

Chapter 1

**Defining Marketing for the 21st Century,
Introduction to Marketing,
Telecommunication Role in Marketing
By
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Chapter Questions

- Why is marketing important?
- What is the scope of marketing?
- What are some fundamental marketing concepts?
- How has marketing management changed?
- What are the tasks necessary for successful marketing management?
- Role of Telecommunication in Marketing

Marketing

- GOOD MARKETING IS NO ACCIDENT
- It is both arts and science, and it results from careful planning and execution using state-of-the-art tools and techniques
- Marketing is about identifying and meeting human and social needs.
- According to American Marketing Association, “Marketing is the activity, set of institutions, and processes of creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large”

What is Marketing Management

- Marketing management take place when at least one party to a potential exchange think about the means of achieving desired responses from other parties
- **Marketing Management** is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value
- Right product with careful marketing about consumers, Wii game system, Apple iPad tablet computer, and Toyota “Prius hybrid automobile”

VALUE OF MARKETING

- Finance, operation, accounting, and other business functions won't really matter without sufficient demand for products and services so the firm can make a profit.
- There must be a top line for there to be a bottom line.
- Marketing introduce new or enhanced products that ease or enrich people's lives
- Successful marketing builds demand for products and services, which, in turn, creates jobs
- Marketing contributing to the bottom line, successful marketing also allows firms to more fully engage in socially responsible activities.

Marketing Strategies

- There is little margin for error in marketing
- MySpace, Yahoo, Blockbuster, and Barnes & Noble were admired leaders in their industries
- Facebook, Google, Netflix, and Amazon

Winning Markets

- Skillful marketing is a never-ending pursuit, but some businesses are adapting and thriving in these changing times
- **AMERICAN EXPRESS: SMALL BUSINESS SATURDAY**

Radio and TV ads, as well on Facebook and twitter, 3 million users “liked” the small Business Saturday Facebook page, and 213, 000 related tweets were posted on Twitter. Company reported roughly 21 percent increase in transactions for both 2011 and 2012
- **BMW:** Web-only campaign, claimed a \$110 million revenue gain, while 3 million people saw a five-video teaser campaign, and 20000 gave their contact details

Scope of Marketing

- Marketing is about identifying and meeting human and social needs.
- Good definition: “meeting needs profitably”, like Google recognized that people needed to more effectively and efficiently access information on the internet, it created a powerful search engine that organized and prioritized queries. Same like IKEA (Furnishings Company), focus on lower price with Good Quality
- American Marketing Association define as “ 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 takes place when at least one party to a potential exchange thinks about the means of achieving desired responses from other parties. “Marketing management as the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating customer value

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- Social Marketing and Managerial marketing
- Social Marketing is the role of marketing in society, like one marketing research said that “deliver a higher standard of living.
- “Marketing is a society process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others”.
- Cocreation of value among consumers and with businesses and the importance of value creation and sharing have become important themes in the development of modern marketing thought.

2. Managerial Marketing

- Managers think marketing as “the art of selling products”
- But selling is not the most important part of marketing, Selling is only the tip of the marketing iceberg
- The aim of marketing is to make selling superfluous (Extra)
- The aim of marketing is to know and understand the consumer so well that the product or service fits him and sells itself. Ideally, marketing should result in a customer who is ready to buy.
- All that should be needed then is to make the product or service available, like Nintendo designed Wii game system, Apple launched its iPad tablet computers, means right product in right time, with careful marketing homework about consumers, competition, and all other external factors that effect cost and demand

What is Marketed?

- Goods
- Services
- Events
- Experiences
- Persons



What Is Marketed?

- Marketers markets 10 main types of entities
- GOODS: Physical goods constitute the bulk of most countries production and marketing efforts
- Services: Servies includes airlines, hotels, car rental firms, barbers and beauticians, maintenance and repair people, accountants, bankers, lawyers, engineers, doctors, software programmers and houses, and management consultant. Many market offerings mix goods and services, a such as fast-food meal
- Events: Marketers promote time-based events, such as major trade shows, artistic performances, and company anniversaries. Olympics, World cup, and local events like craft fairs, bookstore readings, and farmer's markets

Conti....

- Experience: By orchestrating several services and goods, a firm can create, stage, and market experiences.
- Persons: Artists, musicians, CEOs, physicians, high-profile lawyers and financiers, and other professionals often get help from marketers. Many athletes and entertainers have done a masterful job of marketing themselves
- Places: cities, states, regions, and whole nations compete to attract tourists, residents, factories, and company headquarters. Place marketers include economic development specialists, real estate agents, commercial banks, local business associations, and advertising and public relations agencies.
- Properties: Properties are intangible rights of ownership to either real property (real estate) or financial property (stocks and bonds). They are bought and sold, and these exchange require marketing.

What is Marketed?

- Places
- Properties
- Organizations
- Information
- Ideas



Conti....

