



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?

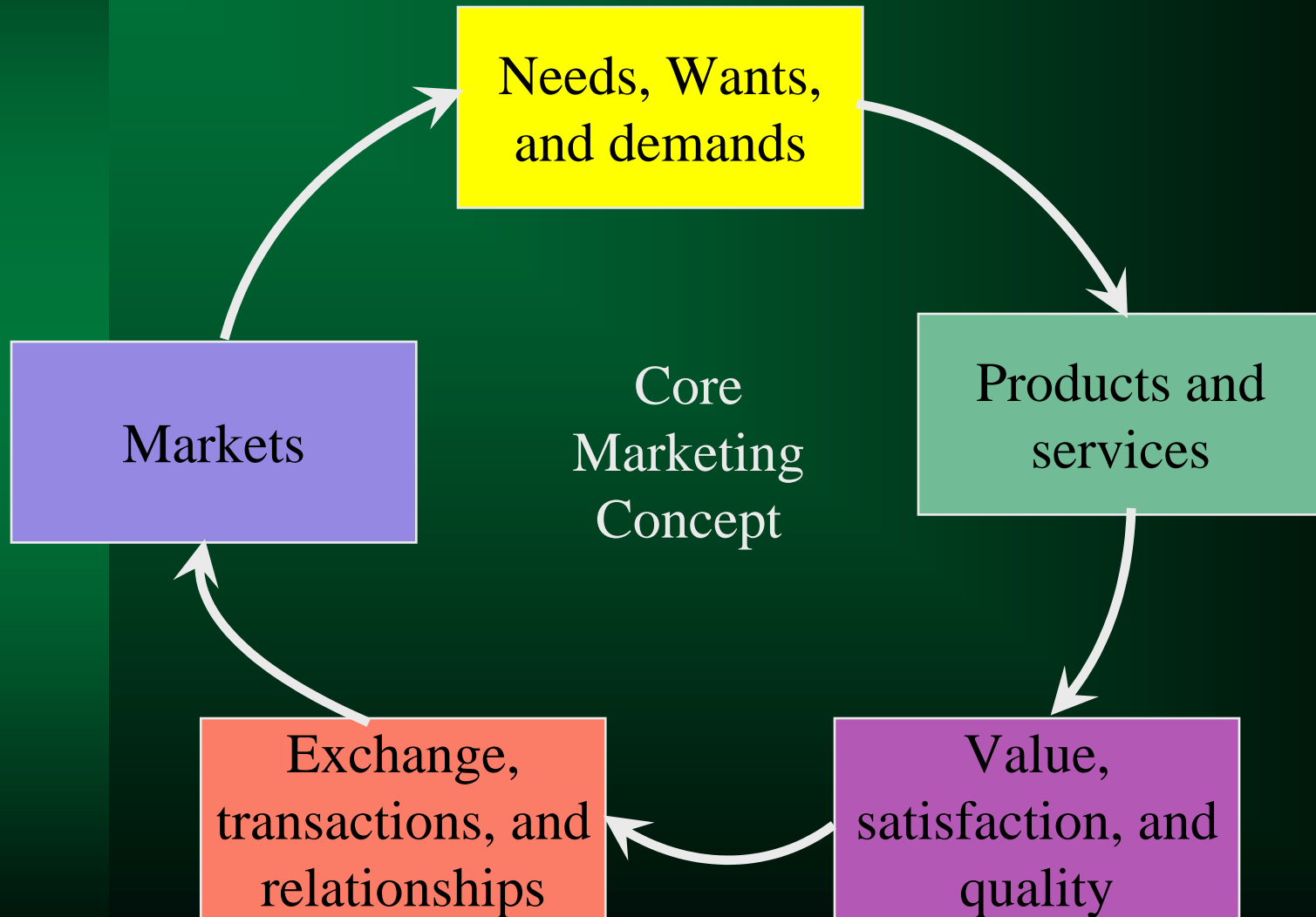
- ✓ The simplest definition a1
- ✓ The twofold goal of marketing a2
- ✓ Detailed definition of marketing a3

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- 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

