



Marketing Management

Chapter 1



What is Marketing?

Marketing is the delivery of customer satisfaction at a profit.



The Goal of Marketing is:

To attract new customer by promising superior value, and to keep current customers by delivering satisfaction.



Continued

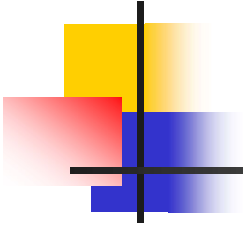
- Marketing, more than any other business function, deals with customers.
- Creating customer value and satisfaction are at the very heart of modern marketing thinking and practice.
- Some people believe that only large business organizations operating in highly developed economies use marketing, but sound marketing is critical to the success of every organization – whether large or small, for profit or non – profit, domestic or global.



Marketing Defined

- Many people think of marketing only as selling and advertising.
- Selling and advertising are only the tip of the marketing ice-berg.
- Marketing is one of three key core functions that are central to all organizations.
- Marketers act as the customers' voice within the firm and marketers are responsible for many more decisions than just advertising or sales:
 - Analyse industries to identify emerging trends.
 - Determine which national and international markets to enter or exit.
 - Conduct research to understand consumer behavior.
 - Design integrated marketing mixes – products, prices, channels of distribution, and promotion programs.

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



To explain marketing definition, we examine the following important terms :

- Needs, wants, and demands
- Products and services
- Value, satisfaction and quality
- Exchange, transactions, and relationships
- Target markets, positioning, segmentation
- Offerings and brands
- Marketing channels
- Supply chain
- Competition
- Marketing environment



Needs, Wants, and Demands

Needs:

- The most basic concept underlying marketing is that of human needs.
- Human needs are states of felt deprivation.
- Human have many complex needs:
 - Physical needs for food, clothing, warmth, and safety
 - Social needs or belonging and affection
 - Individual needs for knowledge and self – expression

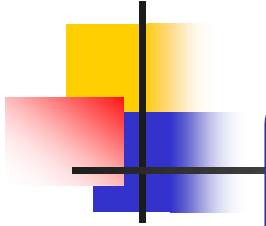
Wants:

- Want are the form taken by human needs as they are shaped by culture and individual personality.
- People have almost unlimited wants but limited resources.
- They want to choose products that provide the most value and satisfaction for their money.

Demands:

- When backed by buying power, wants become demands.
- Consumers view products as bundles of benefits and choose products that give them the best bundle for their money.

Types of Needs



Stated

Real

Unstated

Delight

Secret

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Products and Services

Product:

- Anything that can be offered to a market to satisfy a need or want.
- The concept of product is not limited to physical objects – anything capable of satisfying a need can be called a product.

Services:

- In addition to tangible goods, products also include services, which are activities or benefits offered for sale that are essentially intangible and do not result in the ownership of anything.



Values, Satisfaction, and Quality

Values:

- Customer value is the difference between the values the customer gains from owning and using a product and the costs of obtaining the products.
- Customers often do not judge product value and costs accurately or objectively. They act on perceived value.

Satisfaction:

- Customer satisfaction depends on a product's perceived performance in delivering value relative to a buyer's expectation.
- If the product's performance falls short of the customer's expectations, the buyer is dissatisfied.

Quality:

- Customer satisfaction is closely linked to quality.
- Quality has a direct impact on product performance.
- Quality can be defined as “freedom from defects”.
- TQM programs designed to constantly improve the quality of products, services, and marketing processes.



