

MKC1200 – Principles of Marketing

Week 1

General Overview of Marketing

Chapter 1, 2, & 15 of the prescribed text





Learning objectives:

- Define marketing
- Understand the strategic variables of marketing – the *marketing mix*
- Explain the *marketing concept* and *market orientation*
- Understand the role of marketing in our society
- Discuss current issues in marketing
 - Ethics and social responsibility
 - Digital marketing

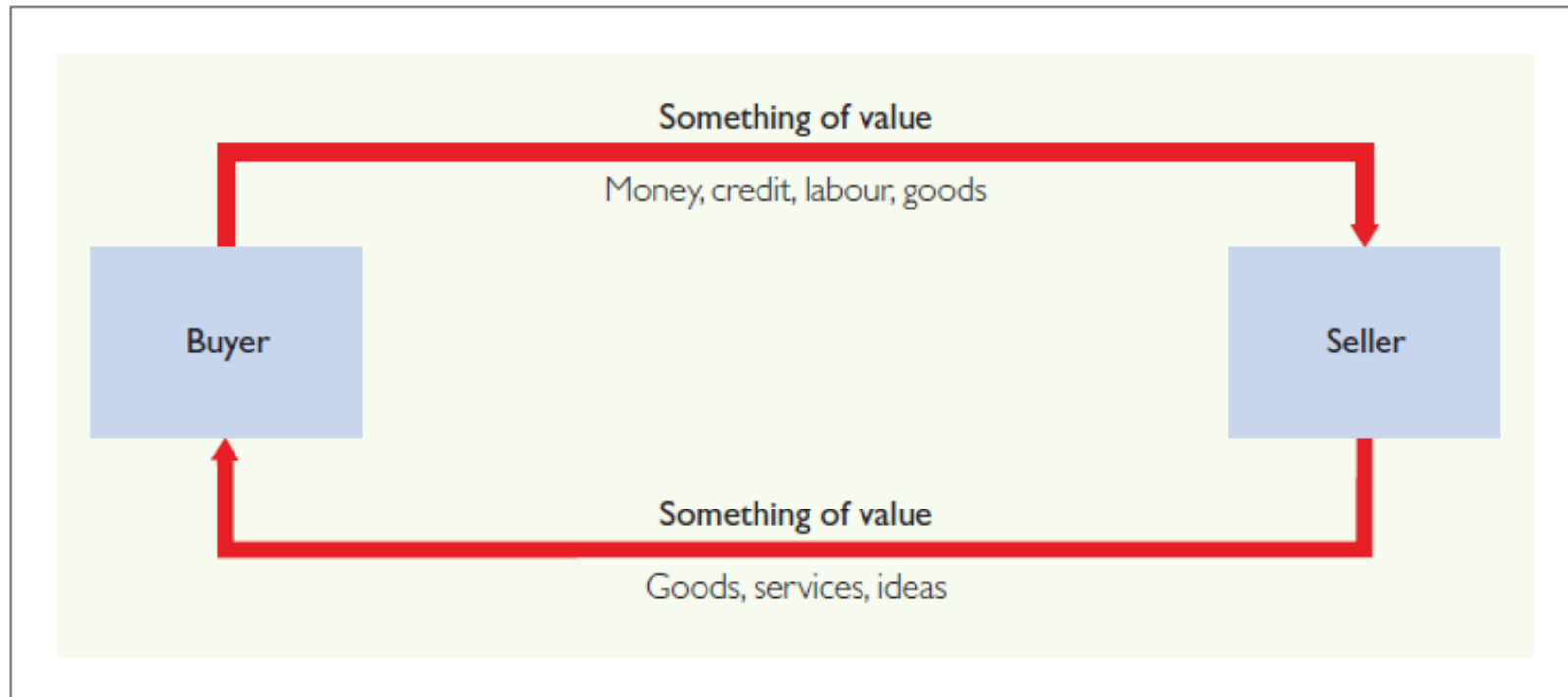
Definitions of Marketing

- “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” (American Marketing Association, Pride 2e, p.6)
- “The process of maximising returns to stakeholders by developing *exchanges* with valued customers and creating an advantage for them” (Pride 2e, p.5)

Marketing to Facilitate Exchange

- Exchange: the transfer of products in return for something of *value*
- Four conditions that must exist for an exchange:
 - At least two parties must participate and each must possess something of value
 - Exchange should provide a benefit to both parties
 - Each party must have confidence in the promise of the 'something of value' held by the other
 - The parties must meet expectations

Exchange between Buyer and Seller



(Figure 1.3, Pride 2e, p.14)

