

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.

The idea of exchange is central to marketing

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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.
- Rubbermaid and Walmart – coercion?

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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
- Henry Ford’s “[Model T](#)” [Ford](#) – one color
- What if Henry had asked people what they wanted?
- Modern [examples](#)?

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Apple and Google Product Failures



Lisa
Apple TV
Macintosh Portable
Newton
Pippin
A/UX Operating System
“Hockey Puck” USB Mouse
Mac Cube
Quicktake Digital Camera



Google Base
Google Video
Google Catalog Search
Google Notebook
Dodgeball
Jaiku
Google Mashup Editor
Google Answer
Google Voice Search

[Apple Failures: Pictures!](#)

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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
- ◆ Understanding your competitive arena and competitors' strengths and weaknesses is a critical component of a market orientation.

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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*

Example Brand: [Method](#)

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Who's In Charge?

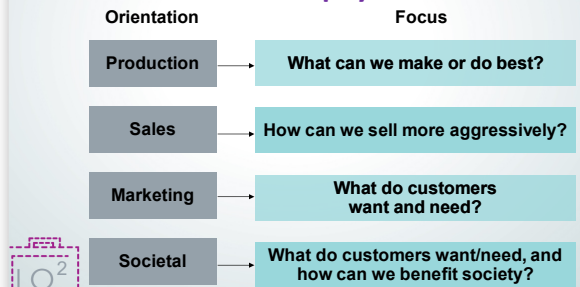
Increased availability of comparative research enables customers to shop smarter, putting the customer in the driver seat.

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Questions That Help Determine Marketing Philosophy



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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: What is it?

- ◆ Customer Value is the relationship between benefits and the sacrifice necessary to obtain those benefits.
- ◆ What are the various ways to offer value to the customer?

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◆ Value also includes:

- ◆ Customization
- ◆ Fast Delivery
- ◆ Fair prices
- ◆ Ease in the shopping process
- ◆ Saving Time
- ◆ Brand Image can offer value
- ◆ Utilitarian value
- ◆ Hedonic Value
- ◆ Many, many ways to offer value

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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.

What factors play a role in positive/negative customer satisfaction?

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Relationship Marketing

- Strategy that focuses on keeping and improving relationships with customers.
- Assumes that many consumers prefer to have an ongoing relationship with one organization rather than switch continually among providers.

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: (Market Orientation)

- Theodore Levitt's "Marketing Myopia"
 - What business are you really in?
- Ensures a customer focus (rather than goods or products)
- Encourages innovation and creativity
 - Is there a better way(s) to satisfy the customer?
- Stimulates an awareness of changes in customer preferences

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Customer Relationship Management

- Customer Relationship Management (CRM)
 - a company-wide business strategy designed to optimize profitability, revenue, and customer satisfaction by focusing on highly defined and precise customer groups.
 - requires much a deep understanding of a firm's customers
- Typical of market-oriented companies.
- Customized marketing toward a specific group. Example: shooting a rifle (CRM) vs shooting a shotgun (mass advertising)

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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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Why Study Marketing?

Describe several reasons for studying 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](#)

Beyond the Book

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