
Marketing 5000

The Overview

Marketing Overview

The definition of Marketing used to be:

“human activities directed at the satisfaction of needs and wants through exchange processes”

(Kotler, Northwestern University)

or

Marketing Overview

“Performance of business activities that direct the flow of goods and services from producer to consumer”

(American Marketing Association)

or

Marketing Overview

“the process of identifying customer needs; conceptualizing those needs in terms of an organization’s capacity to produce; communicating the conceptualization to the appropriate laws of power in the organization; conceptualizing the consequent output in terms of the customer needs earlier identified; and communicating that conceptualization to the customer”

(Howard, Columbia University)

or

Marketing Overview

“the process of creating, distributing, promoting, and pricing goods, services and ideas to facilitate satisfying exchange relationships with customers in a dynamic environment”

(Pride [Texas A&M] - Ferrell, [Colorado State])

Marketing Overview

Is this enough?

Is knowing what the customer wants
enough when all of your competitors
know it as well?

Or is success based primarily on
strategies and tactics?

Marketing Overview

A better definition of marketing:

Marketing is War!

Marketing Overview

“War belongs to the province of business competition, which is also a conflict of human interests and activities.”

(Karl von Clausewitz, *On War*)

Marketing Overview

The true nature of marketing today involves the conflict between corporations.

Not the satisfying of human needs and wants!

Marketing Overview

What is the role of Marketing in a company?

- Understand the customer, the target market
- Understand the competition
- Support the sales function
- Create shareholder value
- Determine what products a company can sell
- Providing customer value
- What else?

Marketing Overview

What do we mean when we use the term
“Marketing Concept”?

A view from the perspective that we will
offer to a given target audience what we
can profitably sell using a clearly defined
set of actions!

Marketing Overview

Define “Providing value to customers”

- In terms of the Price/Value ratio
- In terms of product features
- In terms of product benefits

Marketing Overview

What is the “Marketing Mix?”

Marketing Overview

What is the “Marketing Mix?”

Marketing deals with **Products, Distribution, Pricing, and Promotion** directed at a particular target audience. Together these elements form the **Marketing Mix**.

Marketing Overview

What is “relationship marketing?”

Marketing Overview

What is “relationship marketing?”

Establishing a long-term relationship with a buyer that is mutually beneficial. Often the term “**CRM**” is used to describe this marketing process.

Marketing Overview

What leads to defeat in both
War and Marketing?

- Over-pessimism (Fear of Failure)
- Over-optimism (Failure to Fear Failure)

Marketing Overview

Good Marketing professionals need to understand the nature, causes, and cures of marketing failures

Marketing Overview

Most Common Marketing Errors

- Failure to keep products/services up-to-date
- Failure to estimate market potential accurately
- Failure to gauge the trend of the market
- Failure to appreciate regional differences in market potential and in trend of market
- Failure to appreciate seasonal differences in your customers' demand

Marketing Overview

Most Common Marketing Errors

- Failure to establish the advertising budget based on the job to be done
- Failure to adhere to policies established in connection with long-range goals
- Failure to test-market new ideas
- Failure to differentiate between long-term strategies and short-term tactics
- Failure to admit defeat

Marketing Overview

Most Common Marketing Errors

- Failure to try new ideas while a brand is climbing
- Failure to integrate all phases of the marketing operation into the over-all program
- Failure to appraise objectively your competitors' brands
- Failure to get the facts and interpret them correctly

Marketing Overview

Differences Between Production-Oriented and Market-Oriented

<u>Business activity or function</u>	<u>Production orientation</u>	<u>Marketing orientation</u>
Product offering	Company sells what it can make; primary focus on functional performance and cost.	Company makes what it can sell; primary focus on customers' needs and market opportunities.
Product line	Narrow.	Broad.
Pricing	Based on production and distribution costs.	Based on perceived benefits provided.
Research	Technical research; focus on product improvement and cost cutting in the production process.	Market research; focus on identifying new opportunities and applying new technology to satisfy customer needs.

Marketing Overview

Differences Between Production-Oriented and Market-Oriented

<u>Business activity or function</u>	<u>Production orientation</u>	<u>Marketing orientation</u>
Packaging	Protection for the product; minimize costs.	Designed for customer convenience; a promotional tool.
Credit	A necessary evil; minimize bad debt losses.	A customer service; a tool to attract customers.
Promotion	Emphasis on product features, quality, and price.	Emphasis on product benefits and ability to satisfy customers' needs or solve problems.

Strategic Planning

Non Sequitur by Wiley Miller

BOB DISCOVERS
THAT ACCURACY
AND MARKETING
DON'T MIX...



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Goals and Objectives

What's the difference between
a Goal and a Strategy?

Goals are commitments. Inflexible,
rigid, unwavering, focused.

Strategies can be changed, modified
or eliminated based on market
conditions

Strategy

Companies often talk about their strategies.

What does *strategy* mean?

A fundamental pattern of present and planned objectives, resource deployments, and interactions of an organization with markets, competitors, and other environmental factors.

Components of Strategy

- Scope
- Goals and objectives
- Resource deployments
- Identification of sustainable competitive advantage
- Synergy

Corporate Growth Strategies

	Current products	New products
Current markets	Market penetration strategies <ul style="list-style-type: none">• Increase market share• Increase product usage• Increase frequency of use• Increase quantity used• New applications	Product development strategies <ul style="list-style-type: none">• Product improvements• Product-line extensions• New products for same market
New markets	Market development strategies <ul style="list-style-type: none">• Expand markets for existing products• Geographic expansion• Target new segments	Diversification strategies <ul style="list-style-type: none">• Vertical integration Forward/backward integration• Diversification into related bus (concentric diversification)• Diversification into unrelated businesses (conglomerate diversification)

Corporate Growth Strategies

Current products

**Current
markets**

Market penetration strategies

- Increase market share
- Increase product usage
- Increase frequency of use
- Increase quantity used
- New applications

Corporate Growth Strategies

New products

**Current
markets**

Product development strategies

- **Product improvements**
- **Product-line extensions**
- **New products for same market**

Corporate Growth Strategies

Current products

**New
markets**

Market development strategