



# MILLIONS

## MANAGEMENT SOLUTIONS

Marketing Management

SUMMARY

Chapter 1

Welcome to The World of Marketing

## Chapter 1 - Welcome to the World of Marketing

### Marketing Creates Value

- **Value** : benefits of a customer receives form buying a good or service.
- **Marketing** : Activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large. Simply it means deliver value to everyone who is affected and meets the needs of diverse stakeholder.
- **Consumers** : Defined as the ultimate user of a good or service
- **Marketing Concept** : Identifying and satisfying consumer needs to ensure long-term profitability. Seek information about current or changing needs from current and potential customers.
- **Needs** : Difference between a consumers' actual state and some sort of ideal or desired state.
- **Benefits** : Outcome sought by consumer that satisfies need or want and motivates buying behavior
- **Want** : Desire to satisfy needs in specific ways, usually relate to specific brands or types of products.
- **Demand** : Customers' desires for products coupled with the resources needed to obtain them (buying power)
- **Market** : Consist of all the consumers who share a common need that can be satisfied by a specific product and who have the resources, willingness and authority to make the purchase. **Market place** : a location where buying and selling occurred face to face.
- **Marketing Creates Utility** : The sum of benefits we receive from using a product/service
  - **Form Utility** : Benefit provided by marketing when raw materials are transformed into finished goods - Related to **Product**
  - **Place Utility** : benefit provided when marketing makes goods available where customers want them - Related to **Place**
  - **Time Utility** : benefit provided by marketing when products are stored until they are needed. - Related to **Place**

- **Possession Utility:** Benefit marketing provides by allowing the consumer to own, use and enjoy the product.
- **Exchange in Marketing** Occurs when something is obtained for something else in return, like cash for goods or services.

## The Evolution of a Marketing Concept

- **The Production Era :** Dominated by **production orientation**; a management philosophy that emphasizes the most efficient ways to produce and distribute products. **Marketing played an insignificant role**, and firm paid little attention to the desires of consumers (viewed them as **homogenous needs**). **Few alternatives available** to consumer.
- **The Selling Era : Product availability exceeds demand**, business may focus on a one-time sales of goods rather than repeat business. Dominated by **selling orientation**; managerial view of marketing as a sales function or a way to move products out of warehouse to reduce inventory. **Sales promotions were heavily used**, pays **little attention to retaining customers**.
- **The Relationship Era :** focused on **Customer Orientation**; a management philosophy that emphasizes satisfying customers' needs and wants. Implementing **Total Quality Management (TQM)**; defined as a philosophy that involves all employees from the assembly line onward in continuous product quality improvement efforts.
- **The Triple Bottom Line Era :**
  - **Maximizing :**
    - **Financial**, building long-term bonds with customers which emphasize financial profits to stakeholders
    - **Social**, contributing to the communities in which the firm operates
    - **Environmental**, creating sustainable business practices that minimize damage to the environment or that even improve it
  - Marketing uses **Customer Relationship Management (CRM) :** systematically tracking consumers' needs in ways that also benefit society and delivers profit to the firm.

- **Attention Economy** : A company's success is measured by its share of mind rather than share of market, where companies make money when they attract eyeballs rather than just dollars.
- **Social Marketing Concept** : Management philosophy that marketers must satisfy customers' need in ways that also benefit society and deliver value to the firm.
- **Sustainability** : Creating products that meet present needs and ensuring that future generations can have their needs met.
  - Green marketing deals with the development of marketing strategies that support environmental stewardship by creating an environmentally-founded differential benefit in the minds of consumers.
- **How much value marketing activities create.** This enhanced focus on accountability that typically centers around the calculation off **ROI (Return on Investment;** Direct financial impact of a firm's expenditure of a resource such as time or money). The accountability aspect means that marketers must do a better job of proving that marketing activities align to the firm's overall business objective

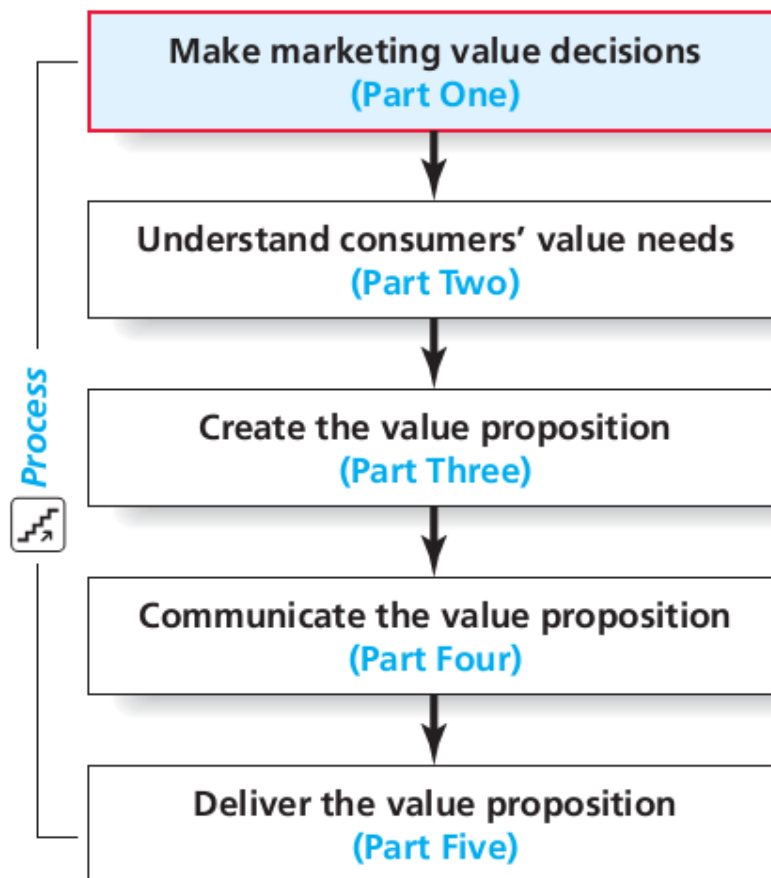
## What Can We Market?

