

Chapter 1
An Overview of
Marketing

MKTG10
Lamb, Hair, and McDaniel



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LEARNING OUTCOMES

- 1-1** Define the term *marketing*
- 1-2** Describe four marketing management philosophies
- 1-3** Discuss the differences between sales and market orientations
- 1-4** Describe several reasons for studying marketing

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1-1

What Is Marketing?

**Define the term
*marketing***

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Marketing is...

1. A philosophy, an attitude, a perspective, or a management orientation that stresses customer satisfaction.
2. An organizational activity, set of institutions, and processes.

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American Marketing Association Definition of Marketing

Marketing is 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.

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Marketing...

Entails processes that focus on delivering value and benefits to customers, not just selling goods and services.

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Exchange

Conditions for Exchange

- At Least Two Parties
- Something of Value
- Communication and Delivery
- Freedom to Accept or Reject
- Desire to Deal with Other Party

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Exchange

- Exchange may not take place even if conditions are met.
- An agreement must be reached.
- Marketing occurs even if exchange does not take place.

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1-2

Marketing Management Philosophies

Describe four marketing management philosophies

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The Four Marketing Management Philosophies

Orientation	Focus is on...
Production	internal capabilities of the firm
Sales	aggressive sales techniques and belief that high sales result in high profits
Market	satisfying customer needs and wants while meeting objectives
Societal	satisfying customer needs and wants while enhancing individual and societal well-being

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Production Orientation

Field of Dreams orientation

- “If you build it, they will come.”
- Doesn’t consider if what is produced meets market needs

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Sales Orientation

Marketing =
Selling Things & Collecting Money

- Disregards market needs and consumer demand.
- Despite the quality of sales force, often cannot convince people to buy what is neither wanted nor needed.

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Market Orientation

Marketing Concept

- ◆ Focusing on customer wants and needs to distinguish products from competitors' offerings
- ◆ Integrating all the organization's activities to satisfy these wants
- ◆ Achieving the organization's long-term goals by satisfying customer wants and needs legally and responsibly

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Achieving a Marketing Orientation

- ◆ Obtain information about customers, competitors, and markets
- ◆ Examine the information from a total business perspective
- ◆ Determine how to deliver superior customer value
- ◆ Implement actions to provide value to customers

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Societal Marketing Orientation

An organization exists not only to satisfy customer wants but also to preserve or enhance individuals' and society's long-term best interests.

For example:

- *Less toxic products*
- *More durable products*
- *Products with reusable or recyclable materials*

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Who's In Charge?

Increased availability of comparative research enables customers to shop smarter, putting the customer in the driver seat.

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Questions That Help Determine Marketing Philosophy

Orientation	Focus
Production	What can we make or do best?
Sales	How can we sell more aggressively?
Marketing	What do customers want and need?
Societal	What do customers want/need, and how can we benefit society?

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1-3 Differences between Sales and Market Orientations

Discuss the differences between sales and market orientations

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Comparing the Sales and Market Orientations

5 characteristics:

- Organization's focus
- Firm's business
- Those to whom the product is directed
- Firm's primary goal
- Tools the organization uses to achieve its goals

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The Organization's Focus

Sales Orientation Inward looking What the firm makes
Market Orientation Outward looking What the market wants

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Customer Value Requirements

- ◆ 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 with customers

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Customer Satisfaction

The customers' evaluation of a good or service in terms of whether that good or service has met their needs and expectations.

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Relationship Marketing

Strategy that focuses on keeping and improving relationships with customers.

Successful strategies need:

- Customer-Oriented Personnel
- Effective Training Programs
- Empowered Employees
- Teamwork

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Building Relationships

- ◆ Customer-oriented personnel
 - ◆ Every employee represents the firm in the eyes of the customer.
- ◆ Employee training programs
- ◆ Empowered employees
 - ◆ Employees are given more authority to solve customer problems on the spot.
- ◆ Teamwork
 - ◆ Emphasizing cooperation over competition while helping a customer.

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Defining a Firm's Business

Sales Orientation

Goods and Services

Market Orientation

Benefits that customers seek

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Knowing the Firm's Business

- Ensures a customer focus
- Encourages innovation and creativity
- Stimulates an awareness of changes in customer preferences

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Those to Whom the Product Is Directed

- A sales-oriented organization targets its products at “everybody” or “the average customer.”
- A market-oriented organization aims at specific groups of people.
- Customer relationship management

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Primary Goals

- A sales-oriented organization seeks to achieve profitability through sales volume.
- In contrast, the ultimate goal of most market-oriented organizations is to make a profit by creating customer value, providing customer satisfaction, and building long-term relationships with customers.

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Tools the Organization Uses to Achieve Its Goals

- Sales-oriented organizations seek to generate sales volume through intensive promotional activities
- Market-oriented organizations recognize that promotion decisions are only one of four basic marketing mix decisions that must be made

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Sales vs. Market Orientations

	Organization's Focus	Firm's Business	For Whom?	Primary Profit Goal?	Tools to Achieve
Sales Orientation	Inward	Selling goods and services	Everybody	Maximum sales volume	Primarily promotion
Market Orientation	Outward	Satisfying wants and needs	Specific groups of people	Customer satisfaction	Coordinated use of marketing activities

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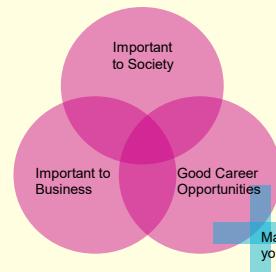
1-4

Why Study Marketing?

Describe several reasons for studying marketing

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Why Study Marketing?



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Chapter 1 Video

Geoffrey B. Small

Geoffrey B. Small is a super luxury fashion designer with an eye towards social justice and connecting with his buyers. In this video, Small discusses how he began designing clothes and deciding who and how to connect with his customers. He also discusses the nature of consumer behavior and beliefs in terms of how they purchase fashion and its effect on clothing prices.

[CLICK TO PLAY VIDEO](#)