Presented by Ara$h

Marketing In A Changing World

from Principles of Marketing book chap. 1
Kotler & Armstrong
Key words

✓ Customer satisfaction
✓ Customer value
✓ Demarketing
✓ Market
✓ Marketing
✓ Relationship marketing
Agenda

- Marketing definition
- Core marketing concepts
- Marketing Management
- Marketing Management philosophies
- Marketing Challenges in the New “connected” Millennium
What is Marketing?

✓ The simplest definition
✓ The twofold goal of marketing
✓ Detailed definition of marketing
a1 Marketing is the delivery of customer satisfaction at a profit
amirkhany; 2005/01/02

a2 1. to attract new customers by promising superior value
2. to keep current customers by delivering satisfaction
amirkhany; 2005/01/02

a3 Marketing is a social & managerial process whereby individuals or groups obtain what they need or want through creating and exchanging products & values with others.
amirkhany; 2005/01/02
Core marketing concepts

Needs, Wants, and demands

Markets

Core Marketing Concept

Products and services

Exchange, transactions, and relationships

Value, satisfaction, and quality
Needs, Wants, and Demands

✔ Needs
  – A state of felt deprivation
  – Physical, social, and individual needs
  – Basic parts of human makeup

✔ Wants
  – Culture and individual personality

✔ Demands
  – Buying power

✔ Stay close to customers
Wants: The form taken by human needs as shaped by culture and individual personality

Demands: Human wants that are baked by buying power

unlimited wants but limited resources ----> people choose the most beneficial product according to their money

knowledge, self-expression
Products and Services

✔ Needs & wants Satisfier
✔ Experiences, persons, places, organizations, information, and ideas
✔ Satisfier, resource, or marketing offer
a6  Products: Anything that can be offered to a market for information, acquisition, use, or consumption that might satisfy a need or want. It includes physical objects, services, experiences, persons, places, organizations, information, and ideas.
amirkhany; 2005/01/03

a7  activities and benefits offered for sale that are essentially intangible and do not result in the ownership of anything.
amirkhany; 2005/01/03

a8  shoppertainment, entertaining, eatertainment
amirkhany; 2005/01/03
Value, Satisfaction, and Quality

✓ Costumer value
  - Perceived value

✓ Customer satisfaction
  - Dissatisfied buyer
  - Satisfied buyer
  - Delighted buyer

✓ Quality
  - TQM
  - “Freedom from defects”. How do you define defects?
  - Total customer satisfaction
the difference between the values the customer gains from owning and using a product and the costs of obtaining the product.

The extent to which a product's perceived performance matches a buyer's expectations

Totality of features and characteristics of a product or service that bear on its ability to satisfy customer needs

Programs designed to constantly improve the quality of products, services, and marketing processes

judging by market share,... ----> Perceived value

Quality begins with customer needs and ends with customer satisfaction
Exchange, Transactions, and Relationships

✔ Exchange
  – The core concept of marketing

✔ Transaction
  – Trade of values between two parties
    • Monetary transaction
    • Barter transaction
    • A response to some offer
<table>
<thead>
<tr>
<th>a13</th>
<th>The act of obtaining a desired object from someone by offering something in return</th>
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<td>a14</td>
<td>معاملة باباي</td>
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<tr>
<td>a15</td>
<td>A trade between two parties that involves at least two things of value, agreed-upon conditions, a time of agreement, a place of agreement</td>
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<td>a53</td>
<td>A political candidate</td>
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Exchange, Transactions, and Relationships

✔ Relationship marketing
  - Marketing network
    • Customers, employees, suppliers, distributors, retailers, ad agencies, ...
  - Simple operating principle
Marketing network: a unique company asset. The company and all its supporting stakeholders.

Build a good network of relationships with key stakeholders and profits will follow

The process of creating, maintaining, and enhancing strong, value-laden relationships with customers, and other stakeholders

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A larger idea

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long-run relationships
Market (a collection of buyers)

Industry (a collection of sellers)

Products-Services

Money

Information

A simple marketing system

Modern economics abound in markets
Modern economics operate on the principle of division of labor; whereby each person specializes in producing something, receives payment, and buys needed things with this money.

