Learning Objectives

1. Why is marketing important?
2. What is the scope of marketing?
3. What are some core marketing concepts?
4. What forces are defining the new marketing realities?
5. What new capabilities have these forces given consumers and companies?
6. What does a holistic marketing philosophy include?
7. What tasks are necessary for successful marketing management?
The Value of Marketing

• Financial success often depends on marketing ability
• Successful marketing builds demand for products and services, which, in turn, creates jobs
• Marketing builds strong brands and a loyal customer base, intangible assets that contribute heavily to the value of a firm

The Scope of Marketing

• Marketing is about identifying and meeting human and social needs

• AMA’s formal definition: Marketing is 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
Marketing Management

• The art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value

What is Marketed?

• Goods
• Services
• Events
• Experiences
• Persons
What is Marketed?

- Places
- Properties
- Organizations
- Information
- Ideas

Who Markets?

- A marketer is someone who seeks a response—attention, a purchase, a vote, a donation—from another party, called the prospect.
8 Demand States

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

Fig. 1.1
Structure Of Flows In A Modern Exchange Economy
Fig. 1.2
A Simple Marketing System

Key Customer Markets

- Consumer markets
- Business markets
- Global markets
- Nonprofit & governmental markets
Core Marketing Concepts

• **Needs**: the basic human requirements such as for air, food, water, clothing, and shelter

• **Wants**: specific objects that might satisfy the need

• **Demands**: wants for specific products backed by an ability to pay

Types of Needs

- STATED
- REAL
- UNSTATED
- DELIGHT
- SECRET
Core Marketing Concepts

• Target markets

• Positioning

• Segmentation

Core Marketing Concepts

• **Value proposition**: a set of benefits that satisfy those needs

• **Offerings**: a combination of products, services, information, and experiences

• **Brands**: an offering from a known source
Core Marketing Concepts

• Marketing channels

COMMUNICATION

DISTRIBUTION

SERVICE

Core Marketing Concepts

• Paid media: TV, magazine and display ads, paid search, and sponsorships

• Owned media: a company or brand brochure, web site, blog, Facebook page, or twitter account

• Earned media: word of mouth, buzz, or viral marketing
Core Marketing Concepts

- **Impressions**: occur when consumers view a communication

- **Engagement**: the extent of a customer’s attention and active involvement with a communication

Core Marketing Concepts

- **Value**: a combination of quality, service, and price (*qsp*: the customer value triad)

- **Satisfaction**: a person’s judgment of a product’s perceived performance in relationship to expectations
Core Marketing Concepts

• **Supply chain**: a channel stretching from raw materials to components to finished products carried to final buyers (Fig 1.3: The Supply Chain for Coffee)

![Supply chain diagram](image)

Core Marketing Concepts

• **Competition**: all the actual and potential rival offerings and substitutes a buyer might consider
Core Marketing Concepts

• Marketing environment
  – Task environment
  – Broad environment

The New Marketing Realities

• Technology
• Globalization
• Social responsibility
A dramatically changed marketplace

• New consumer capabilities
  – Can use the internet as a powerful information and purchasing aid
  – Can search, communicate, and purchase on the move
  – Can tap into social media to share opinions and express loyalty

• New consumer capabilities
  – Can actively interact with companies
  – Can reject marketing they find inappropriate
A dramatically changed marketplace

• New company capabilities
  – Can use the internet as a powerful information and sales channel, including for individually differentiated goods
  – Can collect fuller and richer information about markets, customers, prospects, and competitors
  – Can reach customers quickly and efficiently via social media and mobile marketing, sending targeted ads, coupons, and information

• New company capabilities
  – Can improve purchasing, recruiting, training, and internal and external communications
  – Can improve cost efficiency
A dramatically changed marketplace

• Changing channels
  – Retail transformation
  – Disintermediation

• Heightened competition
  – Private brands
  – Mega-brands
  – Deregulation
  – Privatization
Company Orientation toward the Marketplace

PRODUCTION

PRODUCT

SELLING

MARKETING

Fig. 1.4
Holistic Marketing Dimensions
Relationship marketing

CUSTOMERS

EMPLOYEES

MARKETING PARTNERS

FINANCIAL COMMUNITY

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Integrated marketing

• Devise marketing activities and programs that create, communicate, and deliver value such that “the whole is greater than the sum of its parts.”
**Internal marketing**

- The task of hiring, training, and motivating able employees who want to serve customers well.

**Performance marketing**

- Financial Accountability
- Environmental Impact
- Social Impact

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Fig. 1.5
Marketing Mix Components (4 Ps)

MODERN MARKETING MANAGEMENT

PEOPLE

PROCESSES

PROGRAMS

PERFORMANCE
MARKETING MANAGEMENT TASKS

• Developing market strategies and plans

• Capturing marketing insights

• Connecting with customers

• Building strong brands

MARKETING MANAGEMENT TASKS

• Creating value

• Delivering value

• Communicating value

• Creating successful long-term growth
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