- **Organizations:** Museums, performing arts organizations, corporations, and nonprofits all use marketing to boost their public images and compete for audiences and funds.
- **Information:** Firms make business decisions using information supplied by organizations like Thomson Reuters, Universities, school etc: “We combine industry expertise with innovative technology to deliver critical information to leading decision makers in the financial, legal, tax and accounting, healthcare, science and media markets, powered by the world’s most trusted news organization.
- **Ideas:** Every market offering includes a basic idea. Charles Revson of Revlon observed: “In the factory we make cosmetics; in the drugstore we sell hope.” Products and services are platforms for delivering some idea or benefit. Social marketers promote such ideas as “Friends Don’t Let Friends Drive Drunk” and “A Mind Is a Terrible Thing to Waste.”

WHO MARKETS?

- A marketer is someone who seeks a response—attention, a purchase, a vote, a donation—from another party, called the prospect. If two parties are seeking to sell something to each other, we call them both marketers.

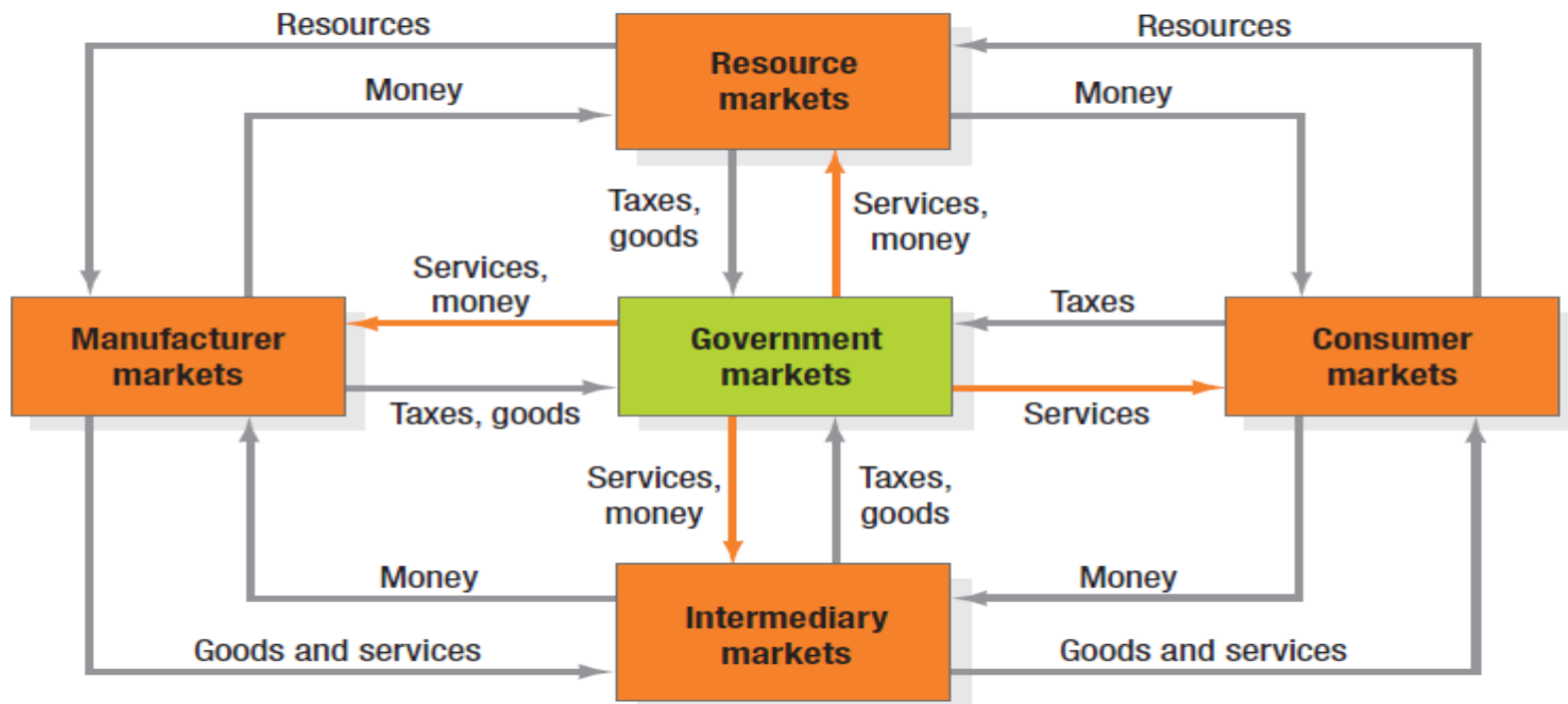
Demand Status

Marketers seek to influence the level, timing, and composition of demand to meet the organization's objectives. Eight most important demands are there

1. **Negative demand:** Consumers dislike the product and may even pay to avoid it.
2. **Nonexistent demand:** Consumers may be unaware of or uninterested in the product.
3. **Latent demand:** Consumers may share a strong need that cannot be satisfied by an existing product.
4. **Declining demand:** Consumers begin to buy the product less frequently or not at all.
5. **Irregular demand:** Consumer purchases vary on a seasonal, monthly, weekly, daily, or even hourly basis.
6. **Full demand:** Consumers are adequately buying all products put into the marketplace.
7. **Overfull demand:** More consumers would like to buy the product than can be satisfied.
8. **Unwholesome demand:** Consumers may be attracted to products that have undesirable social consequences.