Understanding the Marketing Mix

- Strategic variables *controlled by a company* to satisfy the need of their customers
 - Product
 - Price
 - Place
 - Promotion
- It is about making the right *product* available in the right *place*, *promoted* to the right customers at the right *price* acceptable to customers

Understanding the Marketing Mix - continued

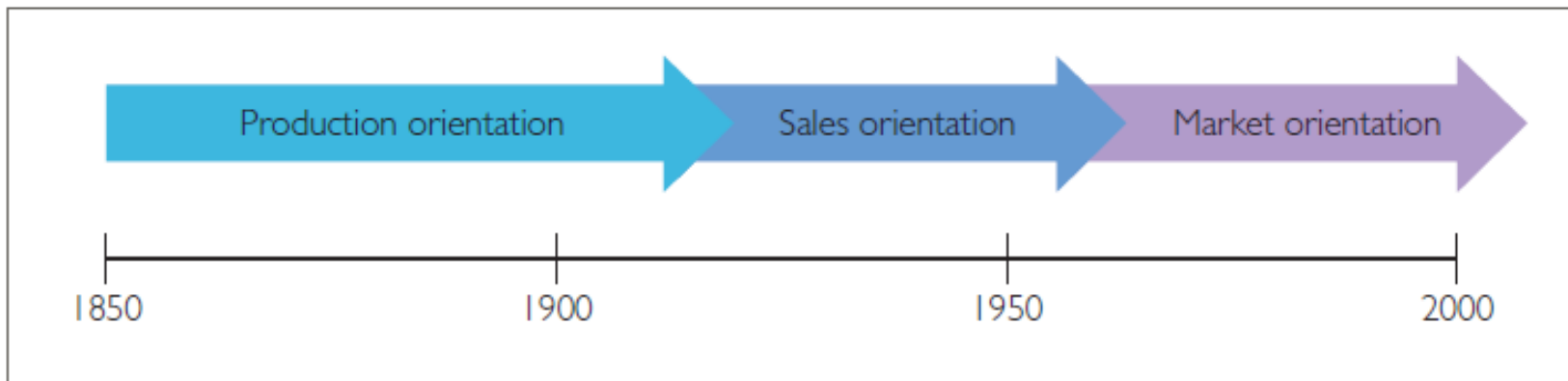
Marketing Mix Variable	Description
Product	➤ Anything that can be offered to customers that might satisfy their needs or wants
Price	➤ Value exchanged for products in a marketing transaction
Place	➤ The activities that make products available to customers when and where they want to access or purchase them
Promotion	➤ Communication to build and maintain relationships by informing and persuading customers

We will review this topic again in Week 6

Understanding the Marketing Concept

- A managerial philosophy that an organisation should try to provide products that satisfy customers' needs through a coordinated set of activities that also allows the organisation to achieve its goals
- Customer satisfaction is the major focus of the marketing concept
- Satisfaction of both customers' objectives and company's objectives

The Evolution of the Marketing Concept



(Figure 1.4, Pride 2e, p.19)

Sales vs. Market Orientation



FIGURE 2.1 Selling and marketing concepts contrasted

(Kotler et al., 2013, p. 29)

Understanding the Market Orientation

- An organisation-wide commitment to researching and responding to customer needs
 - Involves generation of market intelligence in relation to current and future customer needs, competitors and collaborators
 - Involves inter-functional coordination of market intelligence across business functions
 - Requires an organisation to be more responsive to such market intelligence

Implementing the Market Orientation

Establish an information system to discover **customers' real needs**

Use the information to create satisfying new products that **meet customer needs**

