

# Principles of Marketing

## Marketing Now

### Marketing now Chapter 1

## Learning Objectives

- Define '*marketing*' and discuss its core concepts.
- Define marketing management and examine how marketers manage demand and build profitable customer relationships.
- Compare the five *marketing management philosophies*.
- Differentiate the parts of the marketing process and show how they relate to each other.

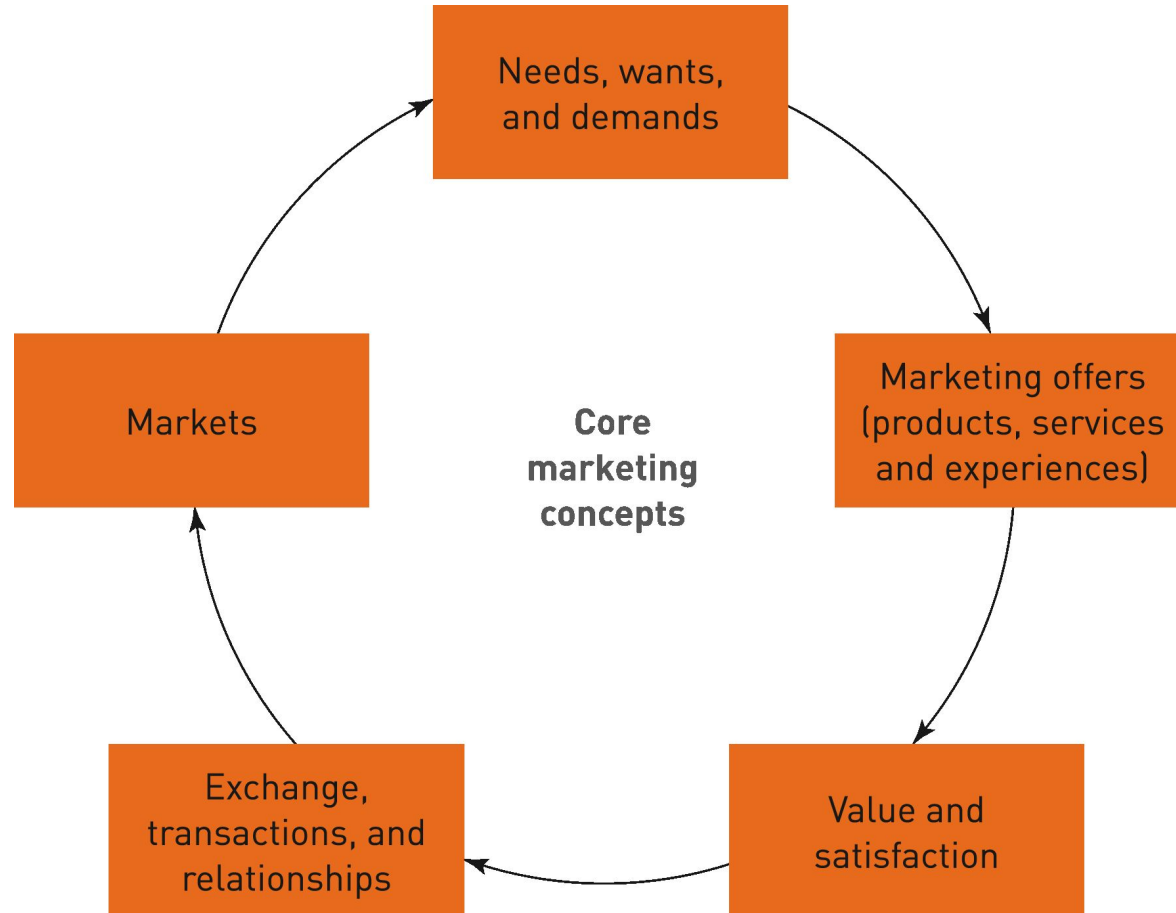
## Introduction

- Provides an overview of marketing
- Illustrates the impact of marketing and how it affects us all
- Marketing has evolved based upon the belief that organisations do best by focusing upon customers.
- Marketing is all about sensing, serving and satisfying the needs of customers in well-defined target markets

## What is Marketing?

- We define marketing as 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.”* Kotler
- "Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably." Chartered Institute of Marketing (2001).

# Core Marketing Concepts



**Figure 1.1** Core marketing concepts

## Marketing Involves:

- A management process.
- Identifying, anticipating and satisfying customer requirements.
- Making a profit.

# Needs, Wants and Demands

- **Human Need**
  - A state of felt deprivation
- **Human Want**
  - The form that a human need takes as shaped by culture and individual personality.
  - As society evolves, the wants of its members expand.
  - People have narrow basic needs but almost unlimited wants.
- **Demands**
  - Human wants that are backed by buying power.

# The market offering- products, services and experiences

- Companies address needs by establishing a ‘value proposition’,
  - a set of benefits that they promise to consumers to satisfy their needs.
- This ‘value proposition’ is fulfilled through the marketing offer,
  - a combination of products, services, information or experiences offered to a market to satisfy a need or want.



## Value, Satisfaction and Quality

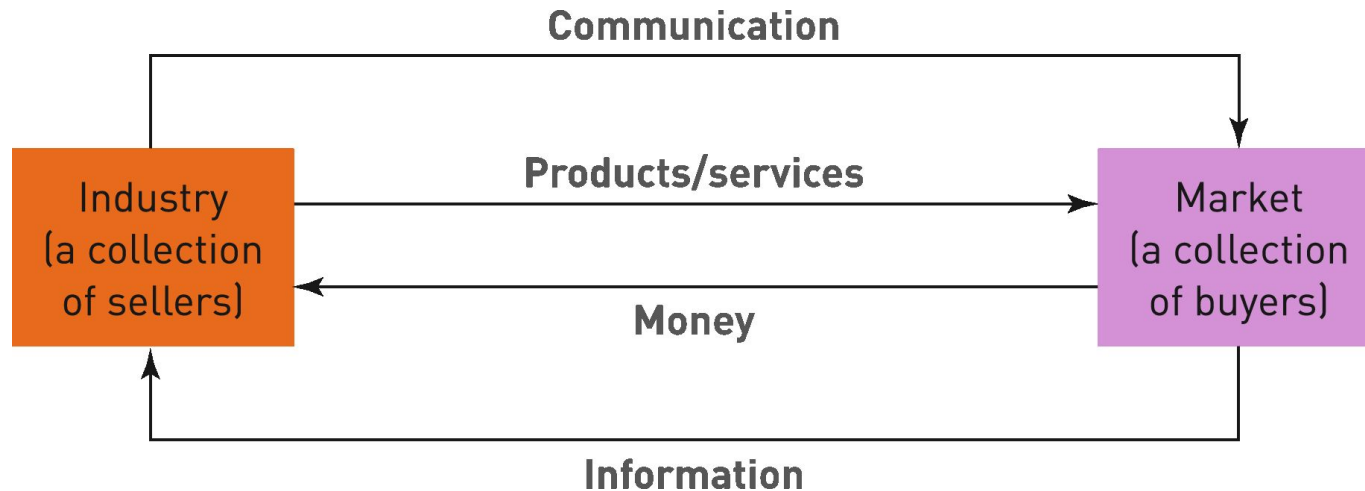
- Consumers make buying choices based upon their perceptions of the value that various products and services deliver.
- *Customer value* is based upon the consumer's assessment of the product's overall capacity to satisfy his or her needs.

# Exchange, Transactions and Relationships

- Exchange is the core concept of marketing.
  - Marketing occurs when people decide to satisfy needs and wants through exchange.
- Exchange is the act of obtaining a desired object from someone by offering something in return.
- A transaction is a marketing organisation unit of measurement.
- A transaction is trade between two parties
  - involves at least two things of value, agreed upon conditions, a time of agreement and a place of agreement.

# Markets

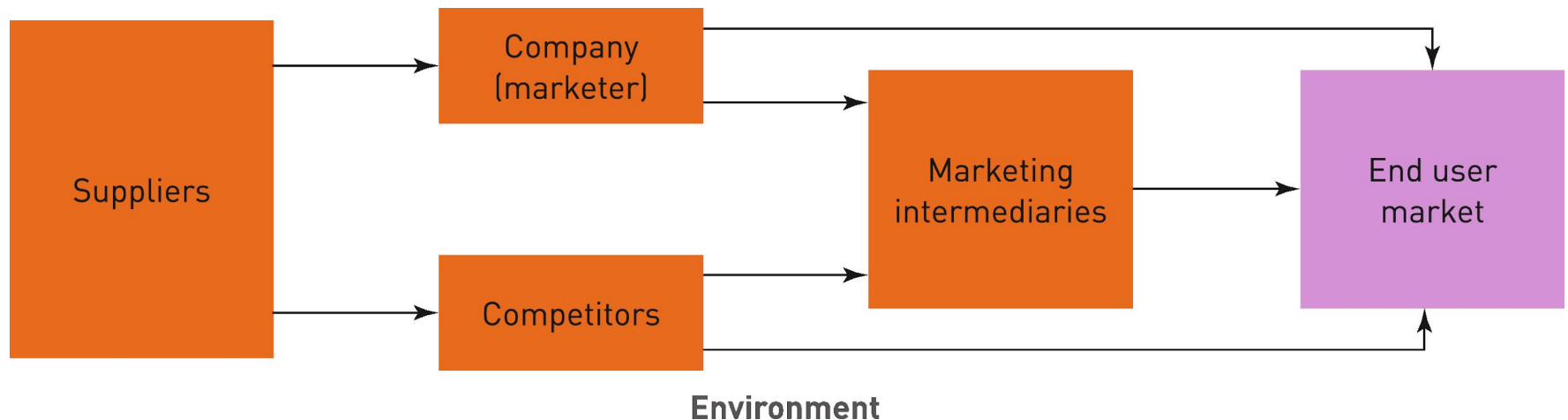
- A market is defined as a set of actual and potential buyers of a product or service.
- Sellers constitute an industry
- Consumers and customers constitute a market.



**Figure 1.2** A simple marketing system

# Concept of Marketing

- Means managing markets to bring about exchanges and relationships for the purpose of creating value and satisfying needs and wants.



**Figure 1.3** Main actors and forces in a modern marketing system

# Marketing Management

- Defined as an art and science that determines and chooses target markets and attempts to build profitable relationships with them.
- Managing customer demand and customer relationships.
- Different approaches to the marketing function
  - evolved over time
  - directly affect the way marketing takes place.

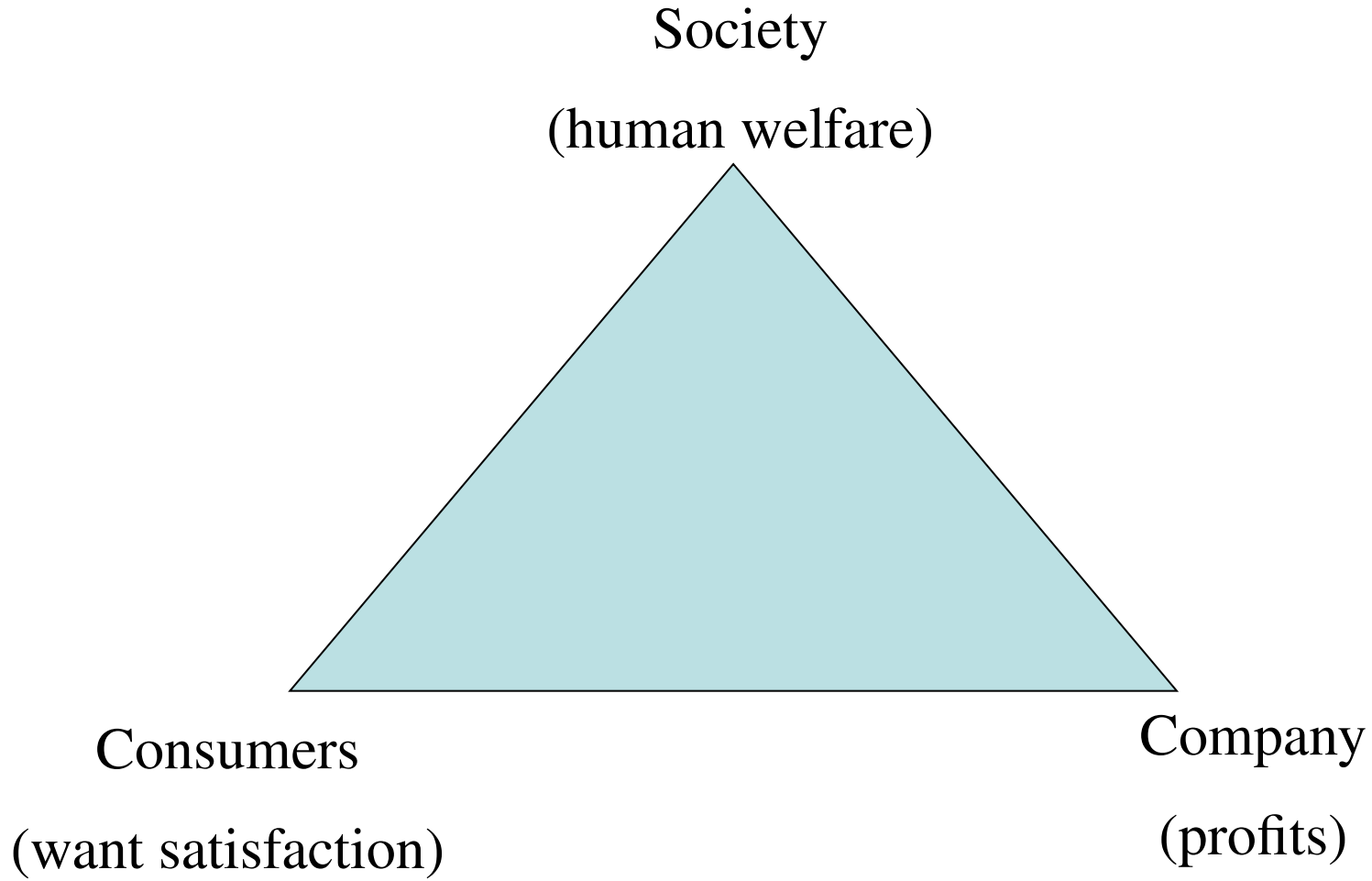
# Principles of Marketing Management

- Demand management
  - Promotional activities to increase demand
  - ‘Demarketing’ to temporarily or permanently reduce demand.
- Building profitable customer relationships
  - Attracting
  - Retaining
  - Building customer lifetime relationships and value
- Marketing management practice
  - Entrepreneurial marketing
  - Formulated marketing