Structure of Flows in Modern Exchange Economy

- Economists describe a market as a collection of buyers and sellers who transact over a particular product or product class (such as the housing market or the grain market).
- Five basic markets and their connecting flows are shown in Figure.
- Manufacture goes to resource markets (raw material markets, labor markets, money markets) and return them into goods and services, and sell finished products to intermediaries, who sell them to consumers
- Government collects tax revenues to buy goods from resources, manufacturer, and intermediary markets and uses goods and services to provide public services.



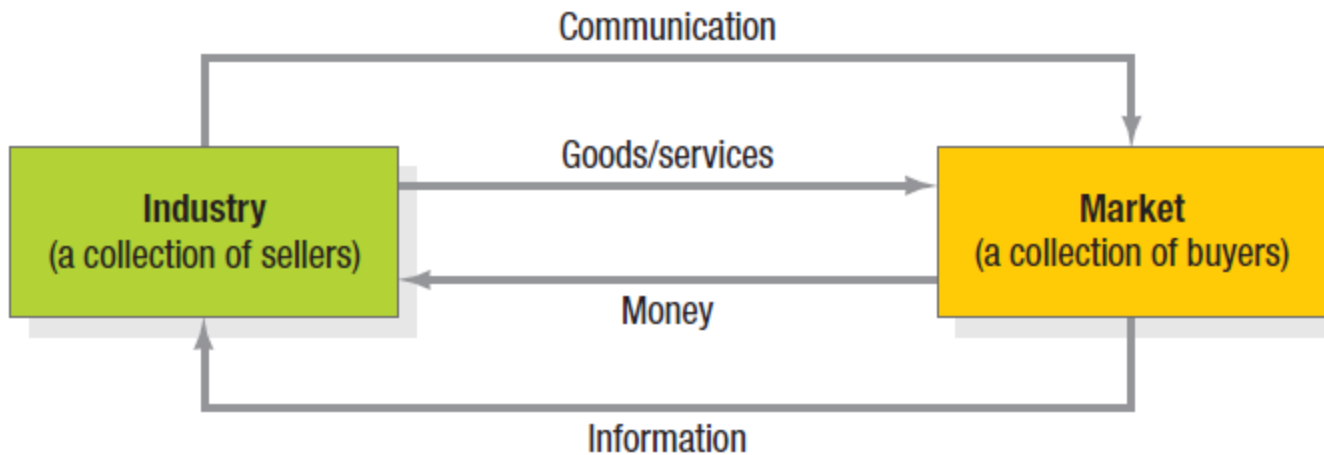
Key Customer Markets

- **Consumer Market:** Companies selling mass consumer goods and services such as juices, cosmetics, athletic shoes, and air travel establish a strong brand image by developing a superior product or service, ensuring its availability, and backing it with engaging communications and reliable performance.
- **Business Markets:** Companies selling business goods and services often face well-informed professional buyers skilled at evaluating competitive offerings. Advertising and Web sites can play a role, but the sales force, the price, and the seller's reputation may play a greater one.
- **Global Markets:** Companies in the global marketplace navigate cultural, language, legal, and political differences while deciding which countries to enter, how to enter each (as exporter, licensor, joint venture partner, contract manufacturer, or solo manufacturer), how to adapt product and service features to each country, how to set prices, and how to communicate in different cultures.
- **Nonprofit and Governmental Markets:** Companies selling to nonprofit organizations with limited purchasing power such as churches, universities, charitable organizations, and government agencies need to price carefully. Much government purchasing requires bids; buyers often focus on practical solutions and favor the lowest bid, other things equal.



Figure 1.2

A Simple Marketing System



Core Marketing Concept

- Needs, Wants, and Demands
- Needs are the basic human requirements such as for air, food, water, clothing, and shelter. Humans also have strong needs for recreation, education, and entertainment. These *needs* become *wants* when directed to specific objects that might satisfy the need. *Wants* are shaped by our society.
- Demands are wants for specific products backed by an ability to pay. Many people want a Mercedes; only a few can buy one. Companies must measure not only how many people want their product, but also how many are willing and able to buy it.
- These distinctions shed light on the criticism that “marketers get people to buy things they don’t want.”
- Marketers do not create needs: Needs pre-exist marketers. Marketers might promote the idea that a Mercedes satisfies a person’s need for social status. They do not, however, create the need for social status.

Types of Needs

Stated

Real

Unstated

Delight

Secret

Continues...

