

Chapter 1

What Marketing's All About

Operating Functions

- **Production**
 - Of a good, service, organization, or idea.
- **Marketing**
 - Of the product.

It's All About Satisfaction

- Applied to virtually all aspects of a company's operation
 - potential to influence
- Whenever things of *value* are being *exchanged*
 - marketing principles apply
- Ultimate goal is *customer satisfaction*
 - leads to long-term
- Marketing principles apply in all organizations

...and Creating Value

- Successful marketing involves
 - meeting or exceeding customer
- When expectations are exceeded
 - customer
- Marketing - adding value
 - through a broadly-defined
- Value
 - in many different ways
 - not only about

What Is Marketing?

- Marketing is a *total system of activities*
 - designed to *plan, price, promote, and distribute*
 - need-satisfying *products, services, and ideas*
 - to *target markets*
 - in order to achieve the objectives of both the *customer* and the *organization*.
- It involves all aspects of how the organization interacts with the customer
 - that have the potential to influence the customer's satisfaction
 - with the organization and its value proposition

Utility for Consumer

- **Utility**
 - Want satisfying power of a good or service.
- **Production**
 - Form utility - conversion of raw material into finished good or services.
- **Marketing**
 - Time - when the consumer wants it.
 - Place - where the consumer wants it.
 - Possession - possession of product.
 - Satisfaction utility – when customer is pleased with product.
 - Information utility – when customer is informed about product.

The Marketing Concept

- Needs
- Wants
- Benefits
- Demand

Origins of Marketing

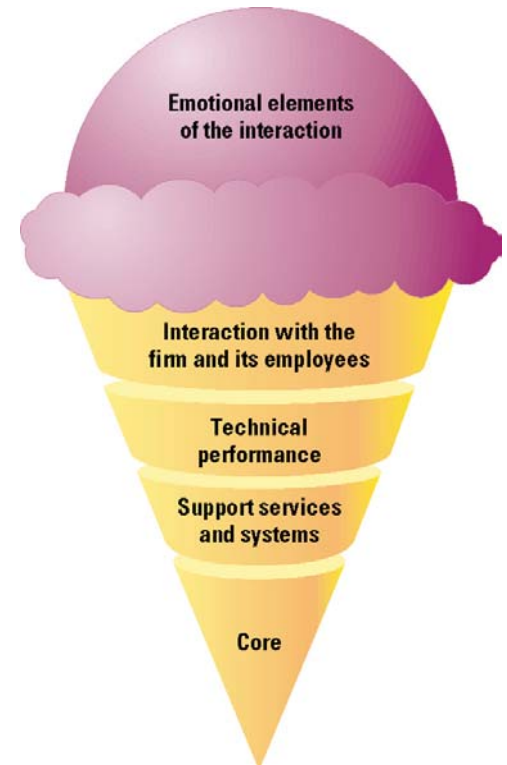
- The exchange process.
 - Two or more social units
 - Parties involved voluntarily
 - Each party must have something valuable
 - Parties must communicate with each other
- Different types of customers

Elements of Marketing Strategy

- Target market
- Traditional Marketing mix elements
- Newer elements
 - Service, processes, technology and employees
- Marketing environment

Customer Satisfaction

- Drivers of customer satisfaction
 - The core product or service
 - Support services and systems
 - Technical performance of the firm
 - Interaction with firm and employees
 - Emotional connection with customers



Evolution of Marketing Thinking

- Marketing has evolved through five stages:
 - in the *product-focus stage*
 - emphasis is on producing
 - at the *sales-orientation stage*
 - focus shift to selling, moving product from
 - at the *customer-interest stage*
 - emphasis shifts to the customer and the
 - the *customer-service stage* places
 - emphasis on customer
 - the *customer-relationship stage* sees a
 - longer-term focus on building

It's All About Value

- If we create value *for* the customer
 - the firm and its shareholders
- Value may be created in many ways
 - it's much more than
- The *value proposition* comprises everything the company offers its customers
 - must be defined very
- Linked to stages of marketing thinking

