to the buyer's expectations*
- The extent to which a product's perceived performance matches a buyer's expectations:
 - Product > expectations → satisfied
 - Product < expectations → dissatisfied
- Complex mix buyer needs



- Functional Attributes:
 - 37% Level of Influence on Buyers' Satisfaction
 - Meeting standards operating trouble free
 - Performing as expected product uniformity
- Psychological Attributes:
 - 63 % level of influence on Buyers' Satisfaction
 - Eager to satisfy
 - Ability to respond to requests
 - Consideration for the customer
 - Being innovative
- Measuring customer satisfaction and loyalty
 - Tools for assessing, measuring and tracking customer satisfaction and loyalty are *continually increasing in sophistication* and may include:
 - Customer satisfaction and loyalty surveys
 - Complaint and suggestion systems
 - Mystery shopping and customer interviews
 - Lost customer analysis

7. **Retaining customers** by building customer relationships

- Totally satisfied customers are more likely to be loyal customers
- Relationship marketing
 - Retaining profitable customers ('key customers') and holding their loyalty by totally satisfying them
- Relationship levels
 - 5 different levels of relationships: (increasing relationships)



- Relationship ties
 - **Financial benefits**
 - An organization might offer financial benefits to build closer relationships – e.g. Loyalty Programs
 - **Social benefits**
 - Focus on the social bonds with customers by learning about their customers' needs and then individualizing these and personalizing their products and services
 - **Structural ties**
 - An organization may provide to a consumer to assist with its own business – e.g. software for inventory or orders
- Retention and customer profitability
 - Marketing is the art of attracting and keeping profitable customers
 - Many new companies now view marketing as an investment rather than an expense