Marketing fundamentals quick review

Costanza Nosi – c.nosi@lumsa.it
IF YOU WANT TO WORK IN THE MARKETING FIELD …
BE PREPARED!!!!!!

MARKETERS ARE “BAD PEOPLE”
I'm an Advertiser, that is, I pollute the universe. The guy who sells you shit; who makes you dream about those things you will never have... In my profession

no one wants your happiness, because

happy people
do not consume
WHAT DO PEOPLE SAY ABOUT MARKETING?

[Images of various book covers and illustrations related to marketing and consumer behavior]
IS MARKETING ETHIC???
LET’S SEE SOME DEFINITIONS OF “MARKETING“
MARKETING MANAGEMENT

- is the process of planning and executing
- the conception,
- pricing,
- promotion
- and distribution
- of ideas, goods and services
- to create exchanges that satisfy individual and organizational objectives”

(American Marketing Association – 1985)
**MARKETING SATISFIES OBJECTIVES/NEEDS**

**NEED**: state of felt deprivation at the physical and/or at the psychological level
(real state/desired state)

**WANT**: form that a human need takes, as shaped by culture and individual personality

**BENEFIT**: Actual factor (cost effectiveness, design, performance, etc.) or perceived factor (image, popularity, reputation, etc.) that satisfies what a customer needs or wants.

**PRODUCTS SATISFY NEEDS/PROVIDE BENEFITS**
Maslow’s Hierarchy of Needs

- **Physiological needs**: Hunger, thirst
- **Safety needs**: Security, protection
- **Social needs**: Sense of belonging, love
- **Esteem needs**: Self-esteem, recognition, status
- **Self-actualization needs**: Self-development and realization
Needs and Wants are fulfilled through a **Marketing Offer**

- Some combination of products, services, information, or experiences offered to a market to satisfy a need or want.
MARKETING IS ABOUT EXCHANGING VALUE

**EXCHANGE:** process by which value is transferred from a party to another (buyer-seller)

**VALUE PROPOSITION:** value proposition is the sum total of benefits a customer is promised to receive in return for the associated payment (or other value transfer).
Customer Benefits and Value

CUSTOMER BENEFIT

IS THE CUSTOMER BENEFIT GREATER THAN THE SACRIFICE (COST)?

POOR VALUE

NO

YES

POTENTIAL GOOD VALUE
The goal of marketing is to facilitate exchanges

Requirements for exchange:

- Two or more parties (voluntary involved)
- Parties have unsatisfied wants/needs
- Parties have something of value to exchange
- Each party has something other party wants
- Means of communication & delivery (marketing!)
A Simple Marketing System

- **Industry** (a collection of sellers)
- **Market** (a collection of buyers)
- **Goods/Services**
- **Communication**
- **Money**
- **Information**
OBJECTS OF EXCHANGE

CONSUMER GOODS: Merchandise or other item of common or daily use, ordinarily bought by individuals or households for private consumption.

INDUSTRIAL GOODS: Machinery, manufacturing plants, materials, and other goods or component parts for use or consumption by other industries or firms.

WHAT CAN BE EXCHANGED?

BUSINESS TO CONSUMER

BUSINESS TO BUSINESS
SCOPE OF MARKETING

- Places
- Properties
- Organizations
- Information
- Ideas
- Goods
- Services
- Experiences
- Events
- Persons
OTHER DEFINITIONS

- Marketing is the human activity directed at satisfying human needs and wants through an exchange process

  *Kotler 1980*

- Marketing is a social and managerial process by which individuals and groups obtain what they want and need through creating, offering and exchanging products of value with others

  *Kotler 1991*
Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

American Marketing Association 2004
2013 American Marketing Association (AMA)

Marketing: “The (1) activity, (2) set of institutions, and (3) processes for (4) creating, (5) communicating, (6) delivering, (7) and exchanging (8) offerings that have (9) value for (10) customers, (11) clients, (12) partners, and (13) society at large.”

(Numbering added)
MARKETING MIX

- **Product:** Product variety, quality, design, features, brand name, packaging, sizes, services, warranties, returns

- **Price:** Price list, discounts, allowances, payment period, credit terms

- **Place:** Channels, coverage, assortments, locations, inventory, transport

- **Promotion:** Sales promotion, advertising, sales force, public relations, direct marketing
EVOLUTION OF MARKETING

Beginning XX century
Immediately after World War II

Product orientation

Aggressive MKTG
Hidden persuaders

Selling orientation
1950s

End MKTG 1.0

Competitive pressure

Customer orientation

1960 till half 1970s
• Saturated market
• Technological progress

Market orientation

Market maturity

1950s till half 1970s
Orientation to Market I phase
Since half 1970s
- Oil crisis (austerity)
- People still want to dream
- CRM
- Goods as status symbols

Orientation to Market II phase
Since 1990s
- Fall Berlin Wall
- Globalization
- Birth of European Community
- Euro
- Hyper-competition
- ConsumActor (co-creation)
- Green
- CSR
- H2H

EVOLUTION OF MARKETING

MKTG 2.0

MKTG 3.0
<table>
<thead>
<tr>
<th></th>
<th>MARKETING 1.0</th>
<th>MARKETING 2.0</th>
<th>MARKETING 3.0</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective</strong></td>
<td>Sell products</td>
<td>Satisfy and retain the consumers</td>
<td>Make the world a better place</td>
</tr>
<tr>
<td><strong>Enabling Forces</strong></td>
<td>Industrial Revolution</td>
<td>Information Technology</td>
<td>New Wave Technology</td>
</tr>
<tr>
<td><strong>How companies see the market</strong></td>
<td>Mass Buyers with Physical Needs</td>
<td>Smarter Consumer with Mind and Heart</td>
<td>Whole Human with Mind, Heart, and Spirit</td>
</tr>
<tr>
<td><strong>Key marketing concept</strong></td>
<td>Product development</td>
<td>Differentiation</td>
<td>Values</td>
</tr>
<tr>
<td><strong>Company marketing guidelines</strong></td>
<td>Product specification</td>
<td>Corporate and Product Positioning</td>
<td>Corporate, Vision, Values</td>
</tr>
<tr>
<td><strong>Value propositions</strong></td>
<td>Functional</td>
<td>Functional and Emotional</td>
<td>Functional, Emotional, and Spiritual</td>
</tr>
<tr>
<td><strong>Interaction with consumers</strong></td>
<td>One-to-Many Transaction</td>
<td>One-to-One Relationship</td>
<td>Many-to-Many Collaboration</td>
</tr>
</tbody>
</table>