

Marketing

What is Marketing?

- The activity, set of institutions and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.
- The process by which companies create value for customers and build strong customer relationships in order to capture value for the customers.
- Create. value for the customers
- Everything that is done in support of sales
- Sale is only the tip of the marketing iceberg
- Old sense: telling and selling
- New sense: satisfying consumer needs
- The aim of marketing is to make selling unnecessary
- build strong customer relationships
- Capture value from customers

Simple Model of the Marketing Process

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

1.

Needs, Wants and Demands:

- Needs: states of felt deprivation
- Wants: The form human needs take as they are shaped by culture and individual personality
- Demands: The human wants that are backed by buying power

Market Offerings (Products, Services, and Experiences)

Customer Value and Satisfaction

- Expectation
- Experience

Experience > Expectation -> Satisfaction -> Purchase repeat/WOM

Experience < Expectation -> Dissatisfaction -> Switch to competitor

- Smart marketers don't set expectations really high

Exchanges and Relationships

- Exchanges: The act of obtaining a desired object from someone by offering something in return.
- Beyond simply creating transactions, companies want to retain customers and grow their businesses.

- They want to build strong relationships by consistency delivering superior customer value
- Market

- A market is the set of all actual and potential buyers of a product or derive. These buyers share a particular need for want that can be satisfied through exchange relationships.
- Marketers activities in Market: consumer research, product development, communication, distribution, printing and service

A company's success at building profitable relationships depends on how well the entire system serves the needs of final consumers.

2.

- To design a winning marketing strategy, we must answer two questions:

1. What customers will we serve (what's our target market)?
2. How can we serve these customers best (what's our value proposition)?

- Marketing management: The art and science of choosing target markets and building profitable relationships with them

Selecting Customers to Serve

- Segmenting
- Targeting

- A brand's value proposition : the set of benefits or values it promises to deliver to consumers to satisfy their needs.
- Such value propositions differentiate one brand from another

Five alternative concepts : production, product, selling, marketing and societal marketing concepts.

- The production concept: marketing strategy should focus on improving production and distribution efficiency.
- The product concept: marketing strategy focuses on making continuous product improvements.
- The selling concept: marketing strategy should focus on large-scale selling and promotion.
- The marketing concept: focus on customer and value are the paths to sales and profits.
- "Sense and respond" philosophy
- The Societal Marketing Concepts: A company's decisions should consider

- Marketing strategy should deliver value to customers in a way that maintains or improves both consumers' and society's well-being. (Sustainable Marketing)

- Marketing mix: product price place promotion

The firm must blend each marketing mix tool into a comprehensive integrated marketing program.

- Customer relationship management: the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfactions.
- It deals with all aspects of acquiring, keeping and growing customers.

Company Wide Strategic Planning

- Objective based process of developing and maintaining a strategic fit between the organizations goals and capabilities and its changing marketing opportunities

1. Company mission

- Mission statement: statement of the organization's purpose- the value it offers and for whom

What is our business?

Who is the customer?

What do consumers value?

What should our business be?

- A clear mission statement acts as an 'invisible hand' that guides people in the organization

2. Setting company objectives and goals

- To turn the mission into detailed supporting objectives for each level of management.

3. Designing the Business Portfolio

- Business portfolio: the collection of business and products that make up the company

1. Analyzing the current business portfolio

- Identify the key businesses that make up the company called strategic business units (SBUs)

Four possible strategies for each SBU:

1. Invest more the business unit to build its share

2. Invest just enough to hold the SBU's share at the current level.

3. Harvest the SBU, milking it's short-term cash flow regardless of the long-term effect

4. Divest the SBU by selling it or phasing it out and using the resources elsewhere

2. Developing Strategies for Growth and Downsizing:

Four strategies:

- Market penetration

- Market development

- Product development

- Diversification

4. Planning Marketing: Partnering to build customer relationships

Marketing plays a key role in the company's strategic planning in several ways

- Provides a guiding philosophy

- The marketing concept

- Provides input to strategic planners

- Identifies opportunities

- Suggest strategies to reach objectives

- Partnering with other company departments

- Partnering with others in the marketing system

Analyzing the Marketing environment

- The environmental forces that affect the company's ability to serve its customers.

- Explain how changes in the demographic and economic environments affect marketing decisions

- The major trends in the firm's natural and technological environments.

- The actors and forces outside marketing that affect marketing management ability to build and maintain successful relationships with target customers

- Marketing research and marketing intelligence

- The marketing environment consists of microenvironment and a macro environment.

