

Marketing Foundations – Notes

Chapter 1: Introduction to Marketing

WHAT IS MARKETING?

Marketing: 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.

- **“The activity, set of institutions and processes”** --> The adoption of a way of doing business that puts the market at the heart of decisions
- **“Creating, communicating, delivering”** --> Developing a good, service or idea that is promoted and distributed to customers in the right place at the right time
- **“Exchanging offerings that have value”** --> A mutually beneficial exchange
- **“Customers, clients, partners and society at large”** --> Individuals are organisations that benefit from the products, individuals and organisations that are part of the marketer’s supply chain, the creation of employment, wealth and social welfare

The Marketing Evolution – Marketing Approaches

1. **Trade**
2. **Production Orientation** – Industrial Revolution (demand was higher than supply)
3. **Sales Orientation** – mid 20th century, balance between demand and supply, some markets supply exceeded demand, needed to sell products to remain competitive, advertising and selling techniques
4. **Market Orientation** – businesses start from the need of customers
5. **Societal Market Orientation** – businesses also focus on what’s good for society (corporate social responsibility)

The Marketing Process

- Involves understanding the market to create, communicate and deliver an offering for exchange
- **Understand – Create – Communicate – Deliver**
- Companies need to constantly understand the environment through market research
- How consumer values change and impact their needs and wants – preferences continually evolve

THE EXCHANGE OF VALUE

Marketing is a Science and an Art

- Needs creativity, the best marketers offer something this is unique or special to consumers
- Core values in a business shouldn't change

Marketing Exchange

- **Exchange:** The mutually beneficial transfer of offerings of value between the buyer and seller.
- **A successful marketing exchange involves:**
 - Two or more parties, each with something of value desired by the other party
 - All parties must benefit from the transaction
 - The exchange must meet both parties' expectations (e.g. quality, price)

Value – A Perception

- **Value:** A customer's assessment of the utility of an offering based on perceptions of what is received and what is given
- Value = Quality / Price (simplified form)
- **Value refers to the 'total offering'**
 - Reputation of organization
 - Features of products
 - Associated ideals
 - Quality & Price
- Value can be created from different elements of an offering
- Value evolves continually and is unique for each individual

The Market

Market: A group of customers with heterogeneous (different) needs and wants

- Geographic, product, demographic markets
- Technology and trends change, but needs and wants rarely to change
- **Customers:** Those people who purchase products for their own or someone else's use
- **Consumers:** People who use the good or service
- **Clients:** Customers of non-for-profit organisations or social marketers
- **Partners:** Organisations or individuals who are involved in the activities and processes for creating, communicating, and delivering offerings for exchange
- **Society:** A body of individuals living as members of a community