1. Stated needs (The customer wants an inexpensive car)
2. Real needs (The customer wants a car whose operating cost, not initial price, is low)
3. Unstated needs (The customer expects good service from the dealer)
4. Delight needs (The customer would like the dealer to include an onboard GPS system)
5. Secret needs (The customer wants friends to see him or her as a savvy consumer)

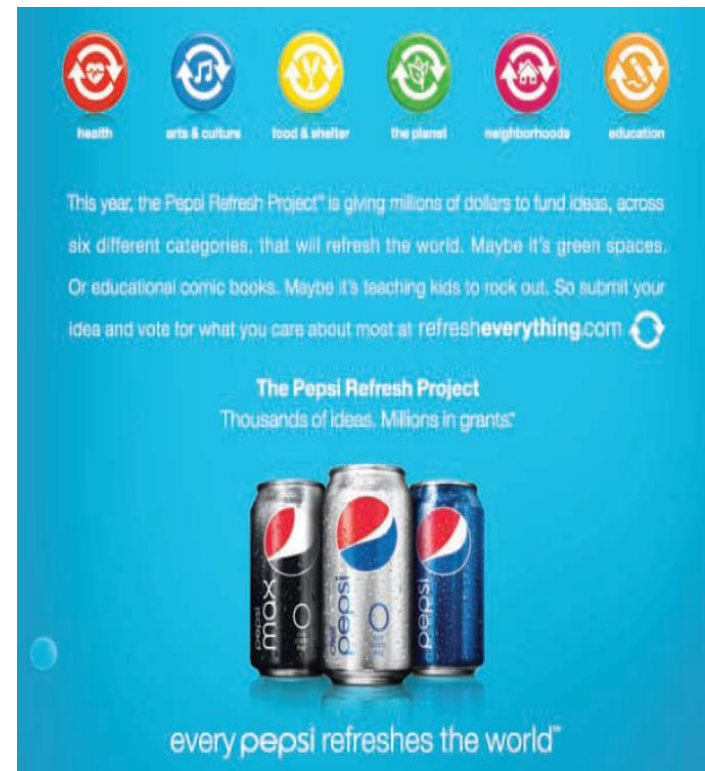
Target Markets, Positioning, and Segmentation

- Marketers therefore identify distinct segments of buyers by identifying demographic, psychographic, and behavioral differences between them. They then decide which segment(s) present the greatest opportunities. For each of these target markets, the firm develops a market offering that it positions in target buyers' minds as delivering some key benefit(s).
- Volvo develops its cars for the buyer to whom safety is a major concern, positioning them as the safest a customer can buy



Offerings and Brands

- Set of benefits that satisfy those needs. The intangible value proposition is made physical by an offering, which can be a combination of products, services, information, and experiences
- A brand is an offering from a known source. A brand name such as Apple carries many different kinds of associations in people's minds that make up its image: creative, innovative, easy-to-use, fun, cool, iPod, iPhone, and iPad to name just a few.



Marketing Channels

Communication

- Communication channels deliver and receive messages from target buyers and include newspapers, magazines, radio, television, mail, telephone, smart phone, billboards, posters, fliers, CDs, audiotapes, and the Internet. As well, firms communicate through the look of their retail stores and Web sites and other media, adding dialogue channels such as e-mail, blogs, text messages, and URLs to familiar monologue channels such as ads

Distribution

- Distribution channels help display, sell, or deliver the physical product or service(s) to the buyer or user. These channels may be direct via the Internet, mail, or mobile phone or telephone or indirect with distributors, wholesalers, retailers, and agents as intermediaries.

Service

- To carry out transactions with potential buyers, the marketer also uses service channels that include warehouses, transportation companies, banks, and insurance companies.

Paid, Owned, and Earned Media

- Paid media include TV, magazine and display ads, paid search, and sponsorships, all of which allow marketers to show their ad or brand for a fee
- Owned media are communication channels marketers actually own, like a company or brand brochure, Web site, blog, Facebook page, or Twitter account
- Earned media are streams in which consumers, the press, or other outsiders voluntarily communicate something about the brand via word of mouth, buzz, or viral marketing methods. The emergence of earned media has allowed some companies, such as Chipotle, to reduce paid media expenditures