Exchange, Transactions, and Relationships

Exchange :

- The act of obtaining a desired object from someone by offering something in return

Transaction :

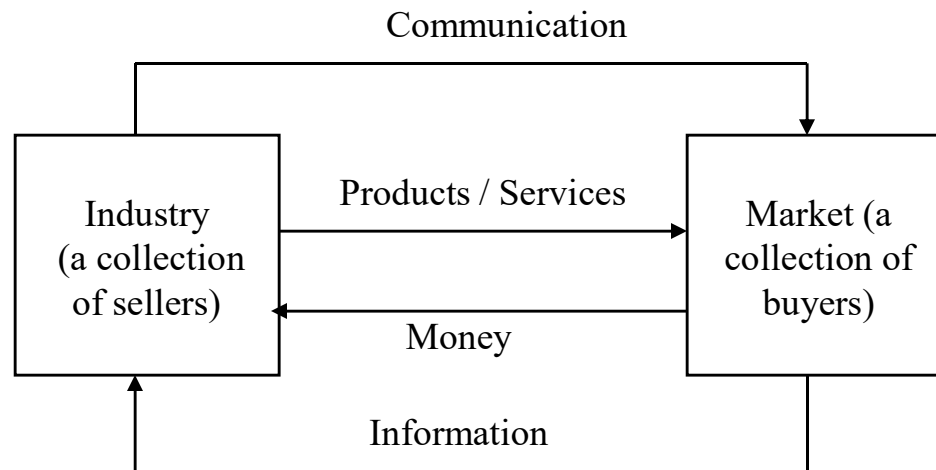
- A trade between two parties that involves at least two things of value, agreed – upon conditions a time of agreement, and a place of agreement.

Relationship marketing :

- The process of creating, maintaining, and enhancing strong, value – laden relationships with customers and other stakeholders

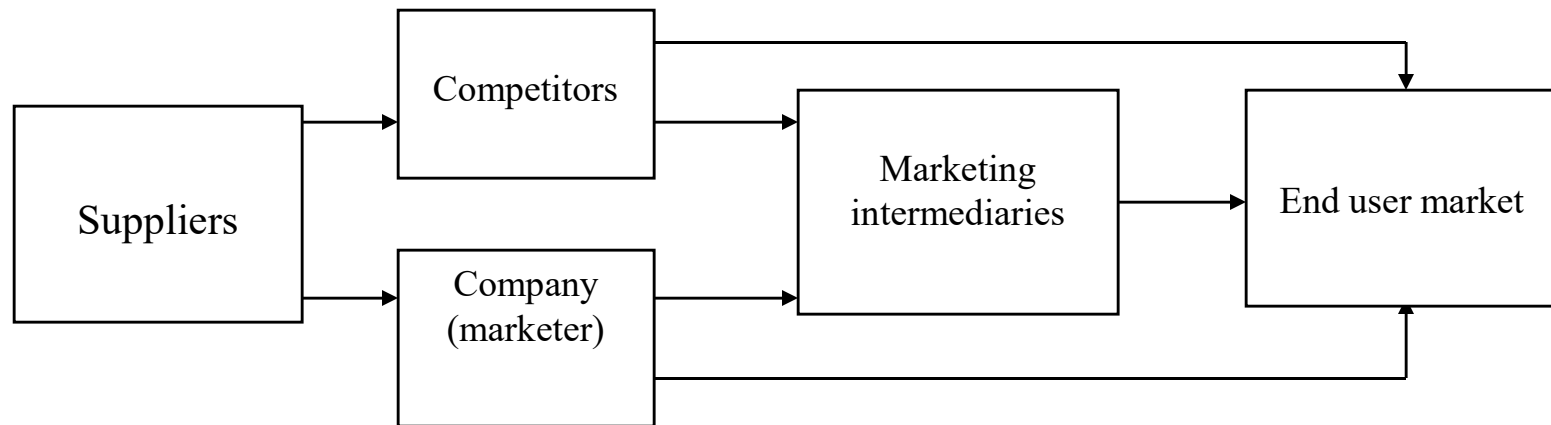
Markets

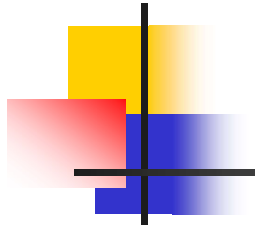
The set of all actual and potential buyers of a product or service



A simple marketing system

Main actors and forces in a modern marketing system





Marketing Management

The analysis, planning, implementation, and control of programs designed to create, build, and maintain beneficial exchanges with target buyers for the purpose of achieving organizational objectives.