Market: The set of all actual and potential buyers of a product or service.
Marketing

✔ Buyers & marketing activities
Managing markets to bring about exchanges and relationships for the purpose of creating values and satisfying needs and wants.
Marketing

Each party in the system adds value

Main actors and forces in a modern marketing system
Demographic, economic, physical, technological, political-legal, social-cultural

The co.’s success depends on how well the entire system serves the needs of final consumers
Marketting Management

✔ Demand management
  – Demarketing
  – Level, time, and nature of demand

✔ Managing customers
  – Traditional approach & new approach
  – Customer life-time value
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| **a23** | Marketing management: analysis, planning, implementation, and control of programs designed to create, build, and maintain beneficial exchanges with target buyers for the purpose of achieving organizational objectives.  
  *amirkhan; 2005/01/04* |
| **a24** | Demarketing: marketing to reduce demand; the aim is not to destroy demand, but only to reduce or shift it.  
  *amirkhan; 2005/01/04* |
| **a25** | Traditional approach: attracting new customers & creating transactions with them  
  *amirkhan; 2005/01/04* |
| **a26** | New approach: retaining profitable customers & building lasting relationships with them  
  *amirkhan; 2005/01/04* |
Marketing Management Practice

✔ Entrepreneurial marketing (Jim Koch, Boston Beer Co.)

✔ Formulated marketing

✔ Intrepreneurial marketing
Intrepreneurial marketing: Reestablishing the marketing creativity, and entrepreneurial spirit and actions
amirkhany; 2005/01/05
Marketing Management philosophies

✔ Marketing concepts
  – Production
  – Product
  – Selling
  – Marketing
  – Societal marketing
What philosophy should guide these marketing efforts? What weight should be given to the interests of the organization, customers, and society? Very often organization's interests conflict.

Marketing concepts:
Concepts under which Org. conduct their Marketing activities
The Production Concept

✔ available and affordable products
✔ Improving production and distribution efficiency
✔ Two situations wherein it’s still a useful philosophy (Henry Ford’s model T)
✔ A major risk (TI’s watches)
it should be also attractive
amirkhan; 2005/01/19
The Product Concept

- The most quality, performance, and features

- A solution to a consumer problem (exp: a mouse trap)

- Marketing myopia
The co. should also design, package, price it attractively; place it in convenient distribution channels; bring it to the attention of people who need it; and convince buyers that it is a better product.
The selling concept

✓ Unsought goods, overcapacity
✓ A wrong approach & high risks
✓ Dissatisfied customer
Unsolicited goods: those that buyers do not normally think of buying

The selling concept: The customers will not buy the organizations product unless the organization undertakes a large-scale selling and promotion efforts

The concept is typically practiced with unsolicited goods or when they have overcapacity

Creating sales transactions rather than long-term relationships
The Marketing Concept

✔ Costumer focus and value, the paths to sales and profit
The Marketing Concept: Achieving organizational goals depends on determining the needs and wants of target market and delivering the desired satisfaction more effectively and efficiently than competitors do.

amirkhany; 2005/01/05
The selling and marketing concepts contrasted

**Inside-out Perspective:**

- **Starting point:** Factory
- **Focus:** Existing products
- **Means:** Selling and promoting
- **Ends:** Profits through sales volume

**The selling concept**

**Outside-in Perspective:**

- **Starting point:** Well defined market
- **Focus:** Customer needs
- **Means:** Integrated marketing
- **Ends:** Profits through customer satisfaction

**The marketing concept**
The selling concept focuses primarily on customer conquest-getting short-term sales with little concern about who buys or why (inside-out perspective)

amirkhany; 2005/01/19
The Marketing Concept

- Customer-driven marketing
- Customer-driving marketing
Customer-driven marketing: research current customer to learn about their desires, gather new product and service ideas, and test proposed product improvements.

