

UNIT 2/8/10: MARKETING

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WEEK ONE

Learning Outcome One (1)

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- LO1 Understand the concept and process of marketing

Objective

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- By the end of this lesson you should be able to:
- 1.1 explain the various elements of the marketing process



Overview

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- Marketing is a very popular concept. One that people tend to assume they understand but when asked to explain said concept they are sometimes not able to so.
- It is a very important concept that you should understand, especially if you are a stakeholder in a business.
- We will use the duration of this lesson to discuss the various elements of the marketing process

Definitions

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- There are numerous definitions of marketing:
- **The Chartered Institute of Marketing (CIM)** defines marketing as: “The management process which identifies, anticipates, and supplies customer requirements efficiently and profitably (Media3.bournemouth.ac.uk, n.d.).”
- **The American Marketing Association (AMA)**, defines marketing as: “The process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange and satisfy individual and organisational (Media3.bournemouth.ac.uk, n.d.).”
- “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 et al., 2008)”

Definitions

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- So based on the three previous definitions we can say that

“Marketing is:

- a management process;
- it is about the exchange of goods and services;
- it anticipates and meets consumers needs;
- it creates profits (Media3.bournemouth.ac.uk, n.d.).”

Definitions

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- There are a number of core concepts in marketing. These core concepts are:
- needs, wants, and demands; products and services; value, satisfaction, and quality; exchange, transactions, and relationships; and markets

Definitions

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- **Need**- “A state of felt deprivation (Kotler et al., 2008).”
- **Want**-”The form taken by a human need as shaped by culture and individual personality (Kotler et al., 2008).”
- **Demands**- “Human wants that are backed by buying power (Kotler et al., 2008).”
- **Product**- “Anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. It includes physical objects, services, persons, places, organizations, and ideas (Kotler et al., 2008)”
- **Service**- “Any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything (Kotler et al., 2008).”

Definitions

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- **Customer value-**”The difference between the values the customer gains from owning and using a product and the costs of obtaining the product (Kotler et al., 2008).”
- **Customer satisfaction-** “The extent to which a product’s perceived performance matches a buyer’s expectations (Kotler et al., 2008).”
- “In the narrowest sense, **quality** can be defined as “freedom from defects” (Kotler et al., 2008)”

Definitions

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- **Total quality management (TQM)**- “Programs designed to constantly improve the quality of products, services, and marketing processes (Kotler et al., 2008).”
- “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 (Kotler et al., 2008).”
- **Relationship marketing**- “The process of creating, maintaining, and enhancing strong, value-laden relationships with customers and other stakeholders (Kotler et al., 2008).”

Definitions

- **Relationship marketing**-Initially, marketing was mainly just about marketing to make a profit but now a lot of emphasis is also place on relationships between the different stakeholders: “Relationship marketing is oriented more toward the long term. The goal is to deliver long-term value to customers, and the measures of success are long-term customer satisfaction and retention. Beyond offering consistently high value and satisfaction, marketers can use a number of specific marketing tools to develop stronger bonds with consumers (Kotler et al., 2008)”

Evolution of Marketing Concept

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“Marketing philosophy has undergone a thorough and gradual change since the great Industrial Revolution that took place during the latter-half of the 18th and first-half of the 19th centuries (YourArticleLibrary.com: The Next Generation Library, 2015).”

- These different changes since the great Industrial Revolution are reflected in the different marketing concepts/philosophies that marketing managers use to guide their marketing activities. The main ones are:
 - The Production Concept
 - The Product Concept
 - The Selling Concept
 - The Marketing Concept
 - The Societal Marketing Concept

The Production Concept/Production Orientation Philosophy

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- “The philosophy that consumers will favor products that are available and highly affordable and that management should therefore focus on improving production and distribution efficiency (Kotler et al., 2008).”

Product concept

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- “The idea that consumers will favor products that offer the most quality, performance, and features and that the organization should therefore devote its energy to making continuous product improvements (Kotler et al., 2008).”

Selling concept

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- “The idea that consumers will not buy enough of the organization’s products unless the organization undertakes a large-scale selling and promotion effort (Kotler et al., 2008).”