Microenvironment

- All the actors close to the company that affect, positively or negatively, its ability to create value for relationships with customers.
- Marketing intermediaries
- Competitors
- Publics
- Customers

The most important actors in the company's microenvironment.

Five types: consumer markets, business markets reseller markets, government markets, international markets.

Macroenvironment

- The macro environment consists of broader forces that affect the actors in the microenvironment.
- The demographic environment
- The economic environment
- Natural environment

Managing Marketing Information to Gain Customer Insights

- To create value for customers, marketers must first gain fresh, deep insights into what customers need and want
- Customer insights: Understandings of customers and the marketplace derived from marketing information that become the basis for creating customer value and relationships.
- These insights can be very difficult to obtain
- Most marketing managers are overloaded with data and often overwhelmed by it
- Thus marketers don't need more information; They need better info, and make better use of the info they already have
- Customer insights groups collect customer and market information from a wide variety

Chapter 5

Marketing Information System

- People and procedures dedicated to assessing information needs, developing the needed information, and helping decision makers to use the information to generate and validate actionable customer and market insights.

Assessing marketing information needs

- Primarily serves the company's marketing and other managers
- Also provide information to external partners ex; suppliers, resellers or marketing services agencies
- Balances the information
- The cost of obtaining, analyzing, storing and delivering information can quickly mount
- Primarily serves the company's marketing and other managers
- A good MIS balances information wants, needs and feasibility

Competitive Marketing Intelligence

- Goal is to improve strategic decision making
- Marketing intelligence techniques

- Many companies have even appointed chief listening officers
- Companies also need to actively monitor competitors activities

- Marketing managers and researchers must work closely together to define the problem and agree on research objectives
- It is often the hardest step in the research process
- 3 types : Exploratory, descriptive, causal

Developing the research plan

- The exact information needed
- A plan for gathering it efficiently

Primary and Secondary Data

- SD: Buy from outside suppliers, conduct their own searches of secondary data sources
- Advantages: quicker and cheaper
- Disadvantages: relevance, currency, accuracy, rarely provides all necessary information
- Primary types: mail, telephone, personal interviewing, online marketing research
- A sample: a segment of the population selected for marketing research to represent the population as whole
- Designing the sample requires three decisions: who, how many, how should they be chosen
- Research Instruments: Questionnaire, Mechanical Instruments

- Misuse of marketing research can consumers and firms competitions, intrusions on consumer privacy, misuse of research findings

Chapter 6

Consumer Market

- All the individuals and households that buy or acquire goods and services for personal consumption.

Consumer Buyer Behavior

-The buying behavior of final consumers.

- what consumers buy?
- where they buy?
- how and how much they buy?
- when they buy?
- and why they buy?

Maslow's hierarchy of needs

- Basic trigger of wants & behavior
- Deeply entrenched but when changed creates opportunity
- Shared value systems within groups
- Regional , Demographic, ethnographic
- Cultural marketing
- Divisions based primarily on socio- economic status
- Combination of occupation, income, education, wealth and other variables
- Membership, reference, and aspirational groups vary in how they influence
- Word-of-mouth influence/ opinion leader
- Household "power-broker(s)" influence buying behavior (parents, children)
- Role= expected activities
- Status= Esteem given to role by society
- Needs for different products change
- Job affect the products bought
- Personal finances affects buying choices
- People buy the lifestyles products represent
- Self-concept theory suggests possessions contribute to and reflect personal identities
- Motive: a need requiring satisfaction
- Process of interpreting information
- Behavioral change based on experience
- Personal thoughts on subjects and evaluations thereof

Five stages in the buyer decision process:

1. Need recognition:
 - internal stimuli
 - external stimuli
2. Information search
 - Sources: personal, commercial, public, experiential
3. Evaluation of alternatives
 - Depends on the buying situation and the consumer
4. Purchase decision
 - attitudes of others
 - unexpected situational factors
5. Post-purchase behavior
 - hinges on buyer's expectations vs. actual performance
 - cognitive dissonance

Adoption process

- The mental process through which an individual passes from first hearing about an innovation to final adoption

Individuals adopt new products at varying rates, categorized by the following terms:

- Innovators
 - Early adopters
 - Early majority
 - Late majority
 - Laggards
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- Relative advantage : superior to existing products?
 - Compatibility: Aligned with values of the market?
 - Complexity: Degree of difficulty to use?
 - Divisibility: Integrated into regular use?
 - Communicability: Benefits easily described?

Business Markets

- Business to business : buying behavior of firms that buy products to produce other products or to resell to others, b2b is huge and involves far more dollars and items than consumer markets

Chapter 7

Designing a Customer-Driven Marketing Strategy

Select customers to serve

Segmentation - Divide the total market into smaller segments

Targeting- Select the segment or segments to enter

Decide on a value proposition

Differentiation- differentiate the market offering to create superior customer value

Positioning- Position the market offering in the minds of target customers

Create value for targeted customers

MARKET SEGMENTATION

Grouping buses based on needs, traits, or behaviors that might require separate marketing strategies or mixes

- Segmenting consumer markets
- Segmenting business markets
- Segmenting international markets
- The requirements for effective segmentation

Bases for segmentation

Geographic Segmentation

- Global Regions
- Countries
- Region of country
- Provinces
- Cities
- Neighborhoods

Demographic Segmentation

- Age and life cycle
- Gender
- Household Income
- Ethnic or Culture Group

Psychographic Segmentation

- Social class
- Lifestyle
- Personality characteristics

Behavioral Segmentation

- Occasion-based purchases
- Benefits sought
- User status
- Usage rate

- Loyalty Rate
- Using Multiple Segmentation Bases

Segmenting Business Markets

Business use additional bases of segmentation:

- Operating Characteristics
- Purchasing approaches
- Situational factors
- Personal characteristics

Segmenting international Markets

- Geographic location
- Economic factors
- Political and legal factors
- Cultural factors

Intermarket Segmentation: Segmenting consumers who have similar needs and buying behavior even though they are located in different countries

Requirements for Effective Segmentation

To be effective, market segments must be:

- Measurable
- Accesible
- Substantial
- Differentiable
- Actionable

Market Targeting

- Evaluating segments
 - Portability?
 - Growth?
 - Corporate objectives?
- Selecting segments

Target Marketing

- Undifferentiated marketing
- Differentiated marketing
- Niche marketing
- Micromarketing

Local and Individual Marketing

Choosing a Targeting Strategy

Factors in choosing a targeting strategy

- Company resources
- Product variability
- Product's life cycle stage
- Market variability
- Competitors' marketing strategies

Differentiation and Positioning

Product Position:

- Consumer perception of products
- Place of the product occupies in the minds of consumers relative to competitors

Choosing a differentiation and positioning strategy

A differentiation and positioning strategy involves:

- Identifying competitive advantages
- Selecting competitive advantage(s) on which to create position
- Developing a positioning strategy

Identifying Possible Value Differences and Competitive Advantages

- Understand customer needs better than competitors, then deliver more value
- Points of differentiation can occur anywhere in the entire customer experience

Ways to Differentiate

- Product: Features, performance, style, design
- Services: Expedient, convenient, cautious
- Channels: Coverage, expertise, performance
- People: Training, culture, morale
- Image: Distinctive intangible benefits

Chapter 8

Product : Anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need

Service: An activity, benefit, or satisfaction offered for sale that is essentially intangible and does not result in the ownership of anything

- A company's market offering often includes both tangible goods and services.
- Today, many companies are moving to differentiate their offers
- Beyond simply making products and delivering services, they are creating customer experiences with their brands or companies.

Products are:

- differentiates based on experience (s) in acquiring and using them
- Evaluated at three levels : Augment, actual, core customer value

Consumer Products : Convenience , shopping , specialty , unsought

Industrial Products: Materials and Parts , Capital Items , supplies and services

New Product Development :

- Development of original products, improvements, modifications, or new brands
- New product innovation is expensive and risky. Most new products fail or underperform
- Diffusion of innovations theory

Idea Screening

- Keep good ideas and drop poor ones
- Describe product, target market, and competition
- Estimate market size, price, development time and costs, manufacturing costs, rate of return
- Evaluate new-product ideas against a set of company criteria

Product Concept : New-Product idea stated on meaningful consumer term

Concept Testing: Testing new-product concepts with groups of potential consumers

Marketing Strategy Development: An initial marketing strategy and three-part marketing strategy statement

- Describe the target market, planned value proposition, sales market share and profit goals
- Outline the products planned price, distribution and marketing budget
- Describe the planned long-run sales and profit goals, marketing mix strategy

Business Analysis:

- Review of the sales, costs, and profit projections
- Positive review triggers product development
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Product Development

- Develops concept into a prototype
- Prototypes are developed and tested

Test Marketing:

- Product introduced into a realistic market
- Gains experience prior to full introduction

Commercialization

- Full scale introduction into the market