Marketing Management Involves:

- **Demand Management** : The organization has a desired level of demand for its products. At any point in time, There may be no demand, adequate demand, irregular demand, or too much demand, and marketing management must find ways to deal with these different demand states.
- **Building Profitable Customer Relationships** : Beyond designing strategies to attract new customers and create transactions with them, companies now are striving to retain current customers and build lasting customer relationships.



MARKETING MANAGEMENT PHILOSOPHIES

- The role that marketing plays within a company varies according to the overall strategy and philosophy of each firm.
- There are five alternative concepts under which organizations conduct their marketing activities:
 - Production concept
 - Product concept
 - Selling concept
 - Marketing concept
 - Societal marketing concepts



Production Concept

The philosophy that consumers will favour products that are available and highly affordable and that management should therefore focus on improving production and distribution efficiency.



Product Concept

The philosophy that consumers will favour products that offer the most quality, performance, and innovative features.



Selling Concept

The idea that consumers will not buy enough of the organization's products unless the organization undertakes a large – scale selling and promotion effort.



Marketing Concept

The marketing management philosophy that holds that achieving organizational goals depends on determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors do.

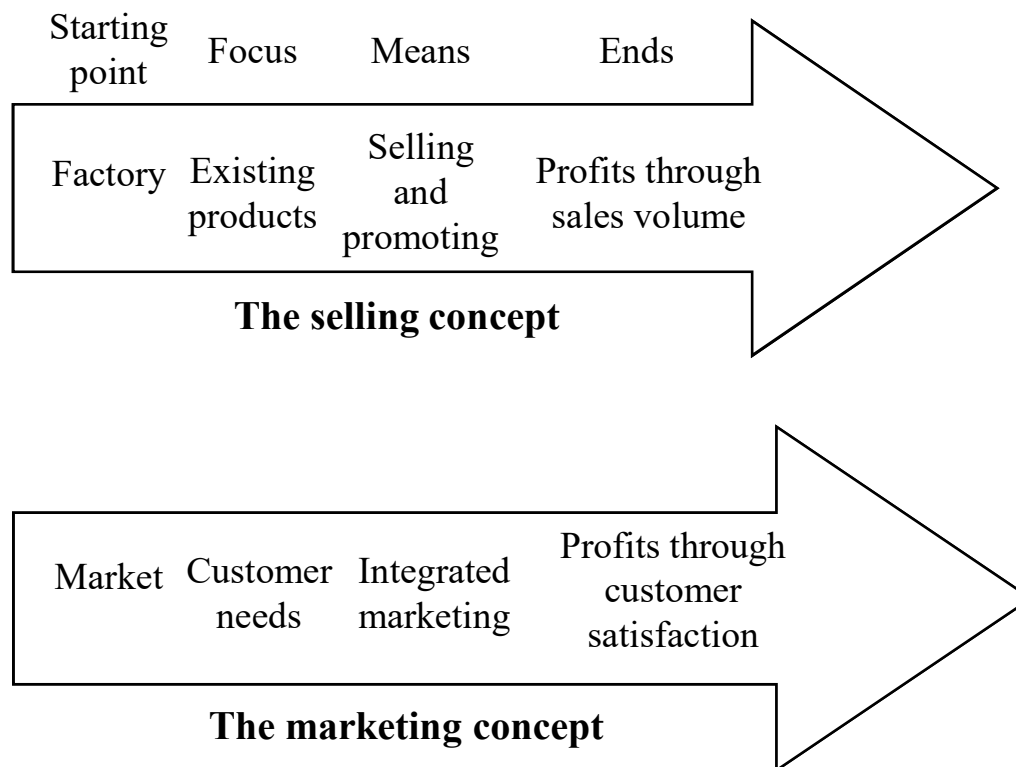


Societal Marketing Concept

The idea that the organization should determine the needs, wants, and interests of target markets and deliver the desired satisfactions more effectively and efficiently than competitors in a way that maintains or improves the consumer's and society's well – being.

