

MKTG  
Principles Of Marketing  
Twelfth Edition

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**MKTG<sup>12</sup>**  
PRINCIPLES OF MARKETING



**Chapter 1**  
An Overview  
Marketing

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**Learning Outcomes**

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

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**Learning Objective 1: What Is Marketing?**

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**Marketing**

- American Marketing Association's definition
  - Activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large
- Has two facets

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## Exchange

- Conditions for exchange:
  - At least two parties must be involved.
  - Something of value must be present.
  - Parties are capable of communication and delivery.
  - Desire to deal with the other party exists.
  - Each party is free to accept or reject the offer.



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## Learning Objective 2: Marketing Management Philosophies



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## Marketing Management Philosophies

Orientation	Focus
Production	Internal capabilities of the firm
Sales	Aggressive sales techniques and the belief that high sales result in high profits
Market	Satisfying customer wants and needs while meeting organizational objectives
Societal	Satisfying customer wants and needs while enhancing individual and societal well-being



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## Production Orientation

- Management assesses its resources and asks questions regarding goods and services
- Does not consider if the goods and services produced by the firm meets the needs of the marketplace
- Product-oriented firms can survive if:
  - Competition is weak
  - Demand exceeds supply



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## Sales Orientation

- Sales-oriented firms believe marketing is selling things and collecting money.
- Problem—These firms lack understanding of the needs and wants of the marketplace.
  - Firms often cannot convince people to buy what is neither wanted nor needed despite the quality of sales force.



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## Market Orientation

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



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## Achieving Marketing Orientation

- Includes:
  - Obtaining information about customers, competitors, and markets
  - Examining the information from a total business perspective
  - Determining how to deliver superior customer value
  - Implementing actions to provide value to customers



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## Societal Marketing Orientation

- Idea that an organization exists to:
  - Satisfy customer wants
  - Preserve or enhance individuals' and society's long-term best interests
- Acknowledges that some products that customers want may not be in their best interests or of society as a whole



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## Who Is in Charge?

- The Internet and social media have accelerated the shift in power from manufacturers and retailers to consumers and business users.
- A. G. Laffey concludes that “the customer is boss.”
- Companies must create strategy by offering distinct and compelling customer value and accomplish by carefully studying customers and using deep market insights.



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## Questions That Help Determine Marketing Philosophy

- 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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## Learning Objective 3: Differences between Sales and Market Orientations



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## The Organization’s Focus

- Historic sources of competitive advantage—technology, innovation, economies of scale—allowed companies to focus their efforts internally and prosper.
- Many successful firms derive their competitive advantage from an external, market-oriented focus.



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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-create with customers



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## Customer Satisfaction

- Customers' evaluation of a good or service in terms of whether that good or service has met their needs and expectations
- **Building Relationships**
  - Strategy that focuses on keeping and improving relationships with customers



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## Building Relationships

- Successful relationship marketing strategies depend upon:
  - Customer-oriented personnel
  - Effective training programs
  - Employees with the authority to make decisions and solve problems
  - Teamwork



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## The Firm's Business

**Advantages:**

- Ensures firm's focus on customers
- Encourages innovation and creativity
- Stimulates an awareness of change in customer preferences



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## End Targets of an Organization

- Sales-oriented organization
  - Targets its products at everybody or the average customer
- Market-oriented organization
  - Aims at specific groups of people



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## Customer Relationship Management (CRM)

- Company-wide business strategy designed to optimize profitability, revenue, and customer satisfaction
  - By focusing on highly defined and precise customer groups
- **On-demand marketing**
  - Delivering relevant experiences, integrated across both physical and virtual environments, throughout the consumer's decision and buying process



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## The Firm's Primary Goal

- Sales-oriented organizations
  - Seek to achieve profitability through sales volume
  - Make a profit by creating customer value, providing customer satisfaction, and building long-term relationships with customers
- Market-oriented organizations
  - 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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## A Word of Caution

- Promotion:
  - organizations communicate with present and prospective customers about the merits and characteristics of their organization and products
- Effective promotion is an essential part of effective marketing



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## Learning Objective 4: Why Study Marketing?



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## Why Study Marketing?

- Marketing Affects You Every Day!
  - Important to Business
  - Important to Society
  - Good Career Opportunities



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## Key Terms (1 of 2)

- Marketing
- Exchange
- Production orientation
- Sales orientation
- Marketing concept
- Market orientation
- Societal marketing orientation
- Customer value



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### Key Terms (2 of 2)

- Customer satisfaction
- Relationship marketing
- Empowerment
- Teamwork
- Customer relationship management(CRM)
- On-demand marketing