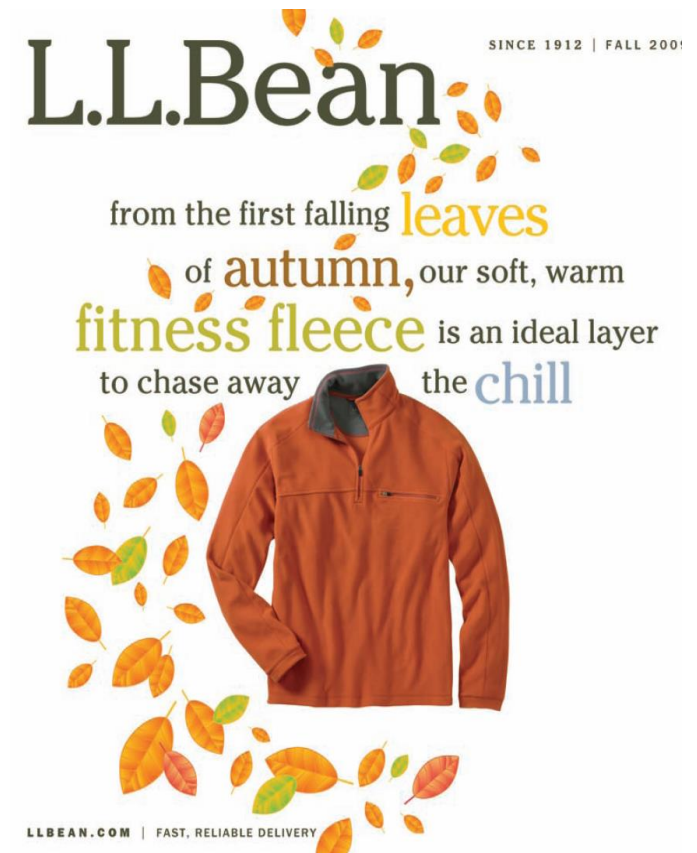
Chipotle found marketplace success with little paid media, focusing on social media to tell its story of “Food With Integrity.”

Impressions and Engagement

- Marketers now think of three “screens” or means to reach consumers: TV, Internet, and mobile. Surprisingly, the rise of digital options did not initially depress the amount of TV viewing, in part because, as one recent Nielsen study found, three of five consumers use two screens at once.
- Impressions, which occur when consumers view a communication, are a useful metric for tracking the scope or breadth of a communication’s reach that can also be compared across all communication types. The downside is that impressions don’t provide any insight into the results of viewing the communication.
- Engagement is the extent of a customer’s attention and active involvement with a communication. It reflects a much more active response than a mere impression and is more likely to create value for the firm. Some online measures of engagements are Facebook “likes,” Twitter tweets, comments on a blog or Web site, and sharing of video or other content.

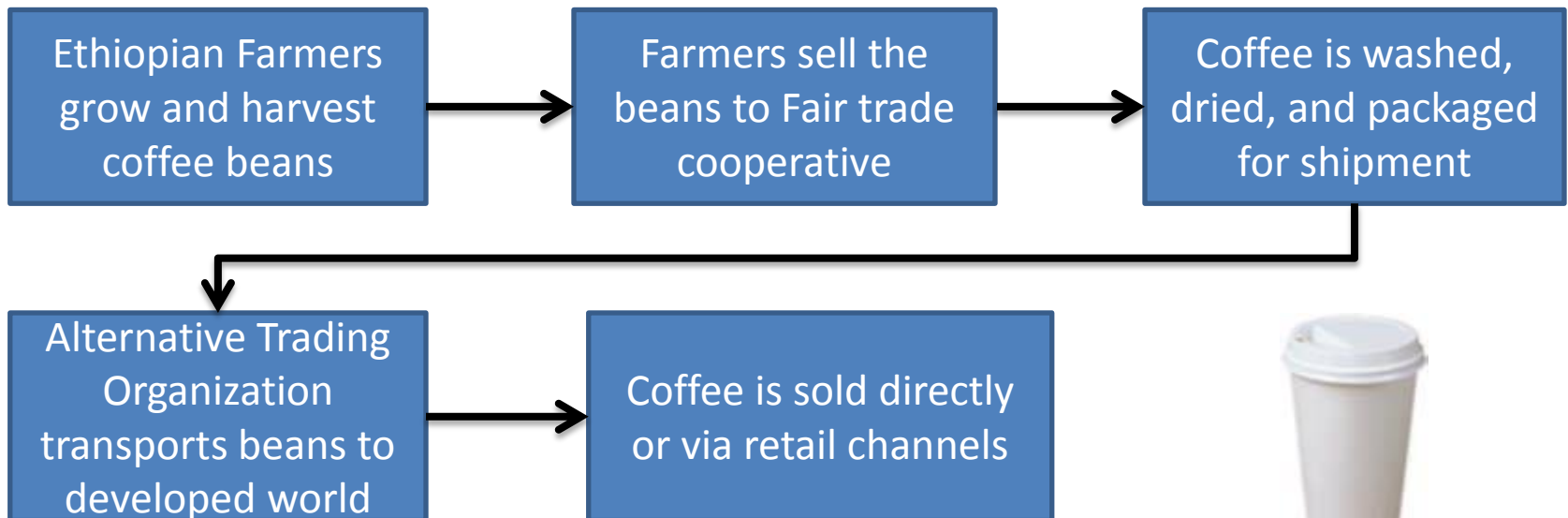
Value and Satisfaction

- Value, a central marketing concept, is primarily a combination of quality, service, and price (qsp), called the customer value triad.
 - Value perceptions increase with quality and service but decrease with price.
- Satisfaction reflects a person's judgment of a product's perceived performance in relationship to expectations.
 - If performance falls short of expectations, the customer is disappointed. If it matches expectations, the customer is satisfied. If it exceeds them, the customer is delighted.



