Marketing 101

What is Marketing? Marketing Research and Customer Insights
Recommended text

FOUNDATIONS OF MARKETING

Fifth Edition

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What is Marketing?

“Because the purpose of a business is to create and keep customers, it has only two central functions – marketing and innovation. The basic function of marketing is to create and retain customers at a profit.” Peter Drucker.

Marketing is the social process by which individuals and organizations obtain what they need and want through creating and exchanging value with others. Kotler and Armstrong 2010.

Marketing is the management process for identifying, anticipating and satisfying customer requirements profitably. (The Chartered Institute of marketing -CIM)

Marketing is all of these things:
- An orientation
- A process
- A managerial function
Key components of the marketing concept

**Marketing concept**
The achievement of corporate goals through meeting and exceeding customer needs better than the competition

**Customer orientation**
Corporate activities are focused upon providing customer satisfaction

**Integrated effort**
All staff accept the responsibility for creating customer satisfaction

**Goal achievement**
The belief that corporate goals can be achieved through customer satisfaction
The Nature of Customer Value

Customer value =
perceived benefits - perceived sacrifice

Product benefits
Service benefits
Image benefits
Monetary costs
Time costs
Energy costs
Psychological costs
Four Forms of Customer Value

1. Price value – customers perceive a product as being cheaper than those offered by competitors (e.g. Ryanair, Aldi, Easycar)
2. Performance value – customers look for the latest features, functionality and quality (e.g. Dyson)
3. Emotional value – what is in the mind of the customers (e.g. Volvo and safety, Chanel and luxury)
4. Relational value – the quality of service received by a customer – a high level of trust leads to the lifetime value of a customer
The Scope of Marketing

- Marketing is used to promote important societal causes
- Social marketing where marketing is used to promote important societal causes has grown dramatically
The Marketing Planning Process

Stages in the planning process

1. Business Mission
2. Marketing audit
3. SWOT analysis
4. Marketing objectives
5. Strategic thrust
6. Core strategy
7. Target markets
8. Marketing mix decisions
9. Organizations and implementation
10. Control
Mission statement examples

- American Express: We work hard every day to make American Express the world's most respected service brand.
- IKEA: To create a better everyday life for the many people.
- PAYPAL “To build the Web’s most convenient, secure, cost-effective payment solution.”
- TED: Spread ideas.
- Twitter. “To give everyone the power to create and share ideas and information instantly, without barriers.”
SWOT Analysis

Figure 1.4 Strengths, weaknesses, opportunities and threats (SWOT) analysis

- Strengths
- Weaknesses
- Opportunities
- Threats

Source
- Internal (controllable)
- External (uncontrollable)
1. The marketing concept is a business philosophy that puts the customer at the center of things.

2. Customer value is the difference between perceived benefits and perceived sacrifices involved in consuming a product or service.

3. The field of marketing is constantly evolving and currently market-driven organizations are better placed to succeed in rapidly changing competitive environments.

4. Marketing planning is an important activity to ensure marketing effectiveness.

5. Marketing works – research proves that marketing can assist organizations to achieve their goals.

6. The scope of marketing is broad, involving business and non-business contexts.

7. An informed perspective on both the merits and risks associated with marketing is important.
The marketing mix

- Product
- Price
- Place
- Promotion
What does marketing involve?

- The definition that many marketers learn as they start out in the industry is: Putting the right product in the right place, at the right price, at the right time.
What is the marketing mix?

- The marketing mix refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market.

- The original definition – the 4 P’s
  - Product
  - Price
  - Place
  - Promotion

- Newer definitions of the marketing mix also include people, process and physical evidence
The Marketing Mix

The 7Ps Marketing Mix

Product

Price

Place

Promotion

People

Process

Physical evidence
The product

- Marketers tend to use the term *product* in a very broad sense.
- Product means the goods-and-services combination the company offers to the target market. Kotler and Armstrong (2010).
- A product is anything that can be offered to a market.
- It could include physical objects, services, even ideas.
Three levels of product

**What is a Product?**

- **Core**
  - What benefits does the product provide?
  - What needs are fulfilled?

- **Actual**
  - The physical product
  - Design
  - Brands

- **Augmented**
  - Add-ons
  - Guarantees
  - Servicing
Product classification

- **Non durable goods** – products that are consumed in one or a few uses e.g. a litre of milk or a tea bag.
- **Durable goods** – designed to last longer. e.g. household appliances, sportswear
- **Convenience goods** – goods that are bought frequently and with a minimum of effort e.g. soft drinks and snacks
- **Shopping goods** – goods that the consumer spends some time considering before buying e.g. expensive brands of clothing, or motor cars
Nondurable goods
Durable goods
Convenience goods
Shopping goods
Price

- Price is the amount the consumer must exchange to receive the offering.
Price

- Price is the amount the consumer must exchange to receive the offering.
- The company’s goal in terms of price is really to reduce costs through improving manufacturing and efficiency, and most importantly the marketer needs to increase the perceived value of the benefits of its products and services to the buyer or consumer.
Place

Place includes company activities that make the product available to target consumers.

