

Marketing Foundations Notes

(Week 1)

Marketing: The activity, set of institutions and processes for creating communicating, delivering and exchanging offerings that align with a customer's wants/needs. The best offer creative, unique products based on market research.

Selling: Orienting the customer's desires towards an already made product regardless of demand.

Exchange: The mutually beneficial transfer of offerings of value (desired quality and price) between the buyer and seller.

Value: A customer's assessment of the utility (quality divided by price) of a 'total offering' based on perceptions of what is received compare with what is given. This also considers brand loyalty.

Market: A group of consumers with heterogeneous (different) needs and wants. Types of markets include: Geographic (urban, rural, regions), product (phone market vs fridge market), demographic (age, gender, income)

Evolution of marketing

- 1) Trading: Exchange of whatever goods you have access to
- 2) Production Orientation: Large scale manufacture of whatever you can. Little competition.
- 3) Sales Orientation: Same as before but competition is introduced, salespeople needed to promote product
- 4) Market Orientation: Same as before, but the product is determined by market demand and consumer preference (constantly evolving: what they want, how will it change, try to influence consumer preference)
- 5) Societal Market Orientation: Same as before, but also considers how to improve societal conditions with the products (e.g. environmentally friendly, ethically made)

Core product: Reflects the absolute basic need that a product fulfils (e.g. shampoo cleans hair)

Expected product: Extra beneficial aspects that add on top of the core product that are usually associated with the product category (e.g. shampoo scent, foams, plastic bottle)

Augmented product: The main place where differentiation occurs (e.g. organic shampoo or sulfate-free composition, hair straightening properties)

Potential product: Theoretical, potential benefits that could be incorporated into the product (e.g. automatic shampoo dispensing)

Bottom Line

1. Profit
2. Considers Profit + People (societal effect)
3. Considers Profit + People + Planet (environmental impact)

Macro-Environment (**PESTEL** forces):

Political: Unions pressuring changes to treatment and regulation. International politics changes marketing for overseas buyers.

Economic: Interest rates, exchange rate, debt level; change spending patterns for company/buyers

Sociocultural: How religious beliefs, customs, lifestyles, personal preference, demographics (ethnicity, age, gender, education level, marital status etc) effect purchasing patterns

Technological: More efficient production methods, and general changed expectations and behaviours of customers (more efficient, new features etc)

Environmental: Effect of natural disaster, weather constraints, ecological awareness and sustainability, seasonality (e.g. for crops)

Legal: Impact of subsidies/tariffs, regulations, OH&S policies, minimum wage, consumer safety, copyright, fair trading, contractual terms etc.

Core marketing variables (the 4 Ps)

Product: What you are selling?

Price: How much it costs?

Place: Where and how available is your product?

Promotion: How are you raising customer awareness of the product?

Although marketing can stimulate consumer demand, market orientation will generally be more effective in increasing sales (less selling needed), profit/return on investment and market share.

Both these will increase economic growth and improve overall sales.