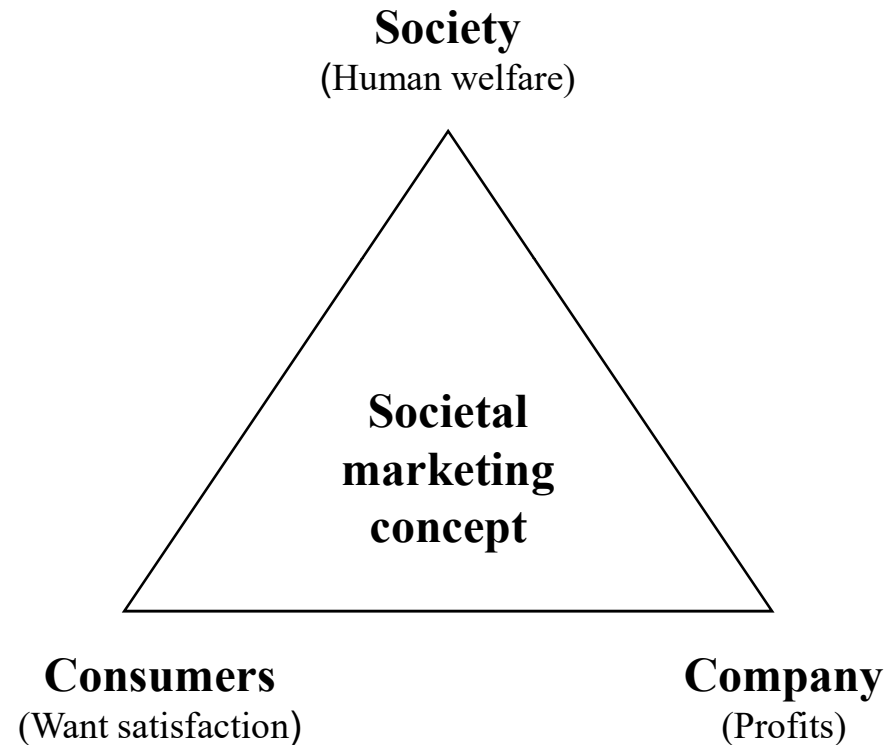


The selling and Marketing Concepts Contrasted





Three Considerations Underlying The Societal Marketing





MARKETING CHALLENGES INTO THE NEW CENTURY

- **GROWTH OF NON-PROFIT MARKETING**
- **THE INFORMATION TECHNOLOGY BOOM**
- **RAPID GLOBALIZATION**
- **THE CHANGING WORLD ECONOMY**
- **THE CALL FOR MORE ETHICS AND SOCIAL RESPONSIBILITY**



THE NEW MARKETING LANDSCAPE

The past decade taught business firms everywhere a humbling lesson. Domestic companies learned that they can no longer ignore global markets and competitors. Successful firms in mature industries learned that they cannot overlook emerging markets, technologies, and management approaches. Companies of every sort learned that they cannot remain inwardly focused, ignoring the needs of customers and their environment.

What is Marketed?

- Goods
- Services
- Events
- Experiences
- Persons



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What is Marketed?

