

MKTG1001

Marketing Principles

Assessment Name	Individual/ Group	Assessment Conditions	Program Learning Outcomes Assessed	Length	Weight	Due Time	Due Date	Closing Date
Mid-semester Exam	Individual	Compulsory	1, 2, 3	1.5 hours	25%		16-Apr-2015	N/A
Group Activity 1	Group	Compulsory	1, 2, 3, 4, 5	7 mins + portfolio	7%		Week 5	Week 5
Group Activity 2	Group	Compulsory	1, 2, 3, 4, 5	7 mins + portfolio	7%		Week 8	Week 8
Group Activity 3	Group	Compulsory	1, 2, 3, 4, 5	7 mins + portfolio	7%		Week 11	Week 11
Final write up + group diary	Group	Compulsory	1, 2, 3, 4, 5	10 pages	17%	16:00	04-Jun-2015	N/A
Final Exam	Individual	Mandatory	1, 2, 3	2 hours	30%		Final Exam Period	Final Exam Period
Tutorial Participation	Individual	Compulsory	1, 4	N/A	5%		Weekly	Weekly
Research Component	Individual	Compulsory	3, 6	N/A	2%		Week 12	Week 12
Academic Honesty							Week 4	

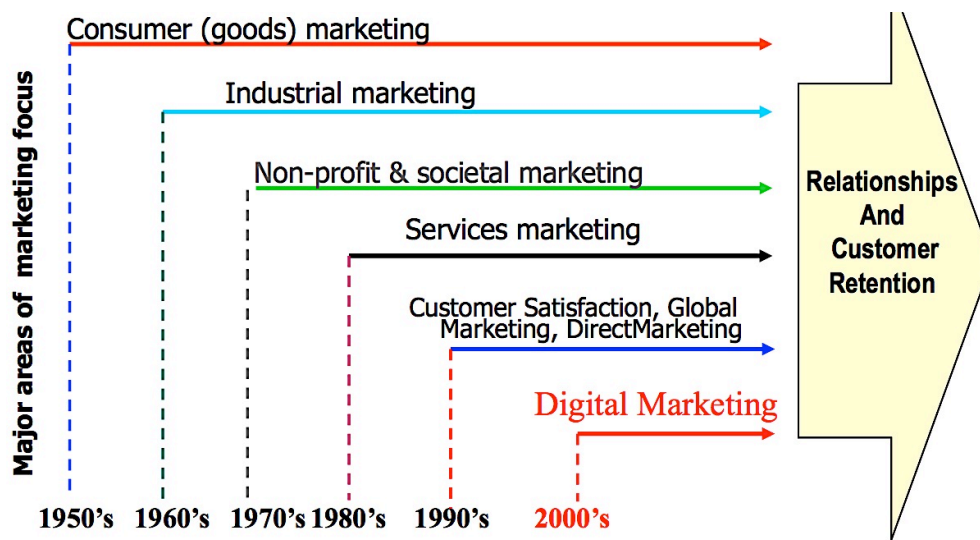
Introduction to Marketing

The aim of this subject is to examine the relationship between marketing organisations and final consumers in terms of product-distribution channels or value chains. It is the management of profitable customer relationships and **Identifying new ways of satisfying needs and wants, and creating value for consumers.**

