

Ch 2 Study Guide

Marketing management process is the process of (1) *planning* marketing activities, (2) *directing* the implementation of plans, and (3) *controlling* these plans.

In planning job, managers set guidelines for the implementing job and specify expected results.

The job of planning strategies to guide a whole company is called **strategic (management) planning** – the managerial process of developing and maintaining a match between an organization's resources and its market opportunities.

Marketing strategy planning means finding attractive opportunities and developing profitable marketing strategies. A **marketing strategy** specifies a target market and a related marketing mix. Big picture of what a firm will do in a market.

1. **Target market** – fairly homogenous group of customers to whom a company wishes to appeal
2. **Marketing mix** – controllable variables the company puts together to satisfy this target group

Typical marketing mix includes some product, offered at a price, with some promotion to tell customers, and a way to reach the customer's place.

Target marketing says that a marketing mix is tailored to fit some specific target customers. **Mass marketing** – the typical production-oriented approach – vaguely aims at everyone with the same marketing mix. *Mass marketing* means trying to sell to everyone. *Mass marketers* like kraft foods and Walmart are aiming at clearly defined target markets.

Variables in marketing mix – product, place, promotion and price. Customer is not part of the marketing mix. Customer should be the target of all marketing efforts.

A **channel of distribution** is any series of firms or individuals that participate in the flow of products from producer to final user or consumer.

Personal selling – direct spoken communication between sellers and potential customers. **Customer service** – personal communication between a seller and customer who wants the seller to resolve a problem with a purchase – key to repeat business. **Mass selling** – communication with large numbers of customers at the same time. Main form is **advertising** – any paid form of nonpersonal presentation of ideas, goods, or services by an identified sponsor. **Publicity** – any unpaid form of nonpersonal presentation of ideas, goods, or services – includes getting favorable coverage in news or TV. **Sales promotion** – those promotion activities – other than advertising, publicity and personal selling – that stimulates interest, trial, or purchase by final customers or others in the channel.

Price setting must consider the kind of competition in the target market and the cost of the whole marketing mix.

A **marketing plan** is a written statement of a marketing strategy and the time related details for carrying out the strategy. 1) what marketing mix will be offered, to whom and for how long 2) what company resources will be needed at what rate 3) what results are expected 4) control procedures

Implementation – putting marketing plans to operation

Operational decisions – short-run decisions to help implement strategies

A marketing program blends all of the firm's marketing plans into one "big" plan.

Customer lifetime value - total stream of purchases that a customer could contribute to the company over the length of the relationship

Customer equity - expected earnings stream of a firm's current and prospective customers over some period of time. Marketing managers recognize three potential sources of new revenue - acquiring new customers, retaining current customers, and enhancing the customer value by increasing their purchases.

The "one-time" strategy decisions - the decisions that decide what business the company is in and the strategies it will follow - usually determine success or failure.

Attractive opportunities for a particular firm are those that the firm has some chance of doing something about - given its resources and objective.

Breakthrough opportunities - opportunities that help innovators develop hard-to-copy marketing strategies that will be very profitable for a long time

Competitive advantage - firm has a marketing mix that the target market sees as better than a competitor's mix

SWOT analysis - identifies and lists the firm's strengths, weaknesses, opportunities, and threats

Early stages of a search for opportunities we're looking for customers with needs that are not being satisfied as well as they might be

Segmentation helps a manager decide to serve some segments - subgroups of customers - and not other.

Differentiation - marketing mix is distinct from what is available from a competitor

Framework:

Market penetration - trying to increase sales of a firm's present products in its present markets - probably through a more aggressive marketing mix

Market Development - trying to increase sales by selling present products in new markets

Product Development - offering new or improved products for present markets

Diversification - moving into totally different lines of business - perhaps entirely unfamiliar products, markets, or even levels in the production-marketing system