# Marketing Management Philosophies

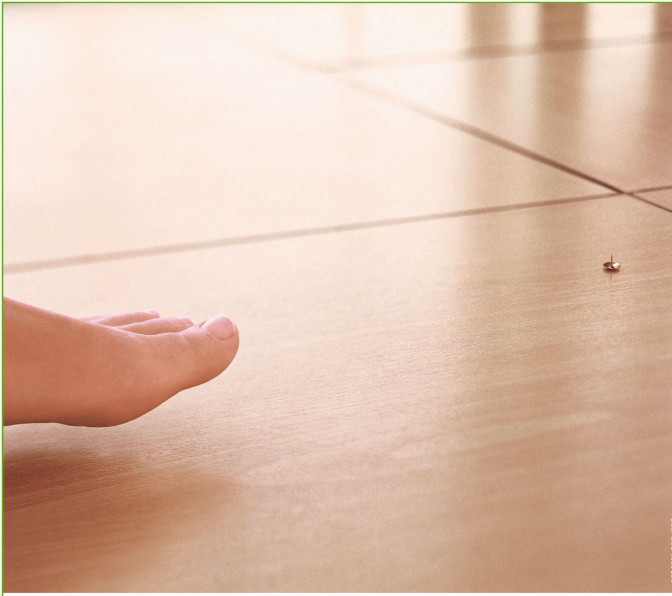
- The production concept
  - Focus on production and distribution
- The product concept
  - Focus on quality, performance and innovation
- The selling concept
  - Undertakes large-scale selling and promotion efforts
- The marketing concept
  - Determining needs and wants of the target markets
- The societal marketing concept
  - Determining needs, wants and interests of the target markets
  - Effective and efficient achieving desired satisfactions
  - Improves consumer's and society's well being

# Societal Marketing Concept





# Societal Marketing Concept



**People don't always see accidents coming.  
But their cars will.**

'Accidents will happen', as the saying goes. Especially when people lose concentration. In fact, inattentiveness is one of the most frequent causes of mishaps, both at home and on the road. Which is why we're developing cars that can actually recognise obstacles independently. The car will then alert the driver to a potential hazard and help to avoid it. DaimlerChrysler Research is already creating intelligent technologies like this today, for the automobile of tomorrow. Because one day we hope there will be a new saying: 'Accidents won't happen'.

To obtain more detailed information on the 'Vision of Accident-free Driving' visit [www.daimlerchrysler.com](http://www.daimlerchrysler.com)

**DAIMLERCHRYSLER**  
Answers for questions to come.

DaimlerChrysler exhibit societal marketing by investing in technology that reduces accidents. This often means systems such as BAS (Brake Assist), Electronic Stability Programme (ESP) and Sensotronic Brake Control that take control away from the driver.

*Source:* DaimlerChrysler AG Stuttgart/Auburn Hills. Reproduced with permission.

# Marketing Now

- Ever-changing markets are not a threat, but the lifeblood of marketing. Creating multiple opportunities:
- An existing brand
  - BBC championing digital radio technology
- New products
  - Market shift to small and retro. BMW re-launching the Mini.
- Communications
  - Globalisation meaning 24/7 communication with customers.
- New markets
  - VW's growth of 40% in China.

## Macro and Micro Environments

- PEST analysis systematically examines the macro-environmental issues regarding Political, Economic, Social and Technological elements.
- Close interconnectivity between the macro and micro environments and as the macro environment shifts, so too does the micro environment

# E-Marketing, Society and Globalisation

- E-marketing: marketing in the Internet age
- Marketing and society: social responsibility and marketing ethics
- Globalisation: the global marketplace

# Competitive Strategy

- **Market leaders**
  - have the largest market share and usually lead on price changes, new product introductions, distribution coverage and promotional spend.
- **Market challengers**
  - are smaller firms with smaller market share that want to increase their market share.
- **A market follower**
  - is a firm that wants to maintain status quo and not rock the boat.
- **A market nicher**
  - is a firm that serves a specific smaller segment of the market that other firms ignore or overlook.

# Marketing Mix

- Product
- Price
- Place
- Promotion
- People
- Physical evidence
- Processes

## Introducing the 4 Cs Complementing the Marketing Mix

- Customer needs and wants
- Cost to the customer
- Convenience
- Communication