Supply Chain

- It is channel stretching from raw materials to components to finished products carried to final buyers.

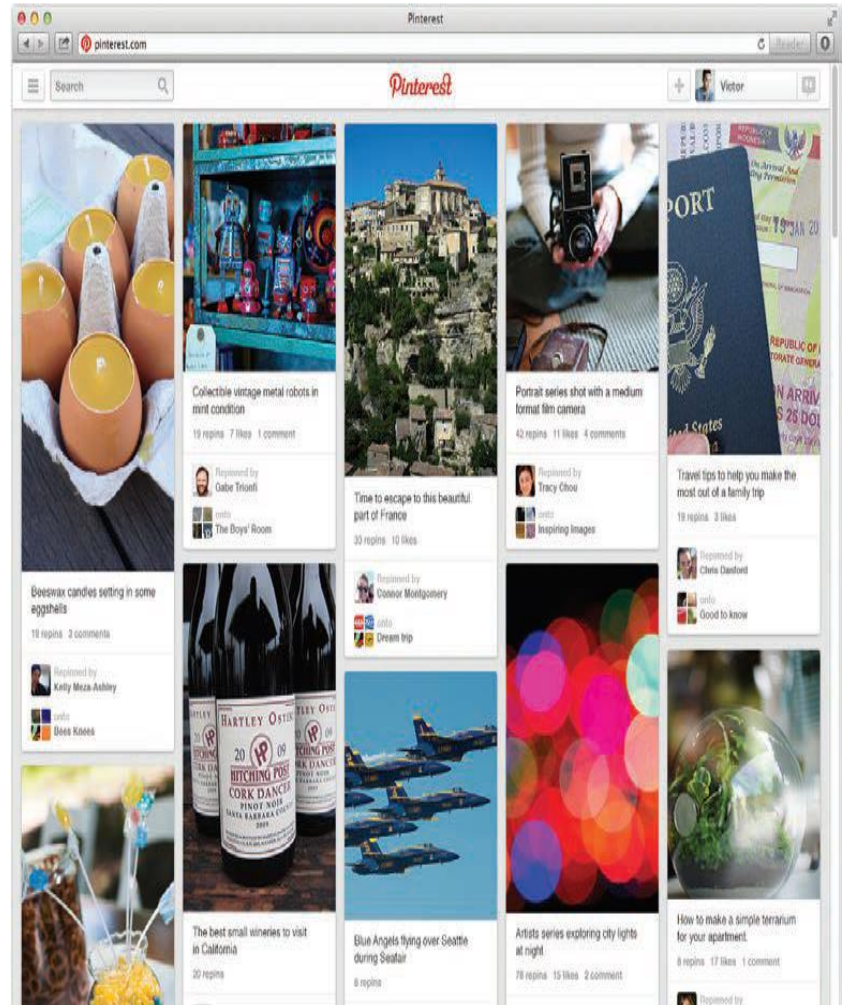


COMPETITION

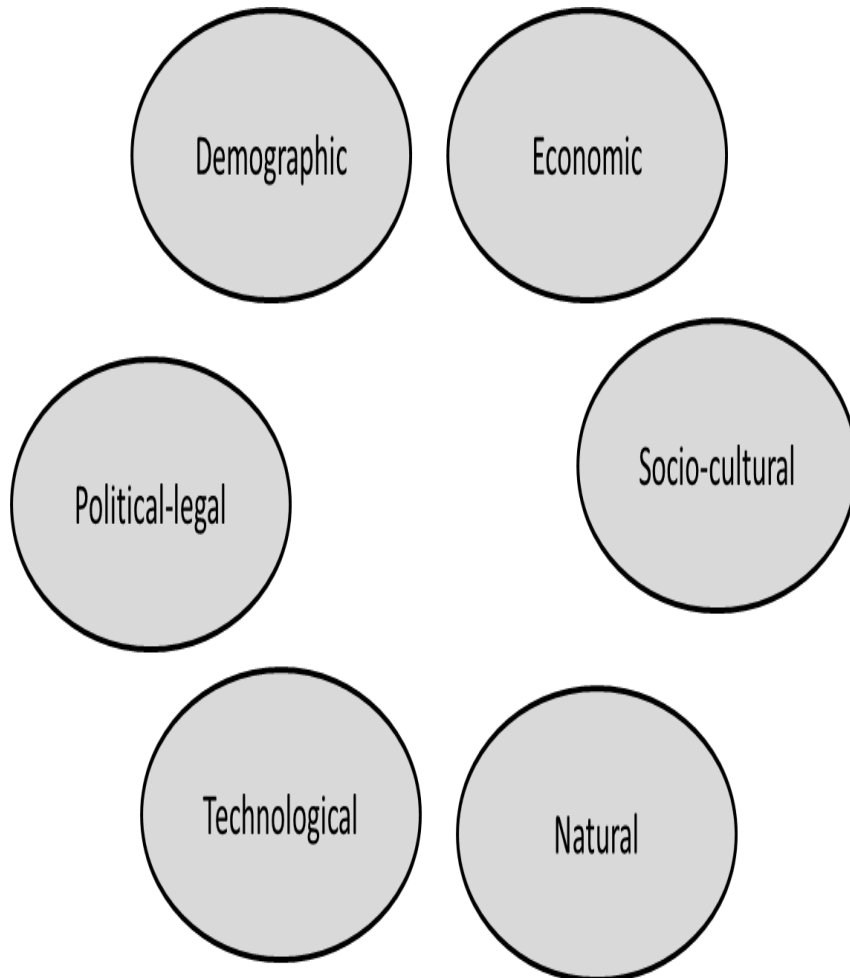
- Competition includes all the actual and potential rival offerings and substitutes a buyer might consider.
- Automobile manufacturer can buy steel from U.S. Steel in the United States, from a foreign firm in Japan or Korea, or from a mini-mill such as Nucor at a cost savings, or it can buy aluminum parts from Alcoa to reduce the car's weight or engineered plastics from Saudi Basic Industries Corporation (SABIC) instead of steel.
- U.S. Steel is more likely to be hurt by Substitute products than by other integrated steel companies and would be defining its competition too narrowly if it didn't recognize this.

