<u>Week 1- Marketing Essentials:</u> *Chapter 1, 2 & 3*

<u>Overview of Marketing- Chapter 1</u>

- Marketing can be defined as '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'.
- Good marketing requires thoughtful planning with an emphasis on the ethical implications of any of those decisions on society in general.
    - Firms assess their market position and decide on their marketing strategy by developing a marketing plan.
- Core aspects of marketing:
    - Helps create value
    - Occurs in many settings
    - Can be performed by both individuals and organisations
    - Requires product, price, place and promotion decisions
    - Entails an exchange

Customer Needs and Wants

- Understanding the marketplace and especially consumer needs and wants in fundamental to marketing success.
- As marketing costs money, good marketers carefully seek out potential customers who have both an interest in the product and an ability to buy it.

Marketing Entails an Exchange

- Marketing is about an exchange; the trade of things of value between the buyer and the seller so that each is better off as a result.
- Sellers provide goods or services, then communicate and facilitate the delivery of their offering to consumers. Buyers complete the exchange by giving money and information to the seller.

Product, Price, Place and Promotion Decisions

- Marketing traditionally has been divided into a set of four interrelated decisions and consequent actions known as the marketing mix or four Ps.
- The four Ps are the controllable set of decisions/activities that the firm uses to respond to the wants of its target markets.

Product: Creating Value

- Marketing's fundamental purpose is to create value by developing a variety of offerings, including goods, services and ideas, to satisfy customer needs.
    - Goods- items that can be physically touched. The producers of these items tend to add extra value to their goods to increase their presence in the market.

    - Services- are intangible customer benefits that are produced by people or machines and cannot be separated from the producer.
    - Ideas- include concepts, opinions and philosophies; intellectual concepts such as these can also be marketed.

Price- Capturing Value

- Price includes everything the buyer gives up- money, time, energy in exchange for the product.
- Markets must determine the price of a product carefully on the basis of the potential buyer's belief about its value.
    - The key to determining prices is figuring out how much customers are willing to pay so that they are satisfied with the purchase and the seller achieves a reasonable profit.

Place- Delivering Value

- Place refers to all the activities necessary to make the product available to the right customer when that customer wants it.
- Place commonly deals specifically with retailing and marketing channel management.
    - 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 into 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 satisfying the service levels required by the customers.
- Without a strong and efficient marketing channel system, merchandise isn't available when customers want it. Then customers are disappointed, and sales and profits suffer.

Promotion- Communicating Value

- Promotion is communication by a marketer that informs, persuades and reminds potential buyers about a product to influence their opinions and elicit a response.
- Promotion of the product's benefits- the value proposition- generally can enhance a product's perceived value.

Marketing by Individuals and Organisations

- Marketing intermediaries, such as retailers, accumulate merchandise from producers in large accounts and then on sell it in smaller amounts.
    - The process by which businesses sell to consumers is known as B2C (business to consumer) marketing.
    - B2B (business to business) is the process of selling from one business to another.

    - With the advent of various internet auction sites and social media, consumers have also started marketing their goods and services to other consumers. This is called C2C (consumer to consumer) marketing.
- Individuals can also undertake activities to market themselves e.g. resume, applying for a job etc.

Impact of Marketing on Stakeholders

- Apart from consumers, marketing can also impact several other stakeholders (e.g. supply chain partners, society, employees).
    - Partners in the supply chain include wholesalers, retailers and other intermediaries such as transport and warehousing companies.
- All of these entities are involved in marketing their value adding capabilities to one another.

Marketing Evolution: production, sales, marketing and value

- Production Oriented Era
    - Around the turn of the 20^{th} century most firms were production oriented and believed that a good would sell itself.
    - Manufacturers were concerned with product innovation, not with satisfying the needs of individual consumers and retail stores typically considered places to hold the merchandise until a consumer wanted it.
- Sales Oriented Era
    - Between 1920 and 1950, production and distribution techniques became more sophisticated and the Great Depression and WWII conditioned customers to consume less or make items themselves.
    - As a result, manufacturers had the capacity to produce more than customers really wanted or were able to buy.
    - Dependent on aggressive selling including personal selling and advertising.
- Market Oriented Era
    - Around 1950 manufacturers turned from focusing on the war effort toward making consumer products.
    - When consumers again had choices, they were able to make purchasing decisions on the basis of factors such as quality, convenience and price.
    - Manufacturers and retailers responded by initiating a focus on what consumers wanted and needed before they designed, made or attempted to sell their goods and services.
    - It was during this period that firms discovered marketing.
- Value Based Marketing Era
    - The most successful firms today have moved from a production or selling orientation to a value based orientation, where they attempt to discover and satisfy their customers' needs and wants.
    - In addition to providing what consumers want and need good marketing is about value creation; giving customers great value than what is offered by the competition.