

# Marketing

Introduction to the Topic  
Lecture 1

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Professor – University of Ottawa

5/3/2013 *I wish to thank my colleague - professor Mike Mulvey - who has so generously shared his teaching materials, as well as numerous pedagogical ideas with me.* 1

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## Agenda

- Introductions
  - Who am I?
  - Why are you taking this class?
- Course Outline Discussion
- Present day overview of the marketing function
  - What is marketing?
  - From a marketing perspective, what is a "product"?
  - To understand the evolution of marketing?
  - Does marketing create needs?
  - Are all consumers alike?
- Relationship Marketing and its various manifestations
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| Syllabus  |  | Textbook              |
|---|--|-----------------------|
| Course Deliverable                                      | Due Date   | Weight on Final Grade |
| Quiz 1  | June 12  | 40%                   |
| Quiz 2  | July 10  | 40%                   |
| Marketing Assignments:<br>(skill development exercises) | Due on May 15, May 29, June 19 and July 3: 30 minutes before the start of class. | 20%                   |



GRENAL | LEVY | PERSAUD | LIGHTI

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Next Wednesday May 8

- Class in DMS 1150 from 4.30 to 7.30 PM

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I Was Thirsty.  
I Went to Buy a Bottle of Water



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The New York Times

BREAKING NEWS...



- September 14 2005
- 110 year-old brand of sparkling mineral water
  - Now being imported from Italy to the U.S.
  - "The calcium water" fights osteoporosis and other health problems

August 12, 2007

- Reusable = Urban Status Symbol
- Bottles = Guilt + Regret + Shame
- B.Y.O. H<sub>2</sub>O movement



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# 1. So, What is Marketing?



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## Business Functions

| Discipline          | Prime Responsibility       |
|---------------------|----------------------------|
| Accounting          | Reporting financial state  |
| Finance             | Raising / managing capital |
| Management          | Human resources            |
| Information Systems | Organizing information     |
| Marketing           | ??????                     |

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“Marketing is the organizational function and a set of processes that subject to constraints, attempts to establish mutually satisfying product exchange relationships between any two interested parties.”

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### ...Any Two Interested Parties

- Places
- Properties
- Organizations
- Information
- Ideas
- Goods
- Services
- Experiences
- Events
- Persons



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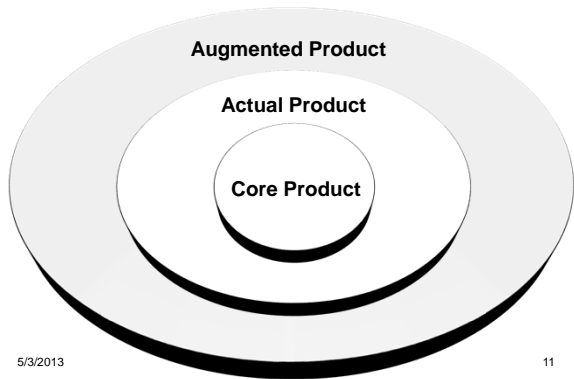
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### Product Exchange Relationships...



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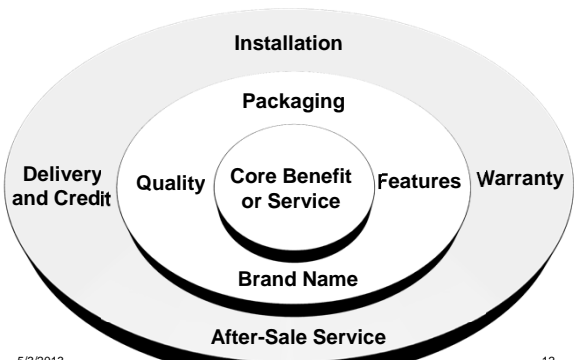
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### Marketing View of a Product



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# 1. Does Marketing Satisfy Needs?

- Needs: difference between a consumer's actual and some ideal or desired state.
- Wants: desire to satisfy need in ways that are influenced by culture and society.
- Benefits: outcome sought by a consumer that motivates buying behavior.



Mercedes Benz "Long Way"

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# 2. Does Marketing Creates Needs?



- Who is most likely to be victimized by marketers?
- Have you ever been influenced by a marketer to buy something you didn't need?