Figure 1-5: Customer Value Drives Shareholder Value

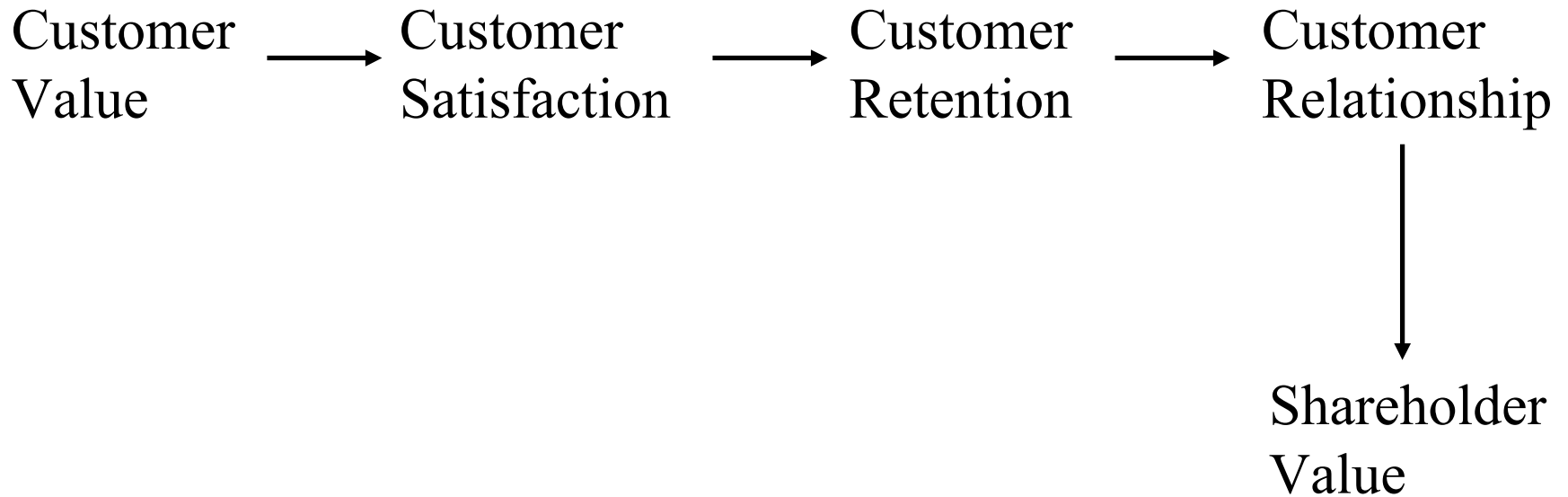


Figure 1-6: Marketing Thinking Drives the Value Proposition

Stages of Marketing Thinking

Scope of the Value Proposition

Product Focus



Core Product

Sales Orientation



Value for

Customer Interest



Customer functional

Customer Service



Efficient Service

Customer Relationships



Building emotional

Customer-Relationship Thinking

- The customer-relationship view of marketing requires new thinking
- It is very much a long-term strategy
- Requires that management take the customer's view
- The value proposition must be defined very broadly
- Different measures of success are needed

The New View of Marketing

- The marketing emphasis today is on keeping existing customers as well as getting new ones
- Four principles guide marketing:
 - *retention*: keeping them
 - *referrals*: encourage them to
 - *relationships*: build an
 - *recovery*: solve problems as they

The Modern Marketing Concept

- **All planning and operations are designed to create long-term customer satisfaction:**
 - “everyone in the firm is involved in
- **All marketing activities of the organization should be**
 - designed and delivered
 - across departments
- **All planning and operations are**
 - meeting customer
 - and achieving
- **All activities are focused on**
 - the long-term
 - and designed to create an

Not-for-profit Marketing

- Broadening the concept.
- Types of not-for-Profit marketing.
 - Person marketing
 - Place marketing
 - Cause marketing
 - Event marketing
 - Organization marketing
- Characteristics of not-for-Profit Marketing.

Marketing Functions

- **Exchange functions**
 - Buying, selling.
- **Physical distributions**
 - Transporting, storing.
- **Facilitating functions**
 - Standardization and grading, financing, risk taking, securing marketing information

Costs of Marketing

- Single largest item in cost.
- Is it worth it?
- What happens when there is no marketing?
- Who suffers?
- Who gains?