

Week 1

Define marketing and outline steps in the marketing process (pg 4-5)*What is marketing?*

Marketing is managing profitable customer relationships. The twofold goal is to attract new customers through value and to keep and grow customers through continual satisfaction. Marketing can be both traditional (advertising in newspapers and magazines, and on television and radio), but in recent years they have adapted new marketing approaches which utilise newer technology such as social networking, smartphone apps and imaginative websites.

Successful organisations all have a strong market orientation, which means they are focused on their customers and competitors. Understanding and satisfying the needs of customers in well-defined target markets are important for high levels of customer satisfaction.

Marketing defined

Marketing is defined as the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offers that have value for customers, clients, partners and society at large.

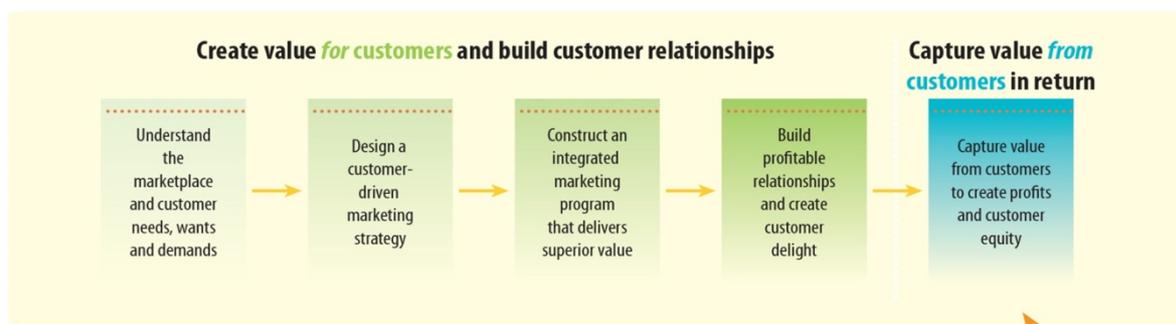
The marketing process

FIGURE 1.1 A simple model of the marketing process

By creating value for consumers, they in turn capture value from consumers in the form of sales, profits and long-term customer equity.

Identify and discuss the five core marketing concepts and the links between them

Customer needs, wants and demands

Needs are the states of felt deprivation – physical, social and individual.

When a need is not satisfied, a person will try either to reduce the need or look for an object that can satisfy it.

Wants are the form taken by human needs as they are shaped by culture and individual personality wants are described in terms that will satisfy needs. People choose products that provide the most value and satisfaction for their money. When backed by buying power, wants become demands.

Both qualitative and quantitative research are conducted to gain insight into unmet needs, wants and demands as well as patterns in purchase data, complaints and so on.

Marketing offerings: goods, services and experiences

A 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.

The concept of a product is not limited to tangible objects as experiences and services are intangible but consumers still obtain benefits. Anything that satisfies a need can be called a product. In the broadest sense, marketing offerings also include other entities, such as a person, places, organisations, information and ideas.

Exchanges, transactions and relationships

Exchange is the act of obtaining a desired object from someone by offering something in return – the marketer tries to bring about a response to some marketing offering. The response may be more than simply buying or trading products and services. Transactions is marketing's unit of measurement. A transaction is a trade between two parties that involves at least two things of value, agreed-upon conditions, and a time and place of agreement.

Generally perceived as a classic monetary transaction of money for a good/service.

Marketing consists of building and maintaining desirable exchange relationships with target audiences involving a product, service, idea or other object. They do this by delivering superior customer value consistency.

Markets

A market is the set of actual and potential buyers of a product. Marketing involves serving a market of final consumers in the face of competitors. They research the market and interact with consumers to understand their needs. All of the parties in the system are affected by major environmental forces. Each party in the system adds value for the next level. Thus a company's success at building profitable relationships depends not only on its own actions but also on how well the entire system serves the needs of final consumers.

Explain how value is created for customers and how value is captured from customers by organisations*Creating customer loyalty and retention*

The aim of customer relationship management is to create not only customer satisfaction but also customer delight. Companies are realising that losing a customer means losing more than a single sale. It means losing the entire stream of purchases that the customer would make over a lifetime of patronage.

If a customer is unhappy the loss in revenue can be much greater if the disappointed customer shares the bad experiences with other customers and causes them to defect. In fact, a company can lose money on a specific transaction but still benefit greatly from a long-term relationship. This means that companies must aim high in building customer relationships. Customer delight creates an emotional relationship with a brand, not just a rational preference – this keeps customers coming back.