

Introduction To Marketing



Lesson 1

What is Marketing?

Marketing Defined:

“Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging value with others”

Marketing is about managing profitable customer relationships

- Attracting new customers
- Retaining and growing current customers

The Marketing Process

A Five-Step Process

1. Understand the marketplace and customer needs and wants
2. Design a customer-driven marketing strategy
3. Construct a marketing program that delivers superior value
4. Build profitable relationships and create customer delight
5. Capture value from customers to create profits and customer quality

Understanding the Marketplace

Core Concepts

Needs, wants, and demands

*Marketing offers:
including products,
services and
experiences*

Value and satisfaction

*Exchange, transactions
and relationships*

Markets

Need

- State of felt deprivation
- Example: Need food

Wants

- The form of needs as shaped by culture and the individual
- Example: Want a Big Mac

Demands

- Wants which are backed by buying power

Understanding the Marketplace

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Marketing offer

- Combination of products, services, information or experiences that satisfy a need or want
- Offer may include services, activities, people, places, information or ideas

Understanding the Marketplace

Core Concepts

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Marketing offers: including products, services and experiences

Value and satisfaction

Exchange, transactions and relationships

Markets

Value

- Customers form expectations regarding value
- Marketers must deliver value to consumers

Satisfaction

- A satisfied customer will buy again and tell others about their good experience

Understanding the Marketplace

Core Concepts

Needs, wants, and demands

Marketing offers: including products, services and experiences

Value and satisfaction

Exchange, transactions and relationships

Markets

Exchange

- The act of obtaining a desired object from someone by offering something in return
- One exchange is not the goal, relationships with several exchanges are the goal
- Relationships are built through delivering value and satisfaction

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Marketing offers: including products, services and experiences

*Value and satisfaction
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Markets

Market

- Set of actual and potential buyers of a product
- Marketers seek buyers that are profitable

Marketing Management

Marketing management is the art and science of choosing target markets and building profitable relationships with them.

- **This definition must include answers to two questions:**
 - **What customers will we serve?**
 - **How can we serve these customers best?**

Marketing Orientations

- Product concept
- Production concept
 - Selling concept
- Marketing concept
- Societal marketing concept

The Marketing Plan

Transforms the marketing strategy into action

Includes the marketing mix and the 4P's of marketing

- **Product**
- **Price**
- **Place**
- **Promotion**

Capturing Value from Customers

Key Concepts

Customer Loyalty and Retention

Share of Customer

Customer Equity

Customer delight leads to emotional relationships and loyalty

Customer Lifetime Value shows true worth of a customer

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Customer Equity

Share of customer's purchase in a product category. Achieved through offering greater variety, cross-sell and up-sell strategies.

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Share of Customer

Customer Equity

- The combined customer lifetime values of all current and potential customers.
- Measures a firm's performance, but in a manner that looks to the future.
- Choosing the "best" customers is key