

MGMT105: CHAPTERS 11 & 12

□ CHAPTER 11 -> Marketing Processes and Consumer Behavior

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- What is marketing?
 - Most of us think of marketing as advertisements for detergents, social networking, and soft drinks. Marketing, however, encompasses a much wider range of activities.
 - The American Marketing Association defines marketing as “an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.”
- Delivering Value
 - What attracts buyers to one product instead of another? Although our desires for the many goods and services available to us may be unbounded, limited financial resources force most of us to be selective. **Accordingly, customers buy products that offer the best value when it comes to meeting their needs and wants.**
- Goods, Services, and Ideas
 - The marketing of tangible goods is obvious in everyday life. It applies to two types of customers: **those who buy consumer goods and those who buy industrial goods.**
 - Think of the products that you bought the last time you went to the mall or the grocery store or on the Internet.
 - These products are all consumer goods: tangible goods that you, the consumer, may buy for personal use. Firms that sell goods to consumers for personal consumption are engaged in consumer marketing, also known as B2C (business-to-consumer) marketing.

- Marketing also applies to industrial goods: physical items used by companies to produce other products.
 - o Marketing techniques are also applied to services - products with intangible (nonphysical) features, such as professional advice, timely information for decisions, or arrangements for a vacation
 - o Finally, marketers also promote ideas.
 - Ads in theaters, for example, warn us against copyright infringement and piracy.
 - Other marketing campaigns may stress the advantages of avoiding fast foods, texting while driving, or quitting smoking - or they may promote a political party or candidate.
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- Relationship Marketing and Customer Relationship Management
 - o Although marketing often focuses on single transactions for products, services, or ideas, marketers also take a longer-term perspective. Thus, relationship marketing emphasizes building lasting relationships with customers and suppliers.
 - The Marketing Environment
 - o Marketing strategies are not determined unilaterally by any business - rather, they are strongly influenced by powerful outside forces. Every marketing program must recognize the factors in a company's external environment, which is everything outside an organization's boundaries that might affect it.
 - o In this section we'll discuss how these external forces affect the marketing environment in particular.
 - 1) Political-Legal Environment
 - 2) Sociocultural Environment
 - 3) Economic Environment

- 4) Competitive Environment - although marketing often focuses on single transactions for products, services, or ideas, marketers also take a longer-term perspective. Thus, relationship marketing emphasizes building lasting relationships with customers and suppliers.

- Strategy - The Marketing Mix
 - A company's marketing managers are responsible for -planning and implementing all the activities that result in the transfer of goods or services to its customers.

 - These activities culminate in the marketing plan - a detailed strategy for focusing marketing efforts on customers' needs and wants.
 - Therefore, marketing strategy begins when a company identifies a customer need and develops a product to meet it.

 - In planning and implementing strategies, marketing managers develop the **four basic components (often called the "Four Ps") of the marketing mix: product, pricing, place, and promotion.**
 - Test Question - Starting point of market is what? Product

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- Target Marketing and Market Segmentation
 - Marketers have long known that products cannot be all things to all people.
 - The emergence of the marketing concept and the recognition of customers' needs and wants led marketers to think in terms of **target markets - groups of people or organizations with similar wants and needs and who can be expected to show interest in the same products.**