

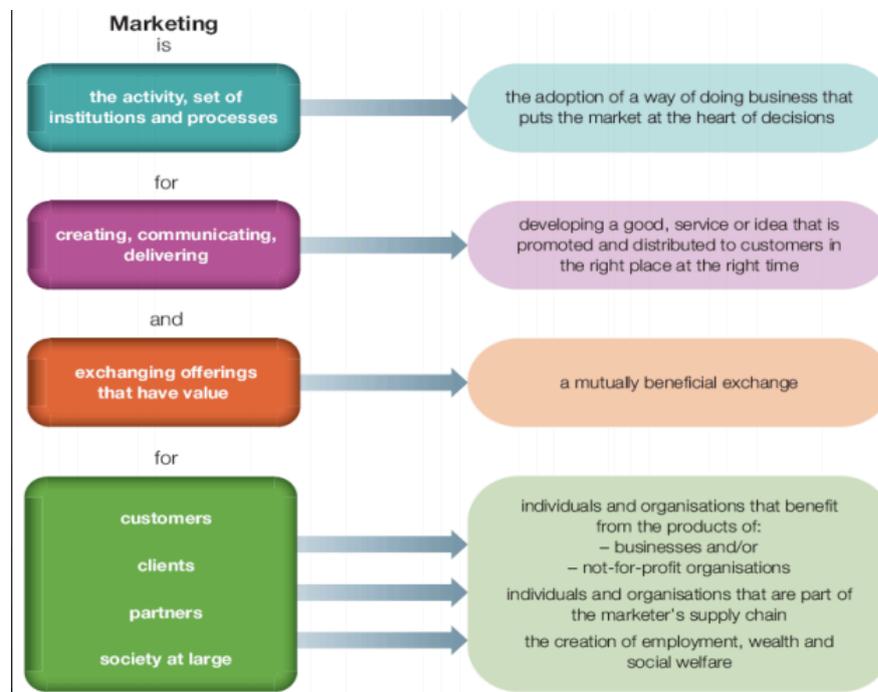
# MARKETING FOUNDATIONS 24108

## LECTURE 0 – INTRODUCTION TO MARKETING

### WHAT IS MARKETING?

*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*

### DEFINITION OF MARKETING



### THE MARKETING EVOLUTION

Over the past 100 years, marketing has evolved through the following stages:

- Trade → Exchange of what one had for what one wanted
- Product orientation → Customers bought what was produced → Late 1800s to early 1900s
- Sales orientation → Advertising and sales assistants (increasing competition) → 1930s
- Market orientation → Market research, products responded to customers needs and wants (more competition) → Mid to late 1900s
- Societal market orientation → Places customer, client and partner at the center of business decisions e.g. Reusable bags → NOW

### MARKETING – A SCIENCE AND AN ART

- Marketers need to learn what customers, clients, partners and society want

- This is ongoing – customer preferences continually evolve
- Marketers use information to maintain their understanding
- Marketers are creative to develop new ideas
- The best marketers offer something that is unique or special to consumers

## MARKETING EXCHANGE

**Exchange:** The mutually beneficial transfer of offerings of value between the buyer and the seller

### SUCCESSFUL MARKETING EXCHANGE INVOLVES:

- Two or more parties, each with something of value desired by the other party
- All parties must benefit from the transaction
- The exchange must meet both parties expectations (e.g. quality and price)

## VALUE – A PERCEPTION

A **customer's** assessment of the utility of an offering based on perceptions of what is received and what is given

Value = Quality/Price

= Benefits expected/Benefits received

**Value** refers to the 'total offering'

Value evolves continually and is unique for each individual

## THE MARKET

A market is a group of customers with heterogeneous (different) needs and wants

Examples include:

- Geographic markets
- Product markets
- Demographic markets

### CUSTOMERS WITHIN MARKETS

- **Customers** purchase goods and services for their own, or other people's use
- Customers use the good or service
- **Clients** are 'customers' of the products of **not-for-profit organisations**
- **Partners** are all organisations or individuals who are involved in the activities of the exchange process
- **Society** is a body of individuals living as members of a community

