MKTG10001 – Principles of Marketing

Study Notes

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1 Marketing, customer value and exchange

A Bunnings sausage sizzle, a Qantas Saver fare, a Seek job listing, a local physio's booking app, and a council's water-saving campaign do not share a product. They share a problem: someone has a need, someone has an offering, and a relationship or a transaction has to be arranged so that both sides are better off – or at least not misled. Marketing is the organised attempt to solve that problem, not a synonym for the advertisement that happens to be attached to it.

Definition
Marketing is the organisational activity of creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society. Advertising is one communications tool. Selling is one way of converting an offering into a transaction. Marketing is the larger process that decides whom to serve, with what value, through which mix of product, price, place and promotion, and how to keep the relationship worth continuing.

Three distinctions stop the definition collapsing into slogans. A *need* is a state of felt deprivation: food, safety, belonging, competence, rest. A *want* is that need shaped by culture and personality – hunger becomes a bánh mì, a Woolworths meal deal, or a Friday night takeaway. A *demand* is a want backed by purchasing power. Firms do not create needs. They can shape wants, and by pricing, access and credit they can convert wants into demand – or price people out. Treating "we created the need for this gadget" as a success story is a category error; it is usually a claim about wants.

Key concept
Customer-perceived value is the customer's comparison of benefits received with the costs of obtaining them. Benefits include functional performance, service, status and the feeling of having chosen well. Costs include money, time, effort, risk and psychological cost (the embarrassment of a bad choice, the hassle of a return). The cost sheet does not get a vote. *Satisfaction* is perceived performance against expectations. A firm that over-promises in the advertisement and under-delivers in the parcel builds the next review, not the next repurchase.

Exchange is the act of obtaining a desired object from someone by offering something in return. It requires at least two parties, each with something the other values, each free to accept or reject, each able to communicate and deliver. A *market* is the set of actual and potential buyers of an offering. Markets are not only consumer grocery aisles. They include business buyers (a mine contracting a maintenance firm), government buyers (a health department tender), and non-buyer "markets" in which the currency is attention or behaviour (a quit-smoking campaign).

Value can be written as a teaching identity, not as an accounting identity:

$$\text{Customer-perceived value} = \text{Bundle of benefits} - \text{Bundle of costs}$$

The identity is scored by the customer, in the customer's units. A cheaper fare that burns a day in a queue can lose to a dearer fare that is on time. A "free" app that harvests attention and data is not costless; the cost has been moved off the price tag. Marketers who only subtract the sticker price are doing cost accounting, not value analysis.

1.1 Forms of offering and types of market

The same definition covers more than packaged goods. First-year work is easier if the range is named, because the mix changes with the form.

Form	What is exchanged	Mix consequence
Physical goods	A tangible object (a KeepCup, a bag of oats, a pump).	Inventory, packaging, returns, and a quality that can be inspected before or after use.
Services	A deed, process or performance (a physio session, a flight, a tax return).	People, process and physical evidence become the product (topic 8). Capacity dies when unused.
Experiences and events	A staged sequence (a festival, a stadium match, a tasting).	Peak-and-end memory, crowd management, and perishability of the date.
Places and destinations	A location's meaning and access (Tourism Tasmania; a high-street precinct).	The "product" is not owned by one firm; coordination and public goods matter.
People and organisations	A reputation or identity (a candidate, a charity, a professional).	The offering *is* the person or the institution; consistency is the product.
Information, ideas, behaviour	Knowledge or a change in what people do (SunSmart; a quit campaign; a recycling scheme).	The "price" may be effort or identity cost; success is behaviour, not a till receipt.

Consumer, business, government and international markets also buy by different rules. A household choosing olive oil is not a hospital choosing a steriliser, and neither is a defence department buying through a published tender. Topics 5 and 6 separate the first two. Government and institutional buying adds probity rules, published criteria and political publics to the business-buying logic. International markets add culture, currency, regulation and the question of whether the brand and the logistics can travel.

1.2 What marketing is not

It is not only the marketing department. Product design, fulfilment, the call centre script, the returns policy and the invoice terms all shape perceived value. It is not a licence to manipulate. Deception can produce a first sale and still destroy the brand, and in Australia it can also be unlawful (topic 12). It is not reserved for listed companies. Charities, destinations (Tourism Tasmania), professional practices, and public agencies all choose whom to serve and how to be seen. It is not "being creative" as a substitute for a target market: a beautiful campaign aimed at nobody in particular is a cost.

1.3 Orientations: what the firm believes it is for

How a firm thinks about the market shows up in what it builds, what it measures, and what it is willing to stop making.

Orientation	Working assumption	Australian illustration	Characteristic failure
Production	Customers want availability and low cost; scale and efficiency win.	A bulk commodity grain trader; a no-frills private-label SKU whose only claim is "enough, cheap, in stock."	The offering is cheap and everywhere, and nobody particularly wants it. Commodity logic applied to a differentiated need.
Product	Customers want the "best" object; quality and features win.	A regional cinema that invests in a better projector while the night-out need moves to streaming and food.	*Marketing myopia*: defining the business by the product rather than the need. A better tram still loses to a better way of getting across town.
Selling	Customers will not buy enough unless pushed. Volume is the goal.	A time-share pitch; a "this weekend only" push on a product the buyer did not come in for.	Selling what the factory can make, then blaming the sales force. High churn after the push.
Marketing	Find a target, learn what they value, and organise the whole firm to deliver it better than rivals.	Jetstar's low-fare program versus Qantas's full-service program: different targets, different mixes, same owner.	Can become short-run want-satisfaction: giving people what they ask for even when it harms them or the commons.
Societal / sustainable	Serve target wants *and* long-run consumer and societal welfare.	A refill or take-back the council system can actually use; a SunSmart-style campaign.	Easy to print on a pack and hard to operationalise. The failure mode is greenwash (topic 12), not the idea itself.