Marketing Environment

- Two main Marketing Environment, Task Environment and Broad Environment
- Task environment includes the actors engaged in producing, distributing, and promoting the offering.
 - These are the company, suppliers, distributors, dealers, and target customers. In the supplier group are material suppliers and service suppliers, such as marketing research agencies, advertising agencies, banking and insurance companies, transportation companies, and telecommunications companies.
 - Distributors and dealers include agents, brokers, manufacturer representatives, and others who facilitate finding and selling to customers.



Broad environment, Marketing Environment



- Marketers must pay close attention to the trends and developments in these and adjust their marketing strategies as needed
- New opportunities are constantly emerging that await the right marketing savvy and ingenuity.
- Consider Pinterest (One of the fastest-growing social media sites ever—its surpassed 10 million monthly unique U.S. visitors in January 2012 and doubled that just four months later)

New Marketing Realities

- The marketplace is dramatically different from even 10 years ago, with new marketing behaviors, opportunities, and challenges emerging
- Three main transformative forces: technology, globalization, and social responsibility.

Major Societal Forces

- Network information technology
- Globalization
- Deregulation
- Privatization
- Heightened competition
- Industry convergence
- Retail transformation
- Disintermediation
- Consumer buying power
- Consumer participation
- Consumer resistance

Company Orientations

Production

Product

Selling

Marketing

There are five competing concepts under which organizations can choose to conduct their business:

the production concept,
the product concept,
the selling concept,
the marketing concept, and
the holistic marketing concept.

The first three are of limited use today.

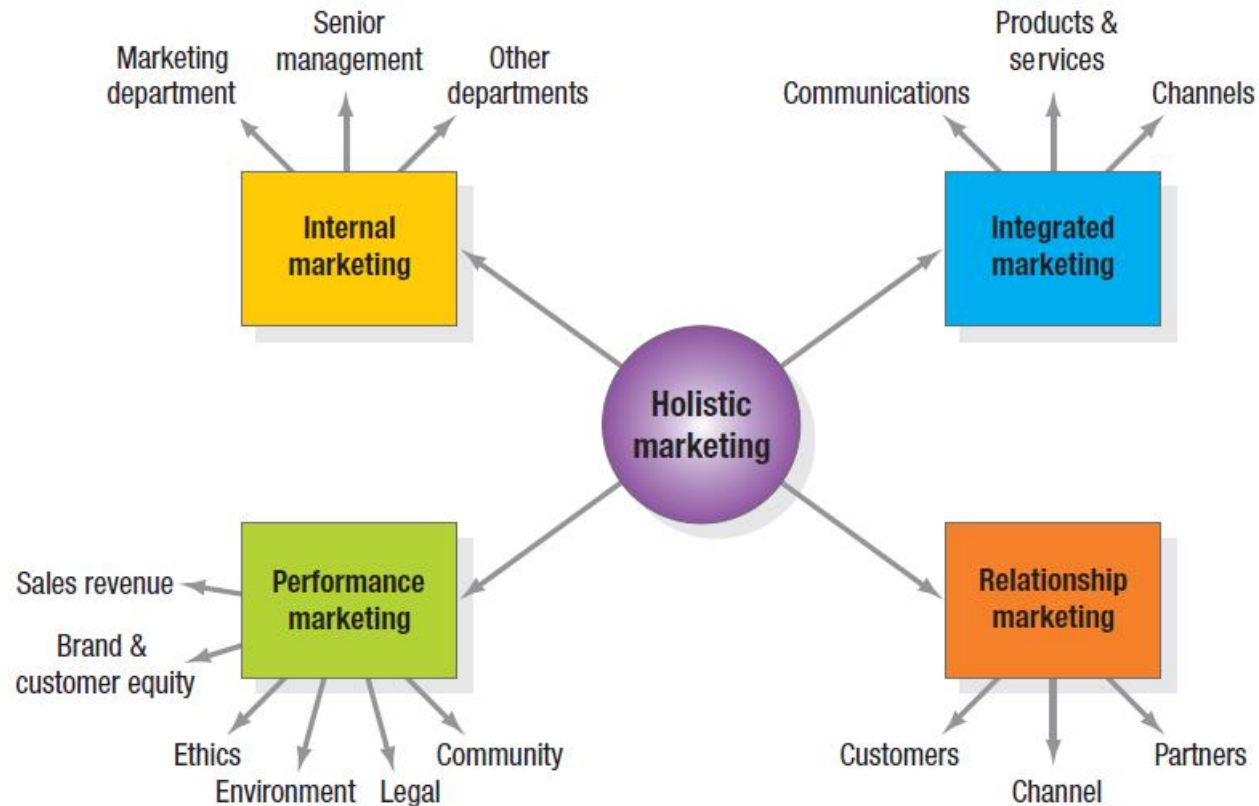
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The holistic marketing concept is based on the development, design, and implementation of marketing programs, processes, and activities that recognize their breadth and interdependencies.