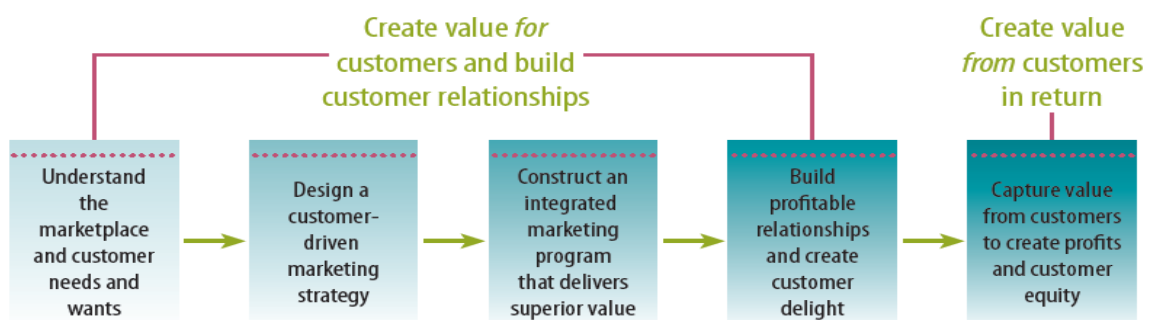
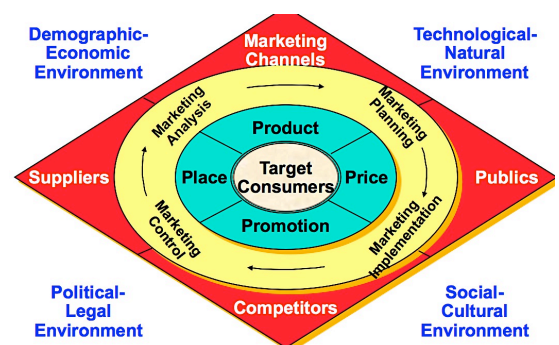
- **A function used to influence consumer behaviour**
- An **activity**, set of institutions and **processes** for creating, communicating, delivering and exchanging offerings that have **value** for customers, clients, partners and society at large (American Marketing Association).
- “Marketing is not only much broader than selling, it is not a specialized activity at all. It **encompasses the entire business**. Concern and responsibility for marketing must therefore **permeate all areas of the enterprise**” (Peter Drucker 1954)
- Modern economies have many markets. The labour market constitutes all those who are seeking work or who are employed; the housing market is made up of those who are looking for a house.
- Successful organisations today all have a strong market orientation – focused on their customers and their competitors through understanding the needs and wants of a customer in **well-defined target markets**.

A market = Actual Buyers + Potential Buyers

Development of Marketing:



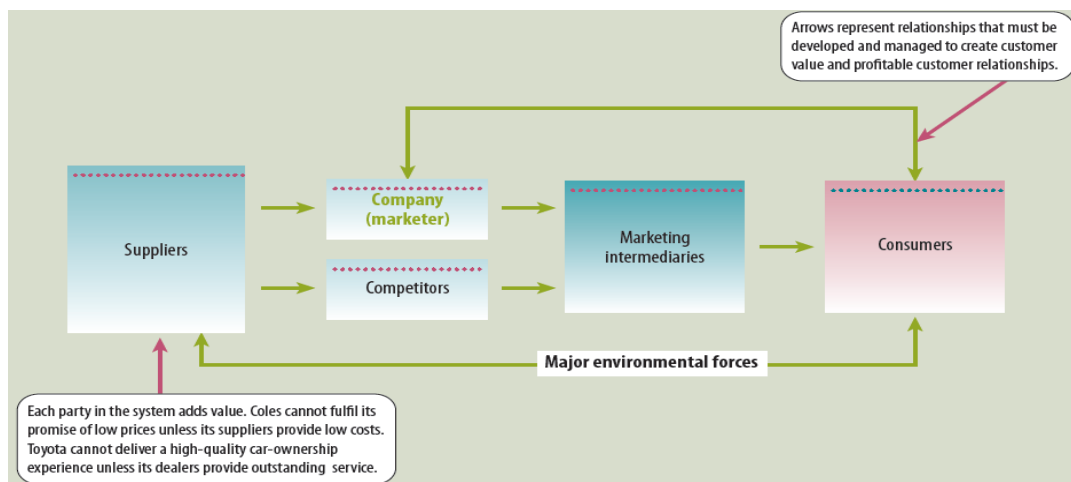
- The want-satisfying power of a good or service is what economists call utility.
- Utilitarianism: theory in normative ethics holding that the moral action is the one that maximises utility
- Marketing is all about creating value for customers. The organisation must fully understand consumers and the marketplace in which it operates.



The Marketing Process:

1. Understand the marketplace and customer needs, wants and demands

- When a need is not satisfied, a person will either try to reduce the need or look for an object that will satisfy it. Marketers **stimulate** rather than create these needs.
- Wants are the form taken by human needs and are shaped by culture and individual personality. Marketers try to provide more want-satisfying goods and services.
- Demands are human wants that are backed up by buying power. Customers view products as **bundles of benefits** and choose the products that give them the best value for money.
- **Market offering** is a product that is some combination of goods, services and experiences that can be offered to a market to satisfy a need or want.
- **Marketing myopia** is the mistake of paying more attention to the specific products a company offers than to the benefits and experiences produced by these products.
- Exchange relationships: an **exchange** is the act of obtaining a desired object from someone by offering something in return. A transaction is marketing's unit of measurement as it consists of a trade of values between two parties within agreed-upon conditions, and a time and place of agreement.
- Market: the set of all actual and potential buyers of a product. They share a particular need or want that can be satisfied through exchange. It is a-moral; the intension behind the action is morally right or wrong.
- Elements of the modern marketing system:



