

# Overview of Marketing

## What is Marketing?

- **Marketing** is described as delivery of customer satisfaction at a profit. It is also described as managing profitable customer relationships.
- The aim of marketing is to create value *for* customers and to capture value *from* customers in return.
- The twofold goals of marketing is to attract new customers by promising superior value, and to keep and grow current customers by delivery satisfaction.
- Key words to explain marketing is: customer needs, wants and demands; products; customer value and satisfaction; exchanges; transactions and relationships; and markets.
- In relation to customer value and satisfaction, consumers usually make buying choices on the basis of their value perceptions and satisfaction variables.
- Marketing also involves **customer relationship management** which is the process of building and maintaining profitable customer relationships by delivery superior value and satisfaction. This creates customer loyalty and retention, increases share of customer and builds customer equity.

## Marketing Activities

- Marketing includes a series of activities before, during and after the customer purchases a product.

### *Understanding* the marketplace and customers.

- Organisations must have a clear understanding of the environment in which they operate. This is because the environment may affect what is wanted in the future, how customers will want it, and what obstacles or aids they will face.
- Step 1: analysing the macro and micro environments.
  - i. The macro environment includes six environments: company; suppliers; marketing intermediaries; competitors; publics and customers
- Step 2: performing a SWOT analysis.
  - ii. This is to minimise weaknesses, avoid threats, and further match strengths with available opportunities that increases the company's market performance.

### *Designing* a customer-driven strategy and mix.

- This implies making decisions regarding the markets they will target and the marketing mix that will be used to reach those target markets.
- The three major strategic decisions of which organisations have to concentrate relate to segmentation, targeting and positioning. Organisations must:
  - Decide how to segment their markets.
  - Decide which market(s) to target.
  - Decide how they are going to position their product(s) in customers minds.
- Organisations also have to decide on their marketing mix that will be delivered to satisfy customers' needs:
  - *Product* includes goods or services or a combination of each provided to buyers to satisfy a need or want or demand. It includes packaging, brand, warranties, etc.

- *Price* refers to how much customers have to pay for their products.
- *Place* refers to how the product will be mobilised from the producer to customers.
- *Promotion* is about communicating to customers the value proposition.
- In the case of services, the marketing mix is extended:
  - *Physical evidence* is composed of tangible cues used to deliver a service such as tables and chairs in the case of a restaurant.
  - *People* relates to both the staff in charge of delivering the service and the impact of other customers on the service delivery and experience.
  - *Processes* are not normally visible to customers but have a great impact on service, such as the booking system used in a hotel.

*Implementing and controlling* the customer-driven strategy and mix.

- Effective implementation is important.
- Organisations need to monitor and assess the performance of the marketing strategies that have been implemented. By doing so, they will know if decisions made are producing expected results, and whether corrective measures are necessary.

## Step 1. Current Situation Analysis

- The first step of the marketing process is about understanding the marketplace and consumers.
- Current market situation analysis involves having an understanding of the dynamics of the market in which the company operates.
  - This involves a thorough investigation of consumer characteristics, prevailing and evolving trends and patterns, and the economic forces that influence the behaviour of the market.

### Macro Environments

- Macro environments are uncontrollable factors that affect positively or negatively the organisation's decision making.
- There are six macro environments:
  - Demographics: includes information regarding human populations in terms of density, location, age, gender, race and occupation.
    - Organisations must observe changing age structures, geographic shifts in population and increasing diversity.
  - Economic: relates to factors that affect consumer purchasing power and spending patterns.
    - For example, an increase in interest rates will reduce income available to be spent.
    - Organisations must pay attention to economic environments to determine if changes in income and spending are happening or if consumers are changing their spending patterns.
  - Natural: relates to the natural resources needed for the production process.
    - Organisations need to be aware of trends that may have an impact on the organisation, such as a shortage of raw materials, increased pollution or increased government intervention.
  - Technological: relates to technological changes that directly impact on organisations.

- Changes in technology may result in the introduction of new products into the market (e.g. iPads), or the way consumers shop (e.g. virtual shopping).
- Political and legal: refers to the laws that rule the behaviour of consumers and organisations. It includes government agencies and pressure groups that may influence consumer and organisation behaviour.
  - Organisations need to be aware of changes such as increased emphasis on ethics and socially responsible actions.
- Social and cultural: includes all factors that might impact on consumers values, perceptions and behaviours.
  - Organisations need to be aware of trends, such as the protection of the environment and environmental responsibility.

## Micro Environments

- Micro environments incorporate factors close to an organisation that have a positive or negative impact on the organisations success.
- There are six micro environments:
  - Company: relates to all actors (e.g. personnel, other departments, etc.) that may influence marketing decisions.
    - E.g. when making pricing decisions, marketing departments need to work closely with production and finance departments as they also have input in relation to costs and revenues.
  - Suppliers: relates to the organisations value delivery system. Suppliers provide inputs required for production. Their cost might be significant, directly affecting minimum prices charged for products.
    - Organisations must try to establish long-lasting relationships with suppliers in order to have greater negotiating power and to ensure high-quality of inputs.
  - Marketing intermediaries: includes all other organisations (e.g. resellers, physical distribution firms, marketing services agencies, and financial intermediaries) that support the company in promoting, selling and distributing products to consumers.
    - Long-lasting relationships with intermediaries allows organisations to have greater control over terms of agreements (e.g. sharing costs of promotional activities).
  - Competitors: relates to organisations direct and indirect competition.
    - Organisations must be aware who competitors are, what market(s) they target, and what their marketing strategies are.
    - They also need to know how they compare to competitors value proposition to determine how to compete.
  - Publics: include all entities that may have a bearing or may affect the organisation. They include financial, media, government, citizen-action, local, general, and internal.
  - Customers: include consumers, businesses, resellers, governments, and international markets.
    - Organisations need to know who customers are, what their needs are, and when they want those needs satisfied.

## SWOT Analysis

- This investigates the strengths, weaknesses, opportunities and threats to an organisation.
  - The identification of strengths and weaknesses derives from an analysis of the micro environment, “company”.