

Marketing Theory and Practice

The Value Framework

Marketing refers to the activities and processes for creating, communicating and exchanging value for customers.

- Presenting products to customers
- Satisfying customers' needs
- Improving communication

Marketing Philosophies

- Production
 - Focus on manufacturing efficiency
- Product
 - Focus on product design
- Selling
 - Focus on persuading people to buy
- Marketing
 - Focus on customer
- Societal Marketing
 - Focus on impact on organisation, stakeholders and society

Customer Value refers to the benefits relative to the costs.

Functional/Instrumental Value

- Accurate attributes
- Appropriate performances
- Appropriate outcomes

Experiential/Hedonic Value

- Emotional (fun)
- Creates fantasy
- Forms social bonds

Symbolic/Expressive Value

- Self expression
- Personal meaning
- Social meaning (status)

Cost/Sacrifice Value

- Economic (prices)
- Personal investment (time/effort)
- Risk (functional)

Marketing Terms

- Needs
 - States of felt deprivation
- Wants
 - Needs shaped by culture and personality
- Demand
 - Wants that are backed by buying power
- Exchange
 - Receiving an object from someone and offering something in return
- Transaction
 - Trade of values between parties
- Market
 - Set of all actual and potential buyers of a product

The Marketing Environment

Marketing Environment: Forces which have an impact on marketing

The **Internal Environment** refers to an organisation's components which affect its culture.

- Employees
 - Employee satisfaction relates to customer satisfaction
 - Competitive advantage
- Equipment
 - Affects productivity levels
 - Increases efficiency and effectiveness

The **Micro Environment** refers to organisations and individuals that influence a company's activities.

- Customers
 - Current and potential
 - Needs and preferences change
- Competitors
 - Direct – Similar product
 - Indirect – Same need, different product E.g. Need of entertainment
- Suppliers
 - Provide inputs to organisations
 - Need close relationships
- Shareholders
 - Expect maximised profits
 - Organisations must have a balanced focus on customers and shareholders
- Government
 - New regulations and rules
 - Must be followed by all organisations

The **Macro Environment** refers to the larger and wider forces that influence a company's activities.

- Political
 - Restrictions on organisations
 - New government laws
- Economical
 - Affects consumer buying power
 - Taxes/Tariffs
- Social
 - Changes in demography E.g. Population, age, race, gender, occupation
 - Products must reflect demographic location
- Technological
 - Increases productivity
 - Reduces costs
- Natural
 - Shortages in raw materials
 - Increased pollution

Monitoring and Responding to Change

- Provides early warnings
- Enables long-term planning
- Enables organisations to be *proactive* rather than *reactive*

Buyer Behaviour

Buyer Behaviour refers to the process of how people purchase products.

Buying Roles

- *Initiator*: Recognises need to buy
- *Influencer*: Affects decision to buy
- *Decider*: Makes final purchase decision
- *Buyer*: Performs purchase
- *Payer*: Spends money
- *User*: Uses the product

Buyer Decision Process