... stated needs  
 ... real needs  
 ... unstated needs  
 ... delight needs  
 ... secret needs

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# 3. Are All Customers Alike?



**WAL\*MART®**

- Everytown, USA
- Smalltown, Canada

*Loro Piana*

- Madison Ave, NYC
- Venice, Italy

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## Kotler on Marketing

*It is no longer enough to satisfy customers. You must delight them.*



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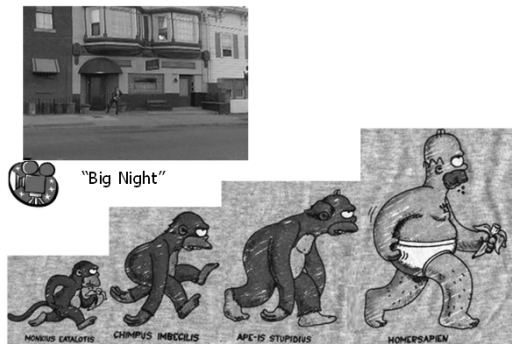
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## Evolution in Marketing Thought



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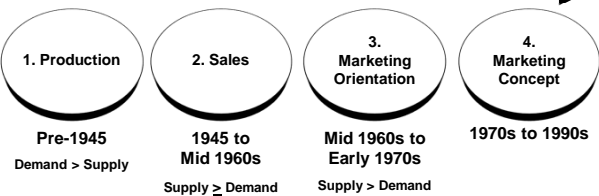
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## Evolution of Business

Marketing Missions: Pre-1945 to Today

Time



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## The Marketing Concept

**Identify and satisfy customer needs while making a profit.**

- Satisfaction of consumer wants and needs..super-ordinate goal
- Coordinated with other business functions
- Profit maximization

**Where is marketing today?**

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## Current State of Marketing

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## Marketing Realities of Today

- Information Clutter
- Declining Brand Loyalty
- Consumer Cynicism
- Need for Knowledge
- Internet based customization
- Globalization



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## Business Today

- Super-Fast Marketing
  - Motorola
  - TD Bank
  - Levi-Strauss
- Super-Value Marketing
- Guarantee Marketing
  - Warranty Marketing
  - Service Contracts
  - Extraordinary Guarantees
- Network Marketing
- Synergistic Marketing
- Marketing Engineering
- Upside down/crowd Marketing

**Relationship Building**

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## Most Admired Companies













**Q- What do they have in common?**

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## Satisfying Needs to Relationship Marketing


Consumer Satisfaction



one-off

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Consumer Relationship



relationship-building

investment in products → investment in customers

market segmentation → customer analysis

short-term profit max. → long-term wealth max.

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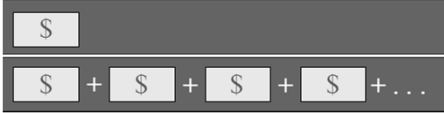
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## A Change in Focus...

- A 5% increase in customer retention can significantly increase profitability, ranging from:
  - 25% on bank deposits
  - 85% on car servicing
- A 2% rise in customer retention has the same effect on profitability as a 10% reduction in overheads. (PWC)



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## Attracting and Retaining Customers

- Forming strong customer bonds
  - Listen to the Voice of the Customer
  - Create superior offering
  - Reward outstanding employees
- Adding financial benefits
  - Frequency programs
- Adding structural ties
  - Create long-term contracts
  - Lower price for high volume
  - Turn product into long-term service

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## Relationship Marketing

- What is Relationship Marketing?
- What is Driving Relationship Marketing?
  - Technology
  - Need for real time MR
  - Need for integrating design and manufacturing
  - Need for knowledge
  - Need for Dialogue and integrated communications

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## Relationship Marketing

- What is Relationship Marketing?
- What is driving Relationship Marketing?
  - Technology
  - Need for real-time marketing research
  - Need for real-time dialogue with clients
  - Need for integrating marketing with design and manufacturing
  - Need for integrated Communications
  - Need for **knowledge**

**Too much “knowledge”?**

<http://aclu.org/pizza/images/screen.swf>

<http://www.youtube.com/watch?v=RZDXfB0Rd4Q>

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