

Chapter 1: An Overview of Marketing

LO1: What is marketing?

- **Marketing:** 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.
- **Exchange:** people giving up something in order to receive something they would rather have
- Five conditions of exchange
 - There must be at least two parties.
 - Each party has something that might be of value to the other party.
 - Each party is capable of communication and delivery.
 - Each party is free to accept or reject the exchange offer.
 - Each party believes it is appropriate or desirable to deal with the other party.

LO2: Marketing management positions

- Four competing philosophies strongly influence an organization's marketing processes.
- Production Orientation
 - **Production orientation:** a philosophy that focuses on the internal capabilities of the firm rather than on the desires and needs of the marketplace.
 - *Field of Dreams*, "if I build it, they will come" = "if I make it, they will buy it"
 - Falls short because it does not consider whether the goods and services that the firm produces most efficiently also meet the needs of the marketplace
- Sales Orientation
 - **Sales orientation:** the ideas that people will buy more goods and services if aggressive sales techniques are used and that high sales result in high profits
 - Has a lack of understanding of the needs and wants of the marketplace.
- Market Orientation
 - **Marketing concept:** the idea that the social and economic justification for an organization's existence is the satisfaction of customer wants and needs while meeting organizational objectives.
 - Marketing concept includes:
 - Focusing on the customer wants and need so that the organization can distinguish its product(s) from competitor's offerings
 - Integrating all of the organization's activities, including production, to satisfy customer wants
 - Achieving long-term goals for the organization by satisfying customer wants and needs legally and responsibly.
 - **Market orientation:** a philosophy that assumes that a sale does not depend on an aggressive sales force but rather on a customer's decision to purchase a product; it is synonymous with the marketing concept.
- Social Marketing Orientation
 - **Social marketing orientation:** the idea that an organization exists not only to satisfy customer wants and needs but also to preserve or enhance individuals' and society's long-term best interests

- o Environmentally friendly stores and products' demanded has increased even through recession.

LO3: Differences between Sales and Market Orientation

- The differences between sales and market orientations are substantial.
- The Organization's Focus
 - o Customer Value
 - **Customer value:** the relationship between benefits and the sacrifice necessary to obtain those benefits
 - Offer products that perform
 - Earn trust
 - Avoid unrealistic pricing
 - Give the buyer facts
 - Offer organization-wide commitment in service and after-sales support
 - Co-creation
 - o Customer Satisfaction
 - **Customer satisfaction:** customers' evaluation of a good or service in terms of whether it has met their needs and expectations
 - Coming back from customer dissatisfaction can be tough
 - o Building Relationships
 - **Relationship marketing:** a strategy that focuses on keeping and improving relationships with current customers
 - Customer-oriented personnel: happy employees make happy customers
 - The Role of Training
 - Empowerment: delegation of authority to solve customers' problems quickly—usually by the first person the customer notifies regarding a problems
 - Teamwork: collaborative efforts of people to accomplish common objectives

LO4: Why study marketing?

- Marketing plays an important role in society, marketing is important to business, marketing offers outstanding career opportunities, and marketing affects your life every day.
- Fundamental objectives of businesses: survival, profits, and growth
- Marketing activities:
 - o Assessing the wants and satisfactions of present and potential customers
 - o Designing and managing product offerings
 - o Determining prices and pricing policies
 - o Developing distribution strategies
 - o Communication with present and potential customers

Chapter 4: The Marketing Environment

LO1: The external marketing environment

- Marketing mix is under the firm's control and is designed to appeal to a specific group of potential buyers or target market.
- **Target market:** a group of people or organizations for which an organization designs, implements, and maintains a marketing mix intended to meet the need of that group, resulting in mutually satisfying exchanges.
- **Environmental management:** when a company implements strategies that attempt to shape the external environment within which it operates

LO2: Social factors

- Social change is the most difficult external variable for marketing managers to forecast, influence, or integrate into marketing plans.
- Value: a strongly held and enduring belief
- Four basic American values
 - Self-sufficiency
 - Upward mobility
 - Work ethic
 - Conformity
- U.S. consumers rank characteristics of product quality
 - Reliability
 - Durability
 - Easy maintenance
 - Ease of use
 - Trusted brand name
 - Low price
- **Component lifestyles:** the practice of choosing goods and services that meet one's diverse needs and interests rather than conforming to a single, traditional value

LO3: Demographic factors

- Demography is another uncontrollable variable in the external environment
- Demography: the study of people's vital statistics, such as age, race and ethnicity, and location
- Population
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- Tweens
 - Home décor market growing
- Teens
 - Two keys to effectively market to teens:
 - Make the product modern and convenient
 - Engage teens through promotion that gets them involved
- Generation Y
 - **Generation Y:** people born between 1979 and 1994
 - Characteristics:
 - Inquisitive
 - Opinionated
 - Diverse
 - Time managers