

MFK1120 Notes

Topic 1: What is Marketing

Marketing Defined

Definition of Marketing

- “Marketing is human activity directed at satisfying needs and wants through exchange processes” (Kotler, 1983, p.7)
- AMA: “Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners and societies at large
- Organisation ← value → Customers

Alternative marketing philosophies

- The production philosophy: focus on manufacturing efficiency
- The product philosophy: focus on product design
- The selling philosophy: focus on persuading people to buy
- The marketing philosophy: focus on the customer — provide what they want
- The societal marketing philosophy: focus on impact on all stakeholders, company, customer, society

Marketing philosophy or marketing concept

- “...achieving organisational goals depends on determining the needs and wants of target markets, and delivering the desired satisfactions more effectively and efficiently than competitors” (Kotler, et. al., 2010, p.30)
- “A corporate state of mind that insists on the integration and coordination of all the marketing functions which, in turn, are melded with all other corporate functions, for the basic objective of producing maximum long-range corporate profits” (Felton, 1959, p.55)

Customer Value

Value

- “From a customer’s perspective, customer value is **what they ‘get’** (benefits) relative to **what they ‘give up’** (costs or sacrifices)
 - Zeithaml 1988, in Smith & Colgate 2007

Functional / Instrumental Value

- Correct / accurate attributes
- Appropriate performances
- Appropriate outcomes

Experiential / Hedonic Value

- Sensory
- Emotional
- Social / relational
- Epistemic

Symbolic / Expressive Value

- Self identity / worth
- Personal meaning
- Self expression
- Social meaning
- Conditional meaning

Cost / Sacrifice Value

- Economic (price)
- Psychological
- Personal investment
- Risk

- Source: Smith and Colgate (2007) Customer value creation: a practical framework, *Journal of Marketing Theory and Practice*, vol. 15, no. 1, pp. 7-23
- Benefits in blue, negatives in green

Functional / Instrumental value:

- Product performing certain function — utility

Experiential / Hedonic value:

- Way the product makes us feel
- Experience we receive from the product
- How does the product help us to interact with others (e.g: larger car for a family)
- How the product helps us gain knowledge [epistemic]

Symbolic / Expressive value

- Psychological benefits
- How are we able to use products to communicate to the world around us
- Allows consumer the benefit of self-expression
- Personal meaning [social & conditional meaning]

Cost / Sacrifice value

- Dollars outlaid to receive benefit
- Thinking or psychological effort put into making a decision
- Personal investment is actual purchase itself (i.e: time taken)
- What if product doesn't reach our needs?

Topic 2: Core Concepts

Key Marketing Terms

Marketing terms

- Needs: states of felt deprivation (physical, social, self expression) [gap between current state and desired state]
- Wants: the form taken by *needs* as they are shaped by culture and individual personality
- Demand: *wants* that are backed by buying power [actionable by consumer]
- Product: the thing that is available for exchange [marketer makes available to consumer to satisfy their needs]
 - Goods
 - Services
 - Places
 - Ideas and ideologies (religion)
 - People (politicians, celebrities)
 - Organisations (brands that you feel you need to buy)
- Exchange: the act of obtaining a desired object from someone by offering something in return
 - Restricted: simple — two parties, reciprocal
 - Generalised — more complex, three parties
 - Complex — multiple parties, independent
- Transaction: a trade of values between two parties
- 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
 - Also
 - Name of a context “clothing”, “DVD” market
 - Total group of people “baby boomers”
 - Place where people shop