- Products and Services mirror changes in larger society, while marketing messages often **communicate myths** contain elements that express the **shared emotions** and **ideas of culture**
- **Product/Services/Idea** that can be marketed :
  - **Consumer Goods/Services** : The goods individual consumers purchase for personal or family use. Services are intangible products that we pay for and use but never own.
  - **Business-to-Business Goods/Services** : Marketing of goods and services from one organization to another. Can be **Industrial Goods;** goods individual or organizations buy for further processing or for their own use when they do business.
  - **Not-for-Profit Marketing** : Organizations with charitable, educational, community, and other public service goals that buy goods and services to support their functions and to attract and serve their members.

- **Idea, Place, and People Marketing**

## The Value of Marketing and Marketing of Value

- Value is a combination of factors, such as price, quality, convenience, delivery/credit, before and after the sale service.
- Marketing communicates the **Value Proposition**; a marketplace offering that fairly and accurately sums up the value that the customer will realize if they purchase product
- From **Customer Perspective**; Value is the **ratio of costs (price) to benefits (utilities)**
- From **Seller's Perspective** :
  - Takes many forms such as
    - Making a profitable exchange
    - Earning prestige among rivals
    - Taking pride in doing what a company does well
    - Nonprofits; motivating, educating, or delighting the public
  - Customer should be regarded as partners via **brandfest (Gratitude to Customer Event)**
  - Customer have **Value** - it is more expensive to attract new customers than to retain current ones
  - **Lifetime value of a customer** - Calculating the projected profit from a particular customer allows a firm to decide worth keeping customer.
  - **Creating Competitive Advantage** - Identification of a distinctive competency and turn this into differential benefit - value that competitors do not offer.
  - **Add Value through Value Chain** - A series of activities involved in designing, producing, marketing, delivering, and supporting any product. Including
    - **Inbound Logistic** : bringing in materials to make the product
    - **Operations** : converting the materials into the final product
    - **Outbound logistic** : shipping out the final product
    - **Marketing** : Promoting and selling the final product
    - **Service** : Meeting the customer's needs by providing any additional support
  - **Process of Create and Deliver Value**



- To measure value, we can use **Marketing Scorecards** report how a company or brand is doing in achieving its various goals, in quantifiable terms.
- Nowadays, people generate value instead of buying it (**Consumer-Generated Value**) - consumers are turning into advertising directors and new product development by post on sites or share idea.
- **Amafessionals** - Consumers who contribute ideas to online forums for the fun and challenge rather than to receive a paycheck.
- **Consumer-generated Content** - Everyday people functioning in marketing roles, such as participating in creating ads, providing input to new product developments or serving as wholesalers.
- **Values from Society's Perspective** - Marketing transactions add or subtract value from society. Stressing socially responsible and ethical decisions is good business.
  - **Marketing is often criticized** - Encourages pursuit of hedonistic pleasures, marketing and advertising are unnecessary as they foster materialism, promises miracles and manipulates consumers.
  - **Marketing's Dark Side** - Illegal actions

## Marketing as a Process

- **Marketing Planning** - a major portion of the process, big picture and how the firm's products fit into that picture.
  - **Marketing Environment Analysis** - Firm's SWOT and external environment
  - **Developing Marketing Plan** - Describes marketing environment, objectives, strategies and who has responsibility
  - **Deciding on a market segment** - Selection of Target Market
    - **Market Segment** : A distinct group of customers within a larger market who are similar to one another in some way and whose needs differ.
    - **Target Market** : market segments on which an organization focuses its marketing plan and toward which it directs its marketing efforts.
    - **Market Position** : The way in which the target market perceives the product in comparison to competitors' brands.
- **Choosing the Marketing Mix** - Consists of the tools used by the organization to create a desired response among its target market.
  - **Product** - product aspect, packaging, etc.
  - **Promotion** - all activities to inform consumers about firm's product.
  - **Price** - amount the consumer must exchange in order to receive the product or service offering.
  - **Place** - key to making the product available to consumers at the desired time and locations.