

What is marketing?

Marketing is a process of creating, communicating, distributing values to customers, company, and society. The value for customer and company needs to be equal. Value for customers only will bring the company bankrupt and value for company only will make the customers unhappy and therefore, customers will buy from another company. The goal of marketing is to distribute equal values to customer and company, as well as society.

The value customers are looking for in products are those with better performance than expectations which will lead to satisfaction. The satisfaction must be greater than cost, customers must get more benefit than the effort and time spent. Product's performance must be greater than expectation ; the post purchase (what customers think after buying the product) must be greater than the pre purchase (what customers expect from the product before buying it).

The value for company is brand loyalty. Brand loyalty comes when a product has a brand which customers are loyal to so they're willing to purchase the brand again. Brand loyalty gives the company a lot of benefit, such as ;

- more sales because loyal customers purchase more products more often
- positive image because customers are happy with the product
- word of mouth is one of the biggest benefit for the company. Customers promote the product for free to their friends and family. Customers' friends and family trust the customers because they're not trying to sell the product, but they promote the product they like so this is a more effective promotion.
- adoption is when customers buy other products from the same brand
- less price sensitive where price increase doesn't affect demand because customers are willing to pay more, even though it's more expensive compared to other competitors.

Core concepts of marketing + example (5)

1. Customer's needs, wants, and demands

- needs are the requirement for life (necessities). Needs are generic because everyone has the same needs. There are 3 types of needs ;

- physical needs : food, water, basic needs
- emotional needs : friends, family
- intellectual : education, knowledge

- wants are choices that people make. Wants are not generic because everybody has different choices. For example, A and B are both hungry so they need food to satisfy their hunger (need is generic because they have the same needs). A chooses to eat rice and B chooses to eat bread. Their choices of food are different (wants aren't generic because A prefer rice and B prefer bread to satisfy their hunger).

- demands happen when someone want something and they buy it. Someone isn't a customer if they only want it but doesn't buy it. In marketing, demand is important because people want the products and have money to buy them, those people are called customers. For example, Rolex is advertised in golf because people who play golf have more money than people who watch football so they're the potential customers that may increase demand.

2. Market offerings

Market offerings are anything that can satisfy needs such as goods and services. When customers have needs, they buy products to satisfy the needs.

For example, they buy ;

- goods : something that is tangible / can be sensed (can be heard, seen, touched). For example, going to a music concert.

- services : something that is intangible. For example, getting knowledge by going to school

3. Customer's value and satisfaction

Customers use value to make choices. They choose which product that gives them more satisfaction and are more valuable to them. For example, choices of food. A chooses to eat fried rice because he thinks fried rice will give him more value and satisfaction than other food.

4. Exchanges, transactions, and relationships

Exchange is the process of obtaining needs and wants. Buyers have money and sellers have products. Buyers want the products and sellers want the money, so they exchange to obtain what they want. This is called transaction.

Relationship happens when customers are loyal so they buy more often or they spread the word of mouth. For example, I'm studying in JIC and I spread word of mouth to my friends because I'm a loyal customer.

5. Market

Market is the place where transactions happen (buyers and sellers exchange). Market is full of people with unlimited needs and wants. Core marketing concepts is shaped like a circle so the cycle never stops because humans never stop wanting new products (never satisfied).

Marketing philosophies + example

1. Production concept

Companies that use production concept produce a lot of homogeneous product and keep the cost as low as possible (mass production). Ex : Coca Cola factory produces a lot of cans of Coke (mass production) with low cost.

2. Quality of products / product concept

Companies are product focused, they focus more on the good quality rather than quantity. They sell less products with better quality. Ex : any luxury and high end products such as Lamborghini, Ferrari, Rolex

3. Selling concept

Focus on large scale selling (sales maximisation) through aggressive selling, such as giving special offers, promotions, discounts. Ex : this is usually used for unsought goods because unsought goods have no demand because either people don't know they exist, or people don't want to buy them. For example, medical insurance.

4. Marketing concept

Focus on understanding customers needs and wants. Firms find out what customers needs and wants are, and adapt their product to what they need and want to bring satisfaction (customer focused). Ex : tailored clothes are handmade by the tailor. The tailor finds out what the customer want and adapt the clothes to suit what the customer want. Handphone is very customisable because it allows customers to change the ringtone and wallpaper according to what customers want.

5. Societal marketing concept

Firms don't only satisfy customers, but they try to satisfy the environment / society so they make eco friendly and non polluted products. Ex : Body Shop sells eco friendly products to satisfy both customers and environment.

Marketing process + example

1. Understanding the marketplace and customer's needs, wants, and demands using market research / collecting data and segmenting the market. Identify what customers needs and wants and analyse.

2. Designing a customer-driven marketing strategy by asking ; who is the target market and how to serve / give them the best value? Ex : Aqua develops different packaging (big gallon, 1500ml, 600ml, 300ml, etc) because everyone has different needs and wants.

3. Prepare an integrated marketing program

The marketing program builds customer relationship by transforming the marketing strategy into action. It consists of the firm's marketing mix (place, price, promotion, product) which is the set of marketing tools the firm uses to implement its marketing strategy. Ex : the firm needs to find out customers' needs and wants, develop the product, decide the price, promote the product, and place it right.

4. Build profitable relationships and create customer delight by delivering value and satisfaction

5. Capture value from customers to create profit (brand loyalty) because loyal customers don't notice competitors