- Places
- Properties
- Organizations
- Information
- Ideas



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Company Orientations

Production

Product

Selling

Marketing

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Demand States

- Negative
- Nonexistent
- Latent
- Declining
- Irregular
- Unwholesome
- Full
- Overfull

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Figure 1.1 Structure of Flows in Modern Exchange Economy

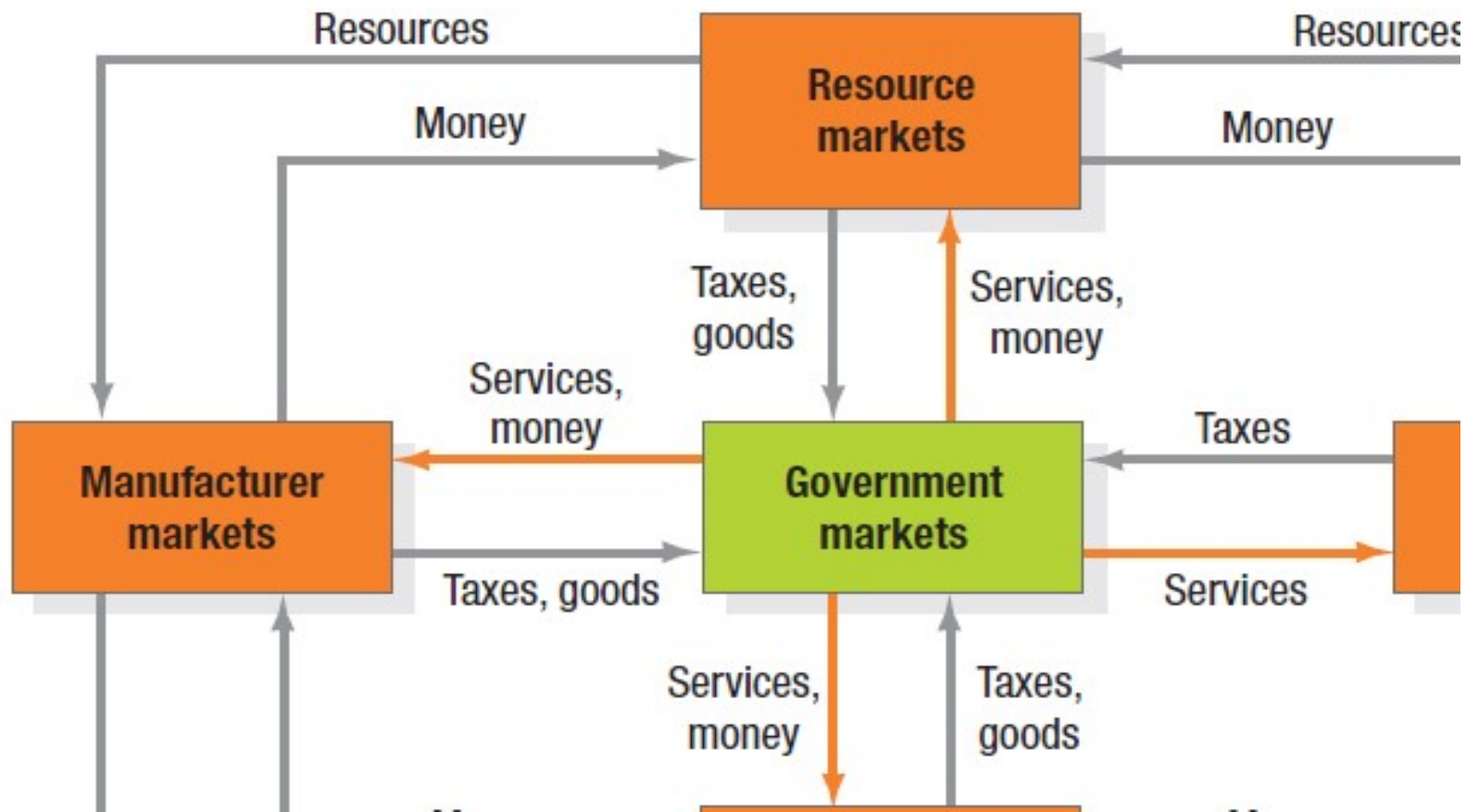
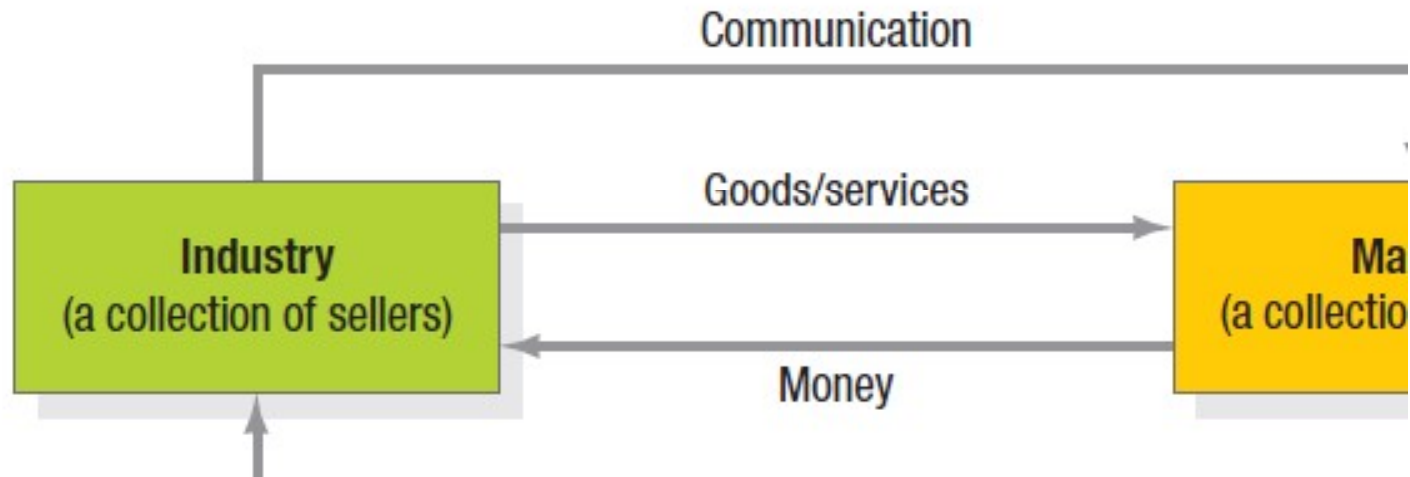