2. Design a customer-driven marketing strategy

- Marketing management is the choosing of target markets and building profitable relationships with them. The marketing manager's aim is to find, attract, keep and grow target consumers by creating, delivering and communicating superior customer value. It is necessary to select customers they can serve well and profitably.
- In cases of excess demand, **demarketing** is used to reduce demand temporarily (to cope with peak demand periods and overfull demand) or permanently (to discourage anti-social behaviours). The aim is not to completely destroy demand, but only to reduce or shift it to another time or another product.
- Two types of customers – new customers and repeat customers. Marketing organisations try to retain current customers and build lasting customer relationships.
- Philosophies that guide marketing efforts:
 - **Production** concept: focus on production and distribution efficiency and is the idea that consumers will favour products that are available and highly affordable.
 - **Product** concept: focus on continuous product improvements and the idea that consumers will favour products that offer the highest quality and performance
 - **Selling** concept: focus on large-scale selling and promotion
 - **Marketing** concept: focus on understanding customer needs/wants, and delivering satisfaction efficiently
 - **Societal marketing** concept: deliver value in ways that maintain both the consumer's and society's wellbeing. Sustainable marketing is socially and environmentally responsible marketing that meets the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs.

Demand management:

Negative demand – market dislikes the products and may even pay a price to avoid it

No demand – target consumers may be unaware of or uninterested in the product

Latent demand – many consumers may share a strong need that cannot be satisfied by any existing product

Declining demand – can be reversed through remarketing of the product

Irregular demand – seasonal, daily or hourly causing problems of idle or overworked capacity

Full demand – when organisations are satisfied with their volume of business

Overfull demand – some organisations face a demand level higher than they can or want to handle

Unwholesome demand – products will attract organised efforts to discourage their consumption

3. Construct an integrated marketing program that delivers superior value
 - Builds customer relationships by transforming the marketing strategy into action consisting of marketing tools the firm uses to implement its marketing strategy
 - The firm must create a **need-satisfying market offering** (product) and decide how much it will charge for the offer (price) and where it will make the offer available to target customers (place). It must communicate with target customers about the offer and persuade them of its merits (promotion). This must blend all together into a comprehensive, integrated marketing program that communicates and delivers the intended value to chosen customers.
4. Build profitable relationships and create customer delight
 - **Customer relationship management (CRM)** involved managing detailed information about individual customers and carefully managing customer 'touch points' in order to maximise customer loyalty. It builds and maintains profitable relationships by delivering superior customer value and satisfaction.
 - Satisfied customers are more likely to be loyal customers and to give the marketing organisation a larger share of their business → better company performance
 - **Customer-perceived value** is the customer's evaluation of the difference between all the benefits and all the costs of a marketing offer relative to those of competing offers.
 - The marketing program builds customer relationships by transforming the marketing strategy into action
 - Interactive technologies including email, websites, blogs, video sharing, and social networks affects how companies and brands relate to consumers. Can also create challengers as today's consumers have more information about brands and the airing of their brand views with other consumers.
 - **Partner relationship management** – working closely with partners in other company departments and outside the company to jointly bring greater value to customers.
 - Through supply chain management, companies today are strengthening their connections with partners all along the supply chain. The supply chain describes a longer channel, stretching from raw materials to components to final products that are carried to final buyers.
5. Capture value from customers to create profits and customer equity
 - Satisfied customers remain loyal and talk favourably to others about the company and its products.
 - **Customer lifetime value** is the value of the entire stream of purchases that the customer would make over a lifetime of patronage. Losing a customer means losing the entire stream of purchases that the customer would make over a lifetime of patronage.
 - Good customer relationship management can help marketers increase their share of customer – the portion of the customer's purchasing that a company gets in its product categories. To increase this, firms can offer greater variety to current customers or train employees to up-sell in order to market more products.
 - **Customer equity** is the total combined customer lifetime values of all the company's customers. The ultimate aim of CRM is to produce high customer equity. This can be a better measure of a firm's performance than current sales or market share.