Holistic marketing recognizes that everything matters in marketing and that a broad, integrated perspective is often necessary.

Four components of holistic marketing are relationship marketing, integrated marketing, internal marketing, and socially responsible marketing.

Holistic Marketing



Relationship Marketing

Customers


Employees

Marketing Partners


Financial Community

Integrated Marketing

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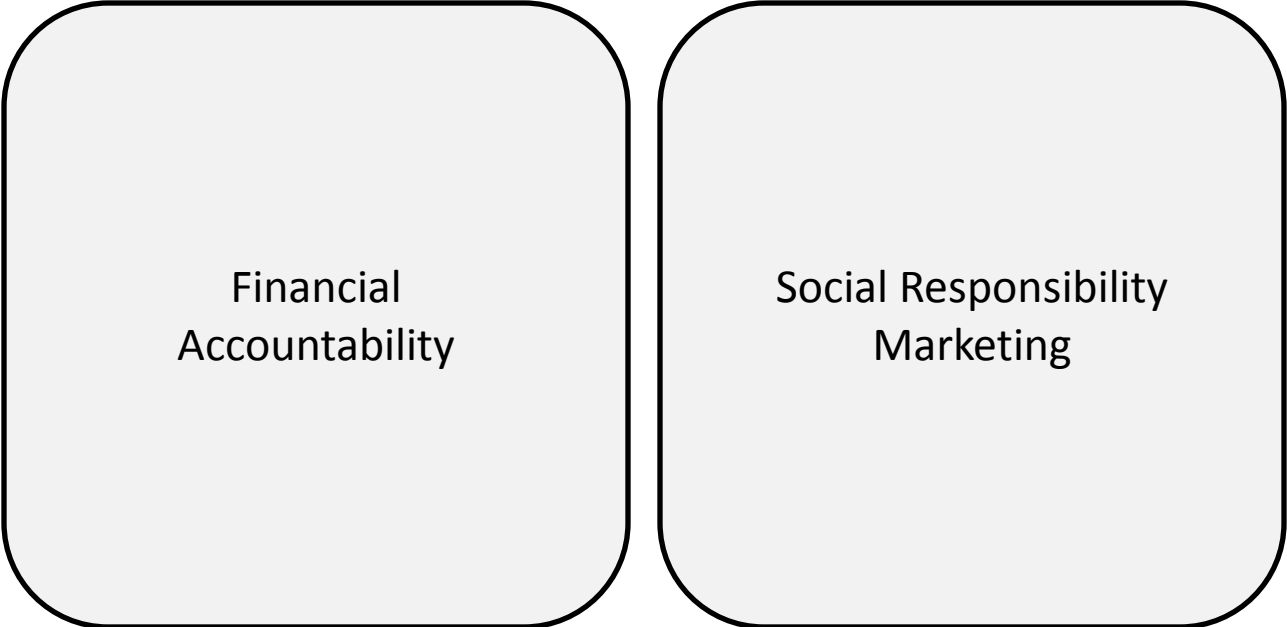
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Internal Marketing

Internal marketing is the task of hiring, training, and motivating able employees who want to serve customers well.



Performance Marketing



Financial
Accountability

Social Responsibility
Marketing

Types of Corporate Social Initiatives

- Corporate social marketing
- Cause marketing
- Cause-related marketing
- Corporate philanthropy
- Corporate community involvement
- Socially responsible business practices



The Marketing Mix



The New Four Ps

People

Processes

Programs

Performance

Marketing Management Tasks

- Develop market strategies and plans
- Capture marketing insights
- Connect with customers
- Build strong brands
- Shape market offerings
- Deliver value
- Communicate value
- Create long-term growth

For Review

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