

# Chapter 1: Overview of Marketing

## What is Marketing?

**Marketing** is a set of business practices designed to plan for and present an organization's products or services in ways that build effective customer relationships.

### Marketing is about Satisfying Customer Needs

**Need** feeling physiological deprived of basic necessities, such as food, clothing, shelter, and safety.

**Want** particular way in which the person chooses to fulfill his or her need, which is shaped by a person's knowledge, culture, and personality.

**Target Market** the customer segment or group to whom the firm is interested in selling its products and services.

### Marketing Entails Value Exchange

marketing is about an exchange – the trade of things of value between the buyer and the seller so that each is better off as a result.

### Marketing Requires Product, Price, Place, and Promotion Decisions

#### Product: Creating Value

create value by developing a variety of offerings, including goods, services, and ideas to satisfy customer needs.

#### Price: Transacting Value

the overall sacrifice a consumer is willing to make – money, time, energy to acquire a specific product or service.

#### Place: Delivering Value

all the activities necessary to get the product from the manufacture or producer to the right customer. place decisions are concerned with developing an efficient system for merchandise to be distributed in the right amount, to the right locations, and the right time.

#### Promotion: Communicating Value

promotion is communication by a marketer that informs, persuades, and reminds potential buyers about a product or service to influence their opinions or elicit a response.

### Marketing is Shaped by Forces and Players External to the Firm

external forces such as social, technological, economic, competitive, and regulatory changes shape a company's marketing activities. Two current social trends are environment, and obesity.

### Marketing Can Be Performed by Both Individuals and Organizations

B2C: business to consumer marketing

B2B: business to business marketing

accountants, lawyers, planners, physicians, and other professional services market their services.

### Marketing Occurs in Many Settings

even nonprofit organizations have marketing such as hospitals, theaters, charities, museums, religious institutions, politicians, and even governments. Marketing can also be meant the industry to target specific segments, like the "got milk" campaign.

### Marketing Helps Create Value

The historical milestones of marketing

#### Production-Oriented Era

early 20<sup>th</sup> century firms believed that a good product would sell itself, such as Henry Ford's car. Retail stores typically were considered places to hold merchandise until a consumer wanted it. Companies focused on developing and distributing with little concern whether the product best satisfy customer needs.

#### Sales-Orientated Era

because of the great depression, companies were able to produce more than the demand for their products. sales became very heavily dependent on personal selling and advertising.

### Market Orientated Era

when soldiers came back home, there was many consumers, and much more supply. Consumers were now able to make choices based on quality, convenience, and price. This is when consumer driven products started.

### Value-Based Marketing Era

better marketing firms recognize that there was more to good marketing than simply discovering and providing what consumers want and need, but give greater value than their competitors.

## What is Value-Based Marketing

customers naturally seek options that provide the greatest benefits at the lowest costs. a **value-based marketing** orientation, a business must also understand what customers view as the key benefits of a given product or service and how to improve on them.

### How Firms Compete on the Basis of Value

consumer perceptions change quickly, competitors enter markets, and global pressures continually reshape opportunities. You have to keep a vigilant eye to stay ahead of the competition. value can be the service, price, convenience of retail stores. Even nonprofits need value to keep all stakeholders happy with minimum fund raising.

### How Do Firms Become Value Driven

firms become value driven by focusing on three activities

#### Sharing Information

marketers share information about customers and competitors that has been collected through customer relationship management, and **integrate it across the firm's various departments.** Imagine if wal-mart has promotion, but the retail stores didn't know anything about it.

#### Balancing Benefits with Costs

marketers constantly measure the benefits that customers perceive against the cost of their offerings. They use their customers needs and in turn develop long-term loyalties.

#### Building Relationships with Customers

marketers have begun to realize that they need to think about their customer orientation in terms of relationships rather than transactions.

**Transactional orientation**, regards the buyer-seller relationship as a series of individual transactions, so anything that happened before or after the transaction is of little importance  
**Relational orientation**, buyers and sellers should develop a long-term relationship.

**Relationship Management**, strategies, programs, and systems that focus on identifying and building loyalty among the firm's most valued customers.

### Why is Marketing Important

Marketing used to be an afterthought to production. "How do we get rid of this?". Today, marketing is a major business area that works with R&D, engineering, and production to ensure that high-quality, innovative products that meet customer's needs are available in the **right quantity**, at the **right price**, and **right place**.

### Marketing Expands Firms' Global Presence

understanding customer's needs and wants on a segment-by-segment, region-by-region basis is one of marketing main tasks, or it would be difficult for a firm to expand globally. Thanks to cheap foreign travel, and the internet you share many of your consumption behaviors with the world.

### Marketing is Pervasive across the Organization

value based marketing firms, the marketing department works seamlessly with other functional area of

the company to design, promote, price, and distribute products.

### **Marketing is Pervasive across the Supply Chain**

supply chain members do not enjoy any cooperatives or coordination. But for the supply chain to provide significant value to the customer, the parties must establish long term relationships and cooperate to share data, making joint forecasts, and coordinate shipments.

### **Marketing Makes Life Easier and Provides Career Opportunities**

marketing ensures that your needs are being met. They balance the product or service with a price that makes you comfortable. In essence they add value to your product.

Marketing also has many positions in the business world, from, creative side, to the analytical side, to the actually business ideas, with projects, products, and brands.

### **Marketing Enriches Society**

Canadian companies recognize that a strong social orientation is in both their and their customer's best interests. It shows that the business can be trusted with their business. Also investors view companies with high level of corporate responsibility as safe investments.

### **Marketing Can Be Entrepreneurial**

marketing can also be the center of success for new ventures initiated by entrepreneurs, or people who organize, operate, and assume the risk of business venture.