Marketing concept

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- “The marketing management philosophy that holds that achieving organizational goals depends on determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors do (Kotler et al., 2008).”
- “The selling concept and the marketing concept are sometimes confused. The selling concept takes an inside-out perspective. It starts with the factory, focuses on the company’s existing products, and calls for heavy selling and promotion to obtain profitable sales. It focuses heavily on customer conquest—getting short-term sales with little concern about who buys or why. In contrast, the marketing concept takes an outside-in perspective. It starts with a well-defined market, focuses on customer needs, coordinates all the marketing activities affecting customers, and makes profits by creating long-term customer relationships based on customer value and satisfaction. Under the marketing concept, companies produce what consumers want, thereby satisfying consumers and making profits (Kotler et al., 2008).”

Societal marketing concept

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- “The idea that the organization should determine the needs, wants, and interests of target markets and deliver the desired satisfactions more effectively and efficiently than do competitors in a way that maintains or improves the consumer’s and society’s well-being (Kotler et al., 2008).”

Marketing process overview

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- **Marketing audit**-Analysis and evaluation of a firm's marketing approach, activities, aims, and results achieved (Businessdictionary.com, n.d.)”
- There are different aspects to a marketing audit. Some of which include:
- **A SWOT analysis**- “Looking at the strengths and weaknesses of your business from a customer's view (Goodwin, n.d.)”
- **Customer and prospect research**- “complete some direct market research with your customers and prospects to understand why they buy from your organisation and perhaps why people do not buy. It is really useful to understand what customers like and do not like about your organisation so you can help develop and improve your products and services further (Goodwin, n.d.).”
- **Competitor analysis**- “conduct detailed competitor analysis. This could include mystery shopping comparing yourself and your competitors in areas related to service, or it could involve online analysis regarding web site ranking and why your competitors are featuring higher in Google searches than your company (Goodwin, n.d.).”

Marketing process overview

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- **Marketing audit contd**

- Market overview of “external factors covering a PESTLE analysis (Goodwin, n.d.).”

What is the PESTEL model?

Political factors

Economic factors

Social factors

Technological factors

Environmental factors

Legal factors

- Marketing overview of your Internal factors assessing levels of internal communication

Marketing process overview

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- **Integrated Marketing-**“Strategy aimed at unifying different marketing methods such as mass marketing, one-to-one marketing, and direct marketing. Its objective is to complement and reinforce the market impact of each method, and to employ the market data generated by these efforts in product development, pricing, distribution, customer service, etc (Businessdictionary.com, n.d.).”

Marketing process overview

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- **Marketing Objectives:**
- “Typically, clients marketing objectives include some or all of the following (Goodwin, n.d.)”:
 - Increase sales
 - Build brand awareness
 - Grow market share
 - Launch new products or services
 - Target new customers
 - Enter new markets internationally or locally
 - Improve stakeholder relations
 - Enhance customer relationships
 - Improve internal communications
 - Increase profit

Marketing process overview

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- **Plans to include target markets and marketing mix:**
- Usually the marketing mix is used to lure customers to buy the product or service being sold.
- **Marketing mix-Four Ps:** price, product, promotion, and place.

Marketing process overview

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- **Marketing mix-Four Ps:**
- **“Promotion** represents all of the methods of communication that a marketer may use to provide information to different parties about the product. Promotion comprises elements such as: advertising, public relations, personal selling and sales promotion (Boundless.com, 2016).”

Marketing process overview

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- “A **product** is seen as an item that satisfies what a consumer in the target market needs or wants. It is a tangible good or an intangible service (Boundless.com, 2016).”
- “The **price** is the amount a customer pays for the product. The price is very important as it determines the company's profit and hence, survival (Boundless.com, 2016).”
- “**Place** refers to providing the product at a place or places which is convenient for consumers to access it. Place is synonymous with distribution (Boundless.com, 2016).”

Review Questions

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1. In your own words explain what is “marketing”
2. The concept of marketing of changed and evolved overtime. One such change is in relationship marketing. **Use an example** to explain what this means.
3. Using your knowledge of marketing concept thoroughly explain the evolution of marketing concept.
4. Select a company and conduct a mini marketing audit for that company.

References/Additional Reading List

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