Customer-driving marketing: understanding customer needs even better than customer themselves do, and creating products and services that will meet existing and latent needs now and in the future.

Adjust your marketing strategies to the changing market place
The Societal Marketing Concept

✔ Pure marketing & societal marketing (exp: fast food industry)
The Societal Marketing Concept questions whether the pure marketing is adequate in an age of environmental problems, resource storages, rapid population growth, worldwide economic problems, and neglected social services. It asks if the firm is always doing what's best for consumers and society in the long run.

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---pure marketing overlooks possible conflicts between short-run wants and consumer long-run welfare.

amirkhani; 2005/01/05

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The Societal Marketing Concept: The organization should determine the needs and wants of target market and delivering the desired satisfaction more effectively and efficiently than do competitors in a way that maintains or improves the consumer’s and society's well being.

amirkhani; 2005/01/05
Three considerations underlying the societal marketing concept

- Society (Human welfare)
- Consumers (want satisfaction)
- Company (profits)

Societal marketing Concept
Long-term welfare (societal marketing)

Long-term profit (marketing concept)

Short-term Profit (selling concept)
Marketing Challenges in the New “connected” Millennium

✔ Connectedness

✔ The Internet

- Closer relationship
- selling and distribution
- New *marketspaces* instead of *marketplaces*
- An entirely new breed of companies ([www.eToys.com](http://www.eToys.com))
- Drawbacks of the Internet
Dramatic changes in marketing arena can be summed up in a single term: Connectedness

More efficient and effective selling and distribution

Explosive advances in technologies such as in computer, telecommunications, information, transportation, and other connected technologies
Today’s marketing connections

Connecting Technologies
Computer
Information
Communication
Transportation

Connections with Customers
-Connecting more selectively
-Connecting for life
-Connecting directly

Connections with Marketing Partners
-Connecting with other company departments
-Connecting with suppliers and distributors
-Connecting through strategic alliances

Connections with the World Around Us
-Global connections
-Connections with values and responsibilities
-Broadened connections
Connections with Customers

✔ More selectively
  - Diversity of costumers
  - Consumer communications
    • “One-to-One marketing” using databases
  - Customer value assessment (banks)

✔ Lifetime
  - Long-term profiting
  - “share of customer” instead of “share of market”
    (Amazon)
Connections with Customers

✔️ Connecting directly
  – Customer buying
  – B2B purchasing
  – Redefined buyer’s role (www.LandsEnd.com)
Redefined buyer’s role in connecting with sellers: Instead of being the targets of company's one-way marketing efforts, customers have now become active participants in shaping the marketing offer and process.

some co.s sell only via direct channels (dell)
some use direct connection as a supplement (procter&Gamble)
Connections with Marketing Partners

✔ Inside the company
  – Ownership of customer interactions
  – Cross-functional customer teams

✔ Outside partners
  – Supply chain management
    • Marketing channels vs. supply chain
    • New kind of competition among supply chains
Outside partners: suppliers, channel partners, and even competitors.
amirkhan; 2005/01/05

rather than treating suppliers as vendures and distributors as customers, it treat both as partners in delivering value to customers
amirkhan; 2005/01/05

Marketing no longer has sole ownership of customer interactions
amirkhan; 2005/01/05
Connections with Marketing Partners

✔️ Outside partners (con.)
  – Strategic alliances
    • Marketing alliances
      – Product or service alliances
      – Promotional alliances
      – Logistic alliances
      – Pricing alliances
“the old adage ‘If you can’t beat ‘em, join ‘em,’ is being replaced by ‘Join ‘em and you can’t be beat.’” Jim Kelly, CEO of UPS

pricing alliances like hotel & rental car co.

amirkhani; 2005/01/05

amirkhani; 2005/01/20
Connections with the World around Us

✔ Global connections

✔ Values and social responsibilities
  – Worldwide consumerism & environmentalism

✔ Broadening connections
  – Nonprofit organizations, and government agencies
  – Social marketing campaigns
Global view of the Co.'s industry, competitors, and opportunities

amirkhany; 2005/01/05