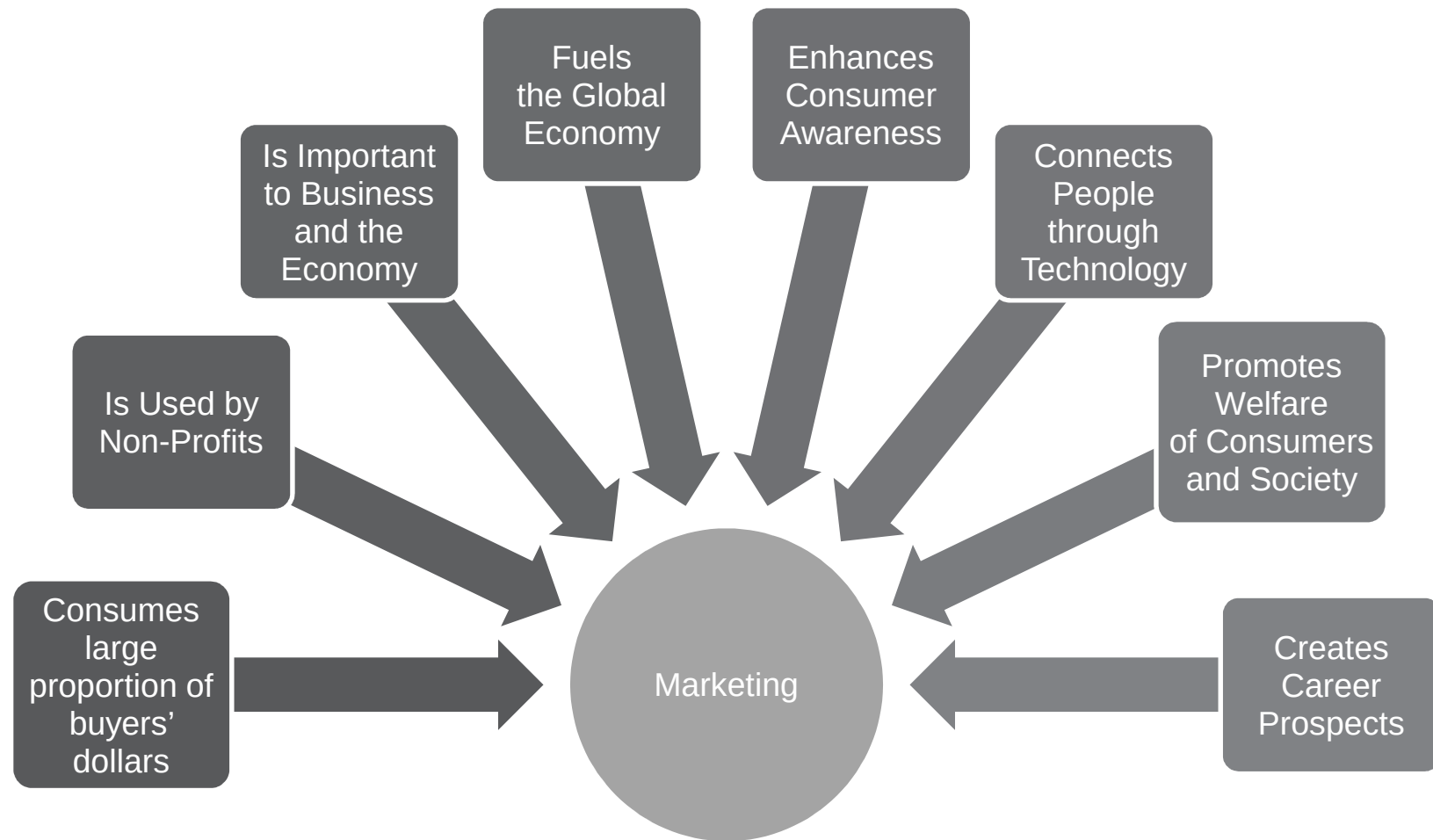
Establish a way to coordinate all activities – have a **true customer focus!**

Consider the **cultural values** that guide this marketing concept implementation

Managing customer relationships

- Relationship marketing
 - Establishing long-term, mutually satisfying buyer-seller relationship
- Customer relationship management (CRM)
 - Using information about customers to create marketing strategies that develop and sustain desirable customer relationships
- Customer value
 - A customer's subjective assessment of benefits relative to costs in determining the worth of a product

The Role of Marketing in Our Society



Ethical Issues in Marketing

- Ethics
 - Judgment about what is right or wrong
 - Moral standards of behaviour expected by a society
- Codes of conduct
 - Formalised rules and standards that describe what the company expects of its employees
- Ethics is one dimension of social responsibility
 - Being socially responsible relates to doing what is economically sound, legal, ethical and socially conscious
 - Overall aim is to improve society's welfare

Digital Marketing

- Use of digital media including the Internet and mobile interactive channels to develop communication and exchanges with customers
- Social networks, media sharing websites, virtual websites, mobile devices, applications, wearable technology
- The main distinguishing feature is interactivity that allows customers to express their needs and wants directly to the firm in response to its marketing communications
- Ethical and legal issues including privacy concerns, online fraud, and intellectual property



Summary

- Marketing is not merely about selling and advertising
- Exchange, customer value, customer relationship, marketing concept, market orientation, marketing mix are some of the terms that are crucial in better understanding marketing
- Marketing has various important roles in our society
- Marketing ethics and digital marketing are two major issues faced by marketers nowadays