

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

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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

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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

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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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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 Loyalty and Retention

Share of Customer

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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*Customer Loyalty
and Retention*

*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