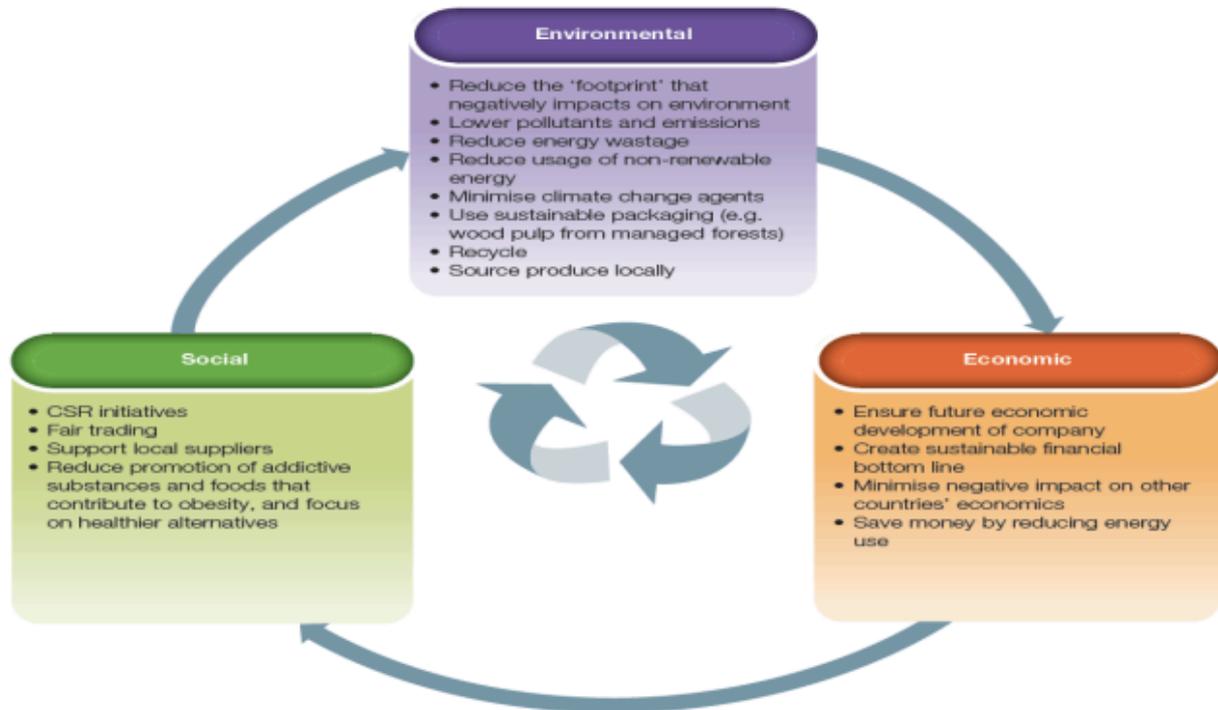
## STAKEHOLDERS

Individuals, organisations and other groups that have a rightful interest in the activities of a business, including:

- Owners

- Employees
- Customers (and clients)
- Partners
- Government

## THE TRIPLE BOTTOM LINE



## THE MARKETING MIX

A set of variables that a marketer can exercise control over in creating an offering for exchange

- Traditionally known as the **4 P's**:
  - Product → Anything offered to the market – refers to the features and functions of a product which benefit the customer
  - Price → The amount of money a business collects in exchange for its offerings (willingness to pay, production costs, competitors costs must be considered)
  - Promotion → Describes the marketing activities that make potential customers, partners and society aware of and attracted to a business's offering (not only advertising → loyalty programs, trials etc)
  - Place (distribution) → The means of making the offering available to customers at the right place and time. Internet has dramatically changed distribution opportunities. Must incorporate logistics and supply chain.

## HOW MARKETING IMPROVES BUSINESS PERFORMANCE

- Firms with a market orientation perform better than firms without a market orientation
- They have better profits, sales volumes, market share and return on investment when compared to their competition
- Every employee is a stakeholder in the success of an organisation

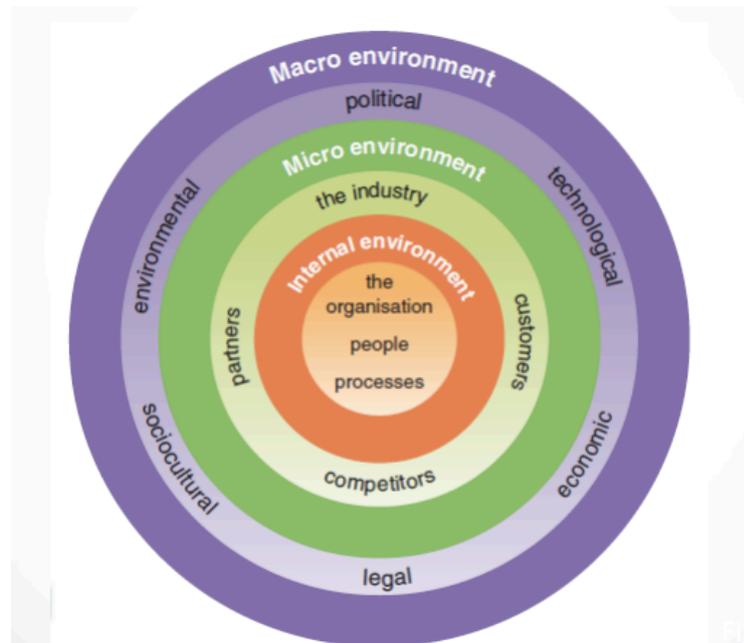
- Marketing drives economic growth; marketers play a role in stimulating consumer demand
- Developing social change programs to influence the voluntary behaviour of target audiences to improve the welfare of society

## THE MARKETING ENVIRONMENT

All of the internal and external forces that affect a marketer's ability to create, communicate, deliver and exchange offerings of value

### ENVIRONMENTAL ANALYSIS

A process that involves breaking the marketing environment into smaller parts in order to gain a better understanding of it



### INTERNAL ENVIRONMENT

- The parts of the organisation, the people and processes used to create, communicate, deliver and exchange offerings that have value
- The organisation can **directly control its internal environment**
- Strengths and weaknesses are internal factors that positively and negatively affect the organization's ability to compete in the marketplace

### EXTERNAL ENVIRONMENT

- The people and processes that are outside the organisation and **cannot be directly controlled**. Marketers can only seek to influence external environment
- Outsourcing: transferring an internal function to an external provider
- Opportunities and threats: external factors that positively and negatively affect the organisations ability to serve the market