✓ Needs

- A state of felt deprivation a50
- Physical, social, and individual needs
- Basic parts of human makeup

✓ Wants a48

- Culture and individual personality

✓ Demands a49

- Buying power

✓ Stay close to costumers

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a48 Wants: The form taken by human needs as shaped by culture and individual personality

amirkhany; 2005/01/10

a49 Demands: Human wants that are backed by buying power

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

amirkhany; 2005/01/19

a50 knowledge, self-expression

amirkhany; 2005/01/19



Products and Services ^{a6} ^{a7}

- ✓ Needs & wants Satisfier
- ✓ Experiences, persons, places, organizations, information, and ideas ^{a8}
- ✓ Satisfier, resource, or marketing offer

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- 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, entertailing, eatertainment
amirkhany; 2005/01/03



Value, Satisfaction, and Quality

✔ Customer value a9

- Perceived value a51

✔ Customer satisfaction a10

- Dissatisfied buyer
- Satisfied buyer
- Delighted buyer

✔ Quality a11

- TQM a12
- “Freedom from defects”. How do you define defects?
- Total customer satisfaction a52

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- a9** the difference between the values the customer gains from owning and using a product and the costs of obtaining the product.
amirkhany; 2005/01/03
- a10** The extent to which a product's perceived performance matches a buyer's expectations
amirkhany; 2005/01/03
- a11** Totality of features and characteristics of a product or service that bear on its ability to satisfy customer needs
amirkhany; 2005/01/03
- a12** Programs designed to constantly improve the quality of products, services, and marketing processes
amirkhany; 2005/01/03
- a51** judging by market share,... -----> Perceived value
amirkhany; 2005/01/19
- a52** Quality begins with customer needs and ends with customer satisfaction
amirkhany; 2005/01/19



Exchange, Transactions, and Relationships

- ✓ Exchange ^{a13}
 - The core concept of marketing
- ✓ Transaction ^{a15}
 - Trade of values between two parties
 - *Monetary transaction*
 - *Barter transaction* ^{a14}
 - *A response to some offer* ^{a53}

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- a13** The act of obtaining a desired object from someone by offering something in return
amirkhany; 2005/01/03
- a14** معامله پایاپای
amirkhany; 2005/01/03
- a15** A trade between two parties that involves at least two things of value, agreed-upon conditions, a time of agreement, a place of agreement
amirkhany; 2005/01/03
- a53** A political candidate
amirkhany; 2005/01/19



Exchange, Transactions, and Relationships

- ✓ Relationship marketing^{a19}
 - Marketing network^{a17}
 - *Customers, employees, suppliers, distributors, retailers, ad agencies, ...*
 - Simple operating principle^{a18}

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- a17** Marketing network: a unique company asset. The company and all its supporting stakeholders.
amirkhany; 2005/01/19
- a18** Build a good network of relationships with key stakeholders and profits will follow
amirkhany; 2005/01/03
- a19** The process of creating, maintaining, and enhancing strong, value-laden relationships with customers, and other stakeholders

A larger idea

long-run relationships
amirkhany; 2005/01/19



Markets ^{a35}



A simple marketing system

✓ Modern economics abound in markets ^{a22}

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a22 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

amirkhany; 2005/01/04

a35 **Market:** The set of all actual and potential buyers of a product or service

