Marketing fundamentals quick review
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IF YOU WANT TO WORK IN THE MARKETING FIELD …
BE PREPARED!!!!!!

MARKETERS ARE “BAD PEOPLE”

Let me tell you a story …
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?
IS MARKETING ETHIC???
LET’S SEE SOME DEFINITIONS OF “MARKETING“
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 his or her custom and the associated payment (or other value transfer).
Customer Benefits and Value

- **CUSTOMER BENEFIT**
- **IS THE CUSTOMER BENEFIT GREATER THAN THE SACRIFICE (COST)?**
  - **NO** → **POOR VALUE**
  - **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!)
Requirements for Market Exchange

- A “marketplace”
- A medium of exchange
- Specialization of labour
- Marketing management/coordination
What is a Market?

- The set of actual and potential buyers of a product.

- These people share a need or want that can be satisfied through exchange relationships.

Wholesalers
Exporters
Input suppliers
Agro processors
THIS IS DEMAND

Wants

Buying Power

income available for discretionary spending

DEMAND
Each side receives something more valuable than what it gave up → “win-win” deal and customer value

- In a free market, for a deal to take place, both sides should prefer the trade.

- Part of the value may be assurance of continued quality over time (value of the brand)
In principle, **money does not have to be exchanged**.

- **For goods** and services, this is usually the **most convenient way of trade**.

- **For ideas**, there may be **no monetary exchange** as such. E.g.,
  - Voting for a candidate
  - Engaging in recycling
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

BUSINESS TO CONSUMER

BUSINESS TO BUSINESS

WHAT CAN BE EXCHANGED?
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
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.”
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

1950s

Selling orientation

1960 till half 1970s
- Saturated market
- Technological progress
- Dolce Vita, paparazzi
- Segmentation
- CS
- Consumerism

Customer orientation

1950s

End MKTG 1.0

Competitive pressure

Market orientation

Market maturity
EVOLUTION OF MARKETING

Orientation to Market I phase

- Since half 1970s
- Oil crisis (austerity)
- People still want to dream
- CRM
- Goods as status symbols

MKTG 2.0

Sale of emotions and experiences

Orientation to Market II phase

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

MKTG 3.0
## MARKETING 3.0

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PRODUCTION CONCEPT

- Efficiency issues
- Mass production
- Narrow product-line(s)
- Pricing based on the costs of production and distribution
- Research limited to technical product-research
- Packaging designed primarily to protect the product
- Minimal promotion and advertising, limited to raising awareness of the existence of the product
- Consumers more interested in simply obtaining the product, and less in its quality
PRODUCT CONCEPT

- Consumers will favor those products that offer the most quality, performance or innovative features.
- Managers in product-oriented organizations concentrate on making superior products and improving them over time.
- The assumption is that the customers will admire well-made products and can evaluate product quality and performance.
- This concept may lead to marketing myopia.
SELLING CONCEPT

- **Aggressive** selling and promotion
- **Assumptions**
  - Consumers must be convinced of buying company products
  - Company is powerful in generating effective selling and promotion to stimulate more buying

- This concept is mostly used by firms which have overcapacity.
- The aim is “to sell what they make” rather than “make what the market wants.”
- **Short-term profits** are more important (customer dissatisfaction may occur)
MARKETING CONCEPT

- Key to achieving organizational goals consists of being more effective than competitors in creating, delivering and communicating customer value to target markets.

- 4 pillars of modern marketing:
  - Target market
  - Customer needs
  - Integrated marketing
  - Profitability through customer satisfaction
MARKETING CONCEPT (cont.)

- Target market: homogenous group of customers to whom the company wishes to appeal
- Customer needs
  - Consumers may not be fully conscious of their needs
  - It may not be easy to articulate these needs
  - They may use words that require some interpretation
- Customer-oriented thinking to define customer needs from the customer’s point of view
- Sales revenue: New customers + Repeat customers
  - “Customer Retention” vs. “Customer Attraction”
- Customer satisfaction is a function of the product perceived performance and buyer’s expectations
- **Customer Relationship Management**: the overall process of building and maintaining profitable **customer relationships** by delivering superior customer value and satisfaction.

- It deals with all aspects of acquiring, keeping and growing customers
- **Relationship building blocks** “customer value” and “customer satisfaction”
- “**Customer retention**” and “**customer loyalty**”
- The intention to gain a greater proportion of an existing customer’s purchases over a long period (**increase “consumer lifetime value”**)!
Most marketers are targeting fewer, potentially more profitable customers.

**Asking:**
- What value does the customer bring to the organization?
- Are they worth pursuing? – *customer profitability analysis*

**Focus has shifted to:**
- keeping current customers, and
- building lasting relationships based on superior satisfaction and value.

- It costs 5 to 10 times as much to attract a new customer as it does to keep a current customer satisfied.
Societal Marketing Concept

- Company’s negative effects on society
- Conflict between consumer wants and long-term social welfare
- Marketing managers should be concerned with social responsibility
- The societal marketing concept
  - Company’s task is to determine needs and wants of target markets & to satisfy them more effectively and efficiently than competitors in a way that preserves or enhances the consumer’s and society’s well-being.
Societal Marketing Concept

Society (Human Welfare)

Consumers (Want Satisfaction)

Company (Profits)
MARKETING FUNDAMENTALS MANUALS