Figure 1.2

A Simple Marketing System



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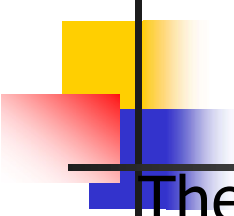


There are five competing concepts under which organizations can choose to conduct their business:

the production concept, the product concept, the selling concept, the marketing concept, and the holistic marketing concept.

The first three are of limited use today.

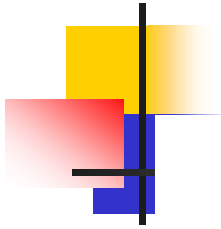
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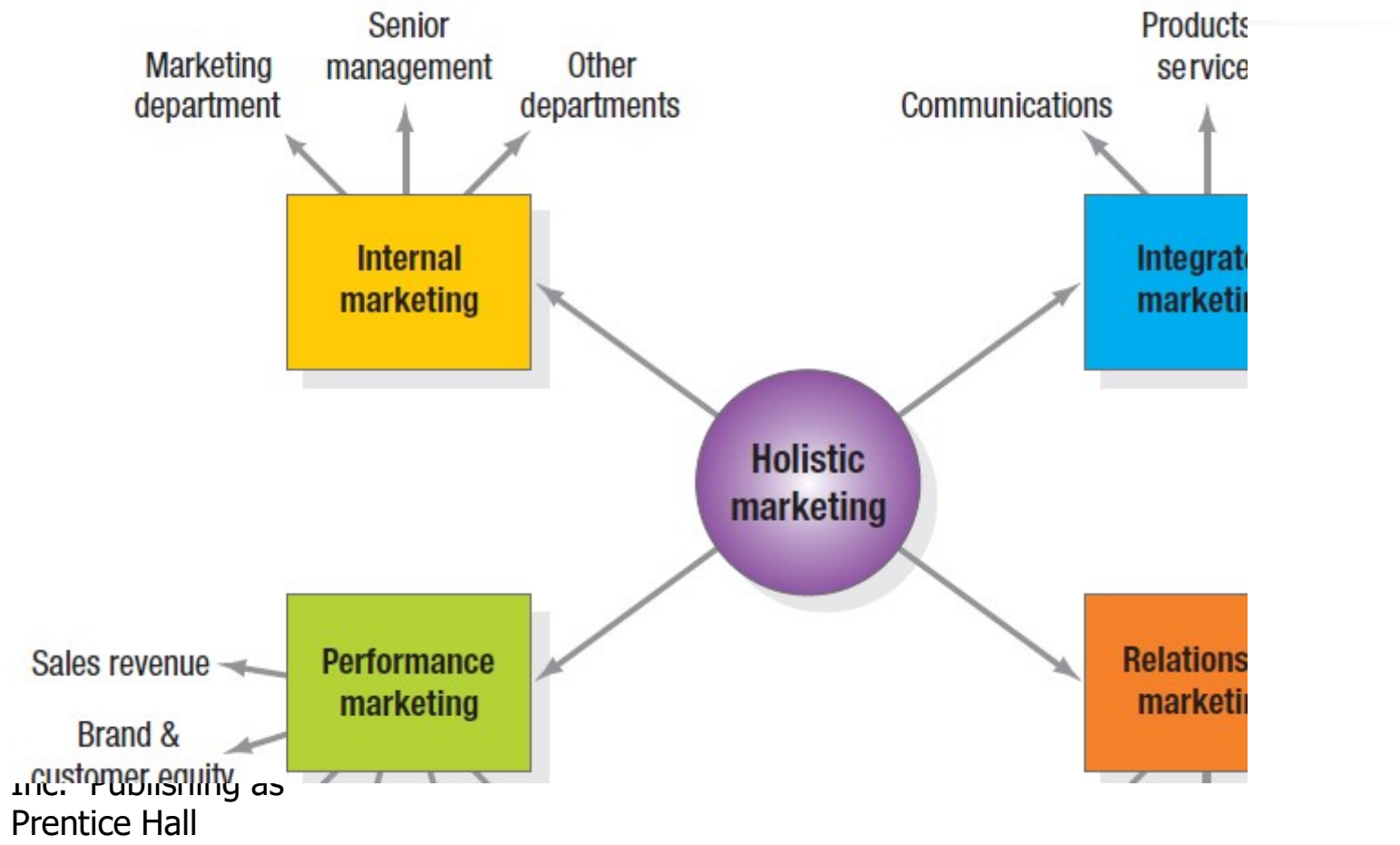
The holistic marketing concept is based on the development, design, and implementation of marketing programs, processes, and activities that recognize their breadth and interdependencies.

Holistic marketing recognizes that everything matters in marketing and that a broad, integrated perspective is often necessary.

Four components of holistic marketing are relationship marketing, integrated marketing, internal marketing, and socially responsible marketing.



Holistic Marketing





Relationship Marketing

Customers

Employees

Marketing Partners

Financial
Community

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Internal Marketing

Internal marketing is the task of hiring, training, and motivating able employees

to serve customers well.



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Performance Marketing

Financial
Accountability

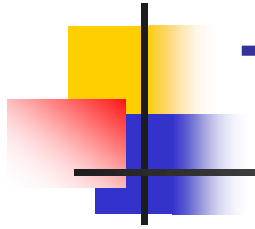
Social
Responsibility
Marketing

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The Marketing Mix





The New Four Ps

People

Processes

Programs

Performance

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Marketing Management Tasks

- Develop market strategies and plans
- Capture marketing insights
- Connect with customers
- Build strong brands
- Shape market offerings
- Deliver value
- Communicate value
- Create long-term growth