amirkhany; 2005/01/05



Marketing^{a20}

▼ Buyers & marketing activities

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a20

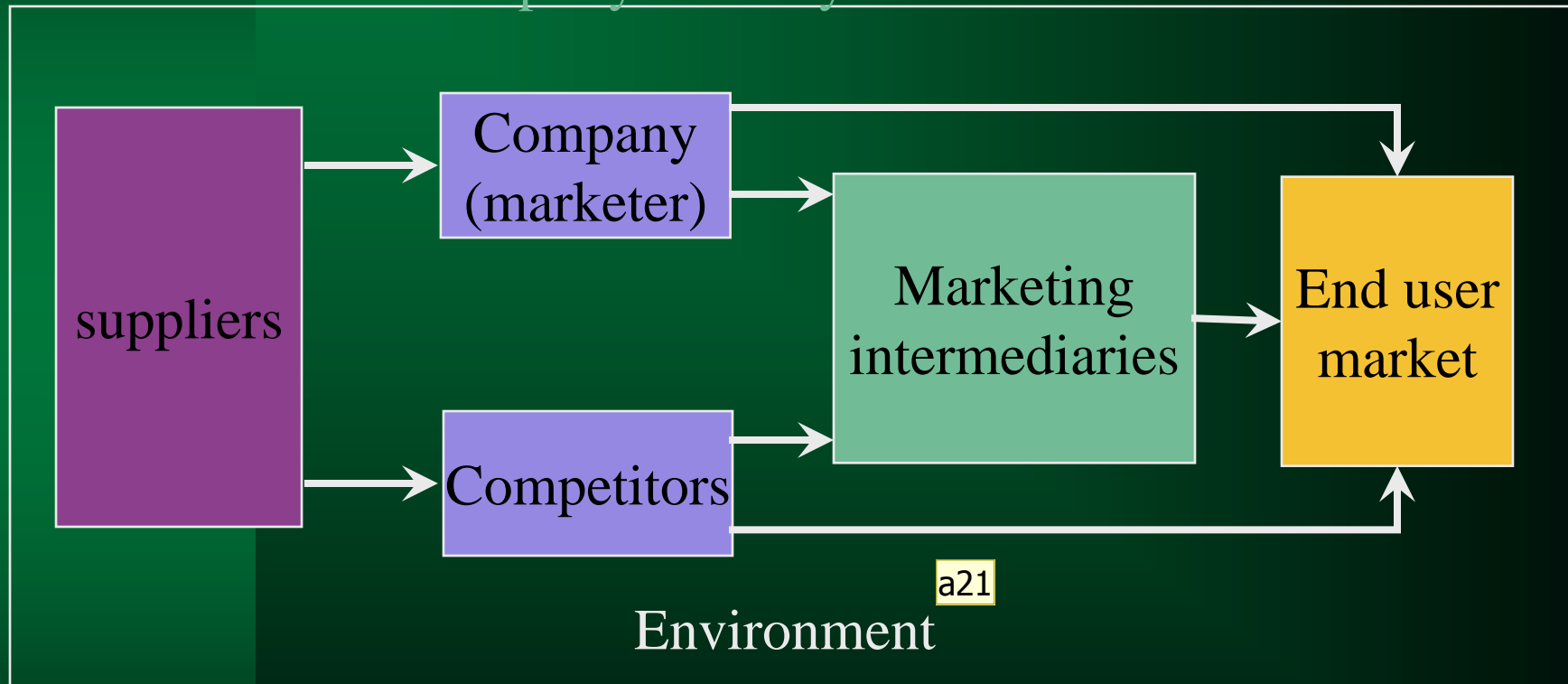
Managing markets to bring about exchanges and relationships for the purpose of creating values and satisfying needs and wants
amirkhany; 2005/01/03



Marketing

a54

Each party in the system adds value



a21

Environment

Main actors and forces in a modern marketing system

Slide 13

a21 Demographic, economic, physical, technological, political-legal, social-cultural
amirkhany; 2005/01/03

a54 The co.'s success depends on how well the entire system serves the needs of final consumers
amirkhany; 2005/01/19



Marketing Management a23

✓ Demand management a24

- Demarketing
- Level, time, and nature of demand

✓ Managing customers a25

- Traditional approach & new approach a26
- 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.
amirkhany; 2005/01/04
- a24** Demarketing: marketing to reduce demand; the aim is not to destroy demand, but only to reduce or shift it.
amirkhany; 2005/01/04
- a25** Traditional approach: attracting new customers & creating transactions with them
amirkhany; 2005/01/04
- a26** New approach: retaining profitable customers & building lasting relationships with them
amirkhany; 2005/01/04



Marketing Management Practice

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

✓ Formulated marketing

a36

✓ Intreprenurial marketing

a36

Intreneurial marketing: Reestablishing the marketing creativity, and entrepreneurial spirit and actions
amirkhany; 2005/01/05



