

PRINCIPLES OF MARKETING: MKTG10001

H1 (92) LECTURE SUMMARY NOTES (Concise and relevant to exam)

The University of Melbourne

<i>Lecture 1</i>	<i>Market-Oriented Firm and Value Creation</i>
<i>Lecture 2</i>	<i>Relationship marketing & customer loyalty</i>
<i>Lecture 3</i>	<i>Consumer Behaviour</i>
<i>Lecture 4</i>	<i>Market Segmentation & Targeting; Positioning & Branding</i>
<i>Lecture 5</i>	<i>Product Life Cycle</i>
<i>Lecture 6</i>	<i>Marketing communications</i>
<i>Lecture 7</i>	<i>Pricing decisions</i>
<i>Lecture 8</i>	<i>Distribution</i>
<i>Lecture 9</i>	<i>Marketing in Service firms</i>
<i>Lecture 10</i>	<i>Services marketing/Recovery & ethics</i>
<i>Lecture 11</i>	<i>Social media</i>

Lecture 1- Market-Oriented Firm and Value Creation

What is marketing?

- Marketing is much more than this and includes e.g. monitoring market trends, conducting market research, market segmentation, product development, branding, pricing, promotion etc.
- The **process** of maximising returns to stakeholders by developing exchanges with valued customers and creating an advantage for them.
- Customers receive an **advantage** through exchange.
- Simply put, marketing is the delivery of customer value and satisfaction at a 'profit'.
- Marketing is 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
- "Marketing is not a specialised activity. It is the whole business seen from the point of view of its final result, that is, from the customer's point of view" The focus of marketing
- **People:** Those involved in the marketing process, including customers, personnel and other customers present when exchanges took place.
- **Target market:** A specific group of customers on whom an organisation focuses its marketing efforts o e.g. Jetstar Airways, targets its domestic flights in Australia to people who want to fly to a destination without having to pay for things that are not essential to arriving at the destination safely and in good spirit.
 - o Companies target different markets with different package.

Customer value and satisfaction

- "Creating value in everything we do for customers!"
- Customer value is the customer's evaluation of the differences between all the benefits and all the costs of a market offering relative to those of competing offers o the evaluation process can be highly personal
 - o 'Value' is based on customer perceptions and expectations
 - o Customers differ in their perceptions and expectations. Similarly, an individual customer's perceptions and expectations change over time.
 - o Can be situational.
 - o The "cost" here is not only about money
- **Customer Satisfaction:** the extent to which a product's perceived performance matches a customer's expectations.
- **Value:** A customer's subjective assessment of benefits relative to costs in determining the worth of a product o Customer costs include anything a buyer must give up to obtain the benefits the product provides.
 - o Customer benefits include anything a buyer receives in an exchange.

Key questions to ask when competing on customer value:

- Which customers will we serve?
- What exactly do customer's value?
- Of all the things customer's value, on which should we focus to achieve value (how will we serve customers best)?
- How well do customers think we deliver that value? >> Market research ● How will customer value change in the future?

The Marketing Mix

- Marketers combine and balance these four elements when determining how to satisfy customers' needs for a product: Product, Price, Place (Distribution), Promotion (**4Ps**)

- More recent marketing professionals have suggested expanding the marketing mix to include important variables: People, Physical evidence, Processes, Partnerships (**8Ps**)
- **Product:** Product can be anything, e.g. good (tangible), service (intangible), idea (intangible), experience (intangible), or any combination of them.
 - E.g. online banking, a mobile phone with plan
 - New product & service development
 - Value co-creation- Building the brand- The augmented product- Service quality
- **Price:** Relates to decisions and actions associated with establishing pricing objectives and policies and determining product prices
 - Determines the value of the exchange
 - Competitive tool for the company
 - The cost of the product for the customer + effort to get it
 - e.g. some luxury brands have an image of high quality and high price that has given them significant status.
- **Place (distribution):** Make products available in the quantities desired in the right place at the right time
 - An important determinant of VALUE
 - E.g. Minimise costs of inventory, transportation and storage
 - Downloading iTunes to an iPhone provides consumers with the benefits of music on the move
 - Select/motivate intermediaries
 - Develop/manage transportation and storage systems
 - Use of the Internet and e-commerce to facilitate distribution
- **Promotion:** Inform individuals or groups about the organisation and its products/services
 - Advertising
 - Public relations
 - Personal selling
 - Sales promotions
 - Viral marketing
- **People:** those people involved with preparing, producing and presenting the product, who are typically employees of an organisation and are paid to do a quality job.
 - add appeal, e.g. server uniforms in a restaurant
- **Physical evidence:** outer appearance, packaging, location, decor, lighting and other physical elements associated with the product
- **Process:** e.g. automation or use of self-service technology.
 - how the company is part of the process of customers' experience
 - **Partnership:** Establishing, maintaining and nurturing partnerships throughout the supply chain- partnerships with the media, partnerships with unions and other lobby groups, partnerships with government and of course partnerships with customers and the broader community

The Marketing concept

- A managerial philosophy that an organisation should try to provide products that satisfy customers' needs through a coordinated set of activities that also allows the organisation to achieve its goals
- The marketing concept has changed over time
 - Now: Market-oriented, Greater attention now given to customer value and satisfaction, and building long-term relationships with customers (what, why?)
- Marketing is an approach to doing business and not a specialised function or department within the firm
- The customer is the starting point for everything we do in business
- Marketers have a range of powerful tools to create value for, and influence, customers

Market orientation

- An organisational culture expressed through the organisation-wide
 - (1) generation of market intelligence in relation to current and future customer needs, to the competition and to collaborators;
 - (2) dissemination and inter- functional coordination of the market intelligence across business functions; and
 - (3) responsiveness to the market intelligence
- Generating information, dissemination, responsiveness across the organisation
- Focus on developing products that respond to both the needs and wants of your target
- Goal to create customer value, everyone understand the role of value creation
- Unless marketing managers implement a market orientation as an organisational culture, an organisation cannot operationalise the marketing concept.
- A company must also establish a way to coordinate all its activities. This may require restructuring the internal operations and overall objectives of one or more departments.
- **Sustainability of competitive advantage?**
- Can't be easily duplicated or surpassed by competitors

Marketing orientation

- A specific product
- Making the right decision when implementing the marketing mix, in relation to a pre-defined market segment
- 4Ps: product, place, price, promotion

Long term benefits of market orientated approach

- Demonstration of results
- Customer acquisition increase
- Strong customer retention
- Brand loyalty
- Increased purchases from loyalty
- Increase in sales = reduction costs
- Increase in firm value

Marketing management

- The process of planning, organising, implementing and controlling marketing activities to facilitate exchanges effectively and efficiently
- **Planning** is a systematic process of assessing opportunities and resources, determining marketing objectives and developing a marketing strategy and plans for implementation and control.
- **Organising** marketing activities involves developing the internal structure of the marketing unit.
- Proper **implementation** of marketing plans hinges on coordination of marketing activities, motivation of marketing personnel and effective communication.
- The marketing **control process** consists of establishing performance standards, comparing actual performance with established standards and reducing the difference between desired and actual performance.