

## WEEK 1

- 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. (Pride, pg 6)
- The process of maximising returns to stakeholders by developing exchanges with valued customers and creating an advantage for them (pride p5)

### Marketing to Facilitate Exchange

- Exchange is the transfer of products in return for something of value.
- Four conditions that must exist for an exchange:
  - At least two parties must participate and each must possess something of value
  - Exchange should provide a benefit to both parties
  - Each party must have confidence in the promise of the “something of value” held by the other
  - The parties must meet expectations

### Marketing is about creating value

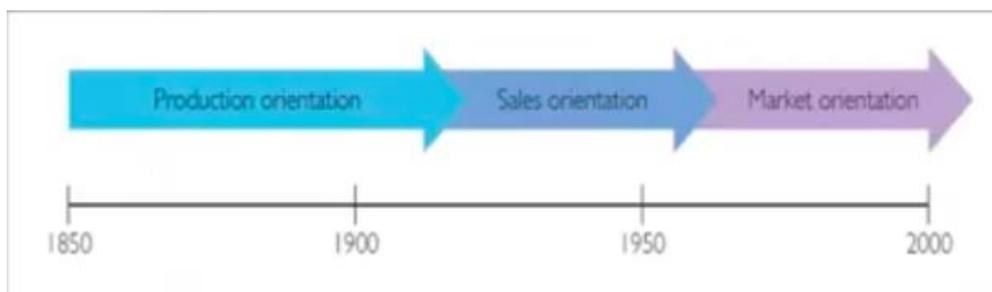
- The difference between the benefits the customer gains from having access to or owning and using a product and the costs of obtaining it (Kotler, 2013)
- An assessment between benefits and costs of obtaining a product
- E.g. a man buys an expensive Merc for the benefits (e.g. functional value, convenience, symbolic/status value)
- Each party must possess something of value and should feel confident in each other's value

### Understanding marketing mix

- Strategic variable controlled by a company to satisfy the need of their customers
  - Product (anything that can be offered to customers that might satisfy their needs or wants; goods and tangible items, services and intangible items, ideas/concepts/philosophers, e.g. Cancer council and sunscreen)
  - Price (value exchanged for products in a marketing transaction, a critical variable because every product will be assessed for its benefits, only variable that brings revenue to the firm)
  - Place (the activities that make products available to customers when and where they want to access or purchase them, making sure product is available at right time and place)
  - Promotion (communication to build and maintain relationships by informing and persuading customers, to increase product awareness and form relationship with customers)
- It is about making the right product available in the right place, promoted to the right customers at the right price acceptable to customers

### Understanding Marketing concept

- A managerial philosophy which suggests that an organisation should try to provide products that satisfy customers' needs through a coordinated set of activities that also allows the organisation to achieve its goals. (In able to find out customer needs, companies often focus on doing customers analysis, competitor analysis and integrate all resources inside company to aim customer value. This is so the company becomes more valuable)
- Customer satisfaction is the major focus of the marketing concept
- Satisfaction of both customers' objectives and company's objectives
- The operationalisation of the marketing concept



(Figure 1.4, Pride 2e, p.19)



FIGURE 2.1 Selling and marketing concepts contrasted

**Selling concept example: insurance**

**Marketing concept example: designer clothes or automobile industry**

### Understanding the Market Orientation

- An organisation-wide commitment to researching and responding to customer needs
- Companies must continue to alter, adapt and defer products as customers' preferences may change very quickly
- Involves generation of market intelligence in relation to current and future customer needs, competitors and collaborators. It is a system that helps marketers in collecting publicly available information about customers and competitors, the system can also analyse the data and help marketers to make better decisions.
- Involves inter-functional coordination of market intelligence across business functions
- Requires an organisation to be more responsive to such market intelligence so companies can better satisfy customers and company's needs.
- For example, if a car company engages in market orientation, it will research what consumers most want and need in a car rather than produce models meant to follow the trends of other manufacturers.

### Implementing the Market Orientation

- Establish an information system to discover customers' real needs
- use the information to create satisfying new products that meet customer needs
- establish a way to coordinate all activities – have a true customer focus
- consider the cultural values that guide this marketing concept implementation

### Managing customer relationships

- Relationship marketing
  - Establishing long-term, mutually satisfying buyer-seller relationship
- Customer relationship management (CRM)
  - Using information about customers to create marketing strategies that develop and sustain desirable customer relationships
- Customer value
  - A customer's subjective assessment of benefits relative to costs in determining the worth of a product

### Role of Marketing in society

- Consumes large proportion of buyers' dollars
- Is used by non-profits
- Is important to business and the economy
- Fuels the global economy
- Enhances consumer awareness
- Connects people through technology
- Promotes welfare of consumers and society
- Creates career prospects

## **Ethical issues in Marketing**

- Ethics
  - Judgment about what is right or wrong
  - Moral standards of behaviour expected by a society
- Codes of conduct
  - Formalised rules and standards that describe what the company expects of its employees
- Ethics is one dimension of social responsibility
  - Being socially responsible relates to doing what is economically sound, legal, ethical and socially conscious
  - Overall aim is to improve society's welfare

## **Digital marketing**

- Use of digital media including the Internet and mobile interactive channels to develop communication and exchanges with customers
- Social networks, media sharing websites, virtual websites, mobile devices, applications, wearable technology
- The main distinguishing feature is interactivity that allows customers to express their needs and wants directly to the firm in response to its marketing communications
- Ethical and legal issues including privacy concerns, online fraud, and intellectual property

## **SUMMARY**

- Marketing is not merely about selling and advertising
- Exchange, customer value, customer relationship, marketing concept, market orientation, marketing mix are some of the terms that are crucial in better understanding marketing
- Marketing has various important roles in our society
- Marketing ethics and digital marketing are two major issues faced by marketers nowadays

## **TO TAKE AWAY FROM THIS WEEK:**

- Marketing involves a range of activities aiming to create valuable offerings that can satisfy customers and at the same time maximise returns for stakeholders. Hence, it is not merely about advertising and selling as largely perceived by people in general.
- Marketers should understand key marketing terms including exchange, value, relationship marketing, marketing concept, and marketing mix to appreciate core concepts of marketing
- Marketing has significant roles for companies (profit and non-profit), customers, and society at large.
- Marketers are expected to behave ethically and socially responsible ways
- As digital marketing permeates in many aspects of marketing, marketers need to utilise it properly to obtain its maximum benefits