Marketing Management a37 philosophies

✓ Marketing concepts a38

- Production
- Product
- Selling
- Marketing
- Societal marketing

Slide 16

a37 What philosophy should guide these marketing efforts? what weight should be given to the interests of the org. ,customers, and society? Very often organization's interests conflict

amirkhany; 2005/01/19

a38 Marketing concepts:
Concepts under which Org. conduct their Marketing activities

amirkhany; 2005/01/05



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)^{a57}

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a57

it should be also attractive

amirkhany; 2005/01/19



The Product Concept

- ✓ The most quality, performance, and features a56
- ✓ A solution to a consumer problem (exp : a mouse trap) a55
- ✓ Marketing myopia

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- a55** 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
amirkhany; 2005/01/19
- a56** Continues product improvements
amirkhany; 2005/01/19



The selling concept^{a39}

- ✓ Unsought goods, overcapacity^{a27}
- ✓ A wrong approach & high risks^{a58}
- ✓ Dissatisfied customer^{a40}

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- a27** Unsought goods: those that buyers do not normally think of buying
amirkhany; 2005/01/04
- a39** The selling concept: The customers will not buy the organizations product unless the organization undertakes a large-scale selling and promotion efforts
amirkhany; 2005/01/05
- a40** The concept is typically practiced with unsought goods or when they have overcapacity
amirkhany; 2005/01/19
- a58** Creating sales transactions rather than long-term relationships
amirkhany; 2005/01/19



The Marketing Concept^{a41}

- ✓ Customer focus and value, the paths to sales and profit

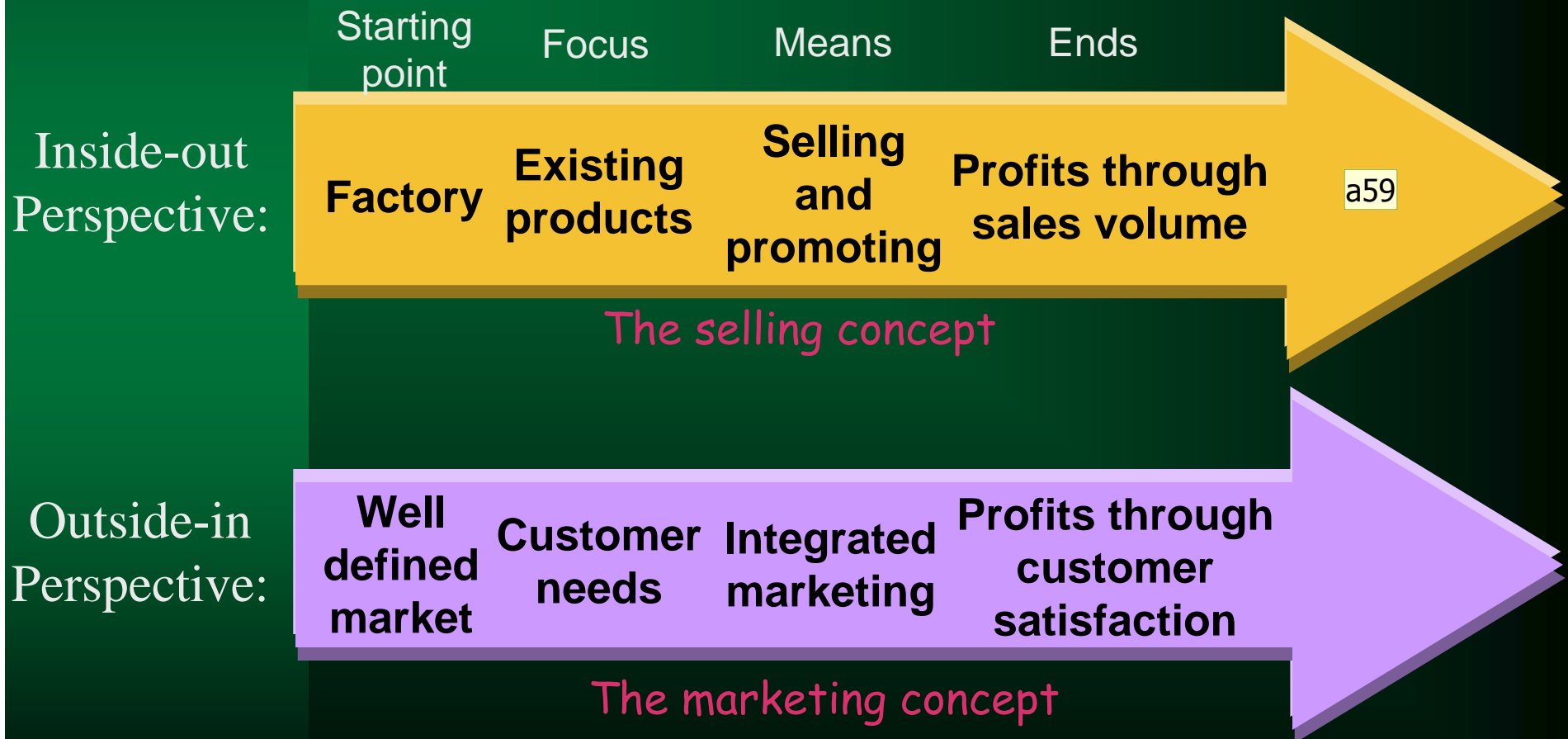
a41

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



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a59

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 a28

a60

Customer-driving marketing a29

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- a28** Customer-driven marketing: research current customer to to learn about their desires,gather new product and service ideas, and test proposed product improvements.
amirkhany; 2005/01/19
- a29** 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.
amirkhany; 2005/01/04
- a60** Adjust your marketing strategies to the changing market place
amirkhany; 2005/01/19



The Societal Marketing Concept^{a43}

a30

- ✓ Pure marketing & societal marketing (exp: fast food industry)

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- a30** -----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.
-----pure marketing overlooks possible conflicts between short-run wants and consumer long-run welfare.
amirkhany; 2005/01/05
- a43** 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.
amirkhany; 2005/01/05



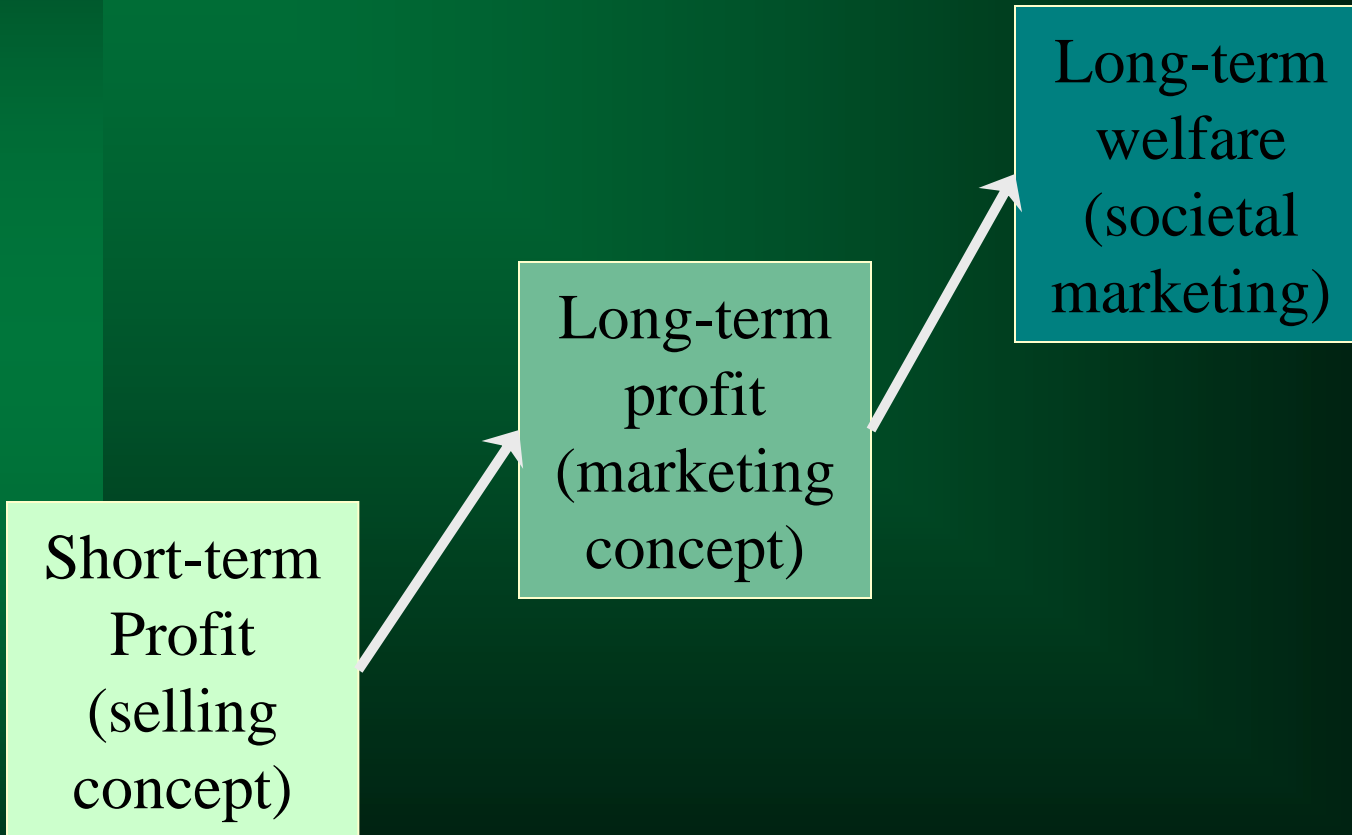
Three considerations underlying the societal marketing concept

Society
(Human welfare)

Societal
marketing
Concept

Consumers
(want satisfaction)

Company
(profits)





Marketing Challenges in the New “connected” Millennium

✓ *Connectedness*

a61

✓ The Internet

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- Closer relationship
- selling and distribution
- *New marketspaces* instead of *marketplaces*
- An entirely new breed of companies (www.eToys.com)
- Drawbacks of the Internet

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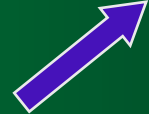
- a61** **Dramatic changes in marketing arena can be summed up in a single term: Connectedness**
amirkhany; 2005/01/19
- a64** **More efficient and effective selling and distribution**
amirkhany; 2005/01/20
- a65** **Explosive advances in technologies such as in computer, telecommunications, information, transportation, and other connected technologies**
amirkhany; 2005/01/20



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)

a44

a31

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a31 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.

amirkhany; 2005/01/05

a44 some co.s sell only via direct channels (dell)
some use direct connection as a supplement(procter&Gamble)

amirkhany; 2005/01/20



Connections with Marketing Partners

✓ Inside the company

- Ownership of customer interactions a45
- Cross-functional customer teams

✓ Outside partners a32

- Supply chain management
 - *Marketing channels vs. supply chain* a33
 - *New kind of competition among supply chains*

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a32 Outside partners: suppliers, channel partners, and even competitors.

amirkhany; 2005/01/05

a33 rather than treating suppliers as vendures and distributors as customers, it treat both as partners in delivering value to customers

amirkhany; 2005/01/05

a45 Marketing no longer has sole ownership of customer interactions

amirkhany; 2005/01/05



Connections with Marketing Partners

✓ Outside partners (con.)

- Strategic alliances a46
 - *Marketing alliances*
 - Product or service alliances
 - Promotional alliances
 - Logistic alliances
 - Pricing alliances a66

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- a46** "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
amirkhany; 2005/01/05
- a66** pricing alliances like hotel & rental car co.
amirkhany; 2005/01/20



Connections with the World around Us

- ✓ Global connections a47
- ✓ Values and social responsibilities
 - Worldwide consumerism & environmentalism
- ✓ Broadening connections
 - Nonprofit organizations, and government agencies
 - *Social marketing* campaigns

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Global view of the Co.'s industry, competitors, and opportunities

amirkhany; 2005/01/05