Place is also known as the channel, distribution, or intermediary. It is the mechanism through which goods and/or services are moved from the manufacturer/service provider to the user or consumer.

For example, distribution channels can include wholesalers, retailers, online auction sites etc.
Promotion

- Promotion includes all of the activities marketers do to inform consumers about their products and to encourage potential customers to buy these products.

- Whilst there is no absolute agreement on the specific content of a marketing communications mix, there are many promotion elements that are often included such as sales, advertising, sales promotion, public relations, direct marketing, online communications and personal selling.
People

- (People are) . . . All human actors who play a part in service delivery
- They influence the buyers’ perceptions;
- Examples of human actors are the firm’s personnel, the customer, and other customers in the service environment.
- People are the most important element of any service or experience. Services tend to be produced and consumed at the same moment, and aspects of the customer experience are changed to meet the individual needs of the person consuming it.
Process

- Process is an element of service that sees the customer experiencing an organisation’s offering. It’s best viewed as something that your customer participates in at different points in time.
An example of process

- Going on a cruise – from the moment that you arrive at the dockside, you are greeted; your baggage is taken to your room. You have two weeks of services from restaurants and evening entertainment, to casinos and shopping. Finally, you arrive at your destination, and your baggage is delivered to you. This is a highly focused marketing process, and is an example of the importance of process in enabling delivery of the service.
Physical evidence

- ‘The environment in which the service is delivered and where the firm and customer interact, and any tangible components that facilitate performance or communication of the service’. Retail store premises, bank branches, restaurants, or hotel premises would be good examples of this.
Physical evidence – budget hotel
Physical evidence – luxury hotel
The global marketing environment
The Global Marketing Environment

The marketing environment is the actors and forces which affect a company’s capability to operate effectively in providing products and services to its chosen markets.

It can be classified into:

- The microenvironment
- The macroenvironment
The Global Marketing Environment

Figure 2.1 The marketing environment

Company

Microenvironment
- Suppliers
- Customers
- Distributors
- Competitors

Macroenvironment
- Economic
- Political and legal
- Social
- Ecological
- Technological
Macroenvironment

Five key components of the macroenvironment: economic forces, social forces, political and legal forces, technological forces and ecological forces.

a. ‘Economic forces’ comprise economic growth and unemployment, interest rates and exchange rates, as well as taxation and inflation.
b. ‘Social forces’ are made up of demographic changes and cultural differences.
c. ‘Political and legal forces’ describes the regulatory environment in which organizations operate.
d. Changes in the ‘ecological environment’ encompass concerns regarding climate change, pollution, scarce resource conservation, recycling and non-wasteful packaging, environmentally friendly ingredients and animal testing.

Sustainability is a central challenge facing businesses.
Novel coronavirus sparks massive US stock market losses as cases spread worldwide

By James Griffiths, CNN

Updated 0947 GMT (1747 HKT) February 28, 2020

Dow drops over 1,000 points as world reacts to coronavirus 02:43
Climate change has the potential to have a major impact on business and society.
Ecological Forces

- Climate change
- Pollution
- Conservation of scarce resources
- Recyclable and non-wasteful packaging
- Use of environmentally friendly ingredients
- Ceasing animal testing of new products
- Corporate Social Responsibility (CSR)
- Marketing ethics
- Consumer movement
Technological forces - examples

- Internet
- Computers
- Robotics
- Apps
- Camcorders
- Body scanners
- Mobile phones
Microenvironment

- Customers
- Distributors
- Suppliers
- Competitors
Microeconomic Variables

- Threat of New Entrants
- Bargaining Power of Suppliers
- Competitive Rivalry Within an Industry
- Bargaining Power of Customers
- Threat of Substitutes
Influences on customer behaviour
Customer Types

Private Consumers

Purchase:
• For personal or household use

Organizational Customers

Purchase:
• For use in the operation of a business or organization.
• To manufacture other products
• For resale to others
Understanding Customers

- How do they buy?
- Who is important?
- What are their choice criteria?
- Where do they buy?
- When do they buy?

The answers to these questions can be derived from personal contact with customers and, increasingly, by doing marketing research.
Who Buys?
The Buying Decision-making Process

- Buyer
- User
- Initiator
- Influencer
- Gatekeeper (Organizational Only)
How do they buy?
The Consumer Decision-Making Process

- Need recognition/problem awareness
- Information search
- Evaluation of alternatives
- Purchase
- Post-purchase evaluation
Influences on consumer purchasing behavior

Figure 3.4 Personal and social influences on consumer behaviour
Maslow’s five categories of motivation

1. Physiological
2. Safety
3. Belongingness and love
4. Esteem and status
5. Self-actualization

Updated version ;)
https://www.geeksaresexy.net/2013/04/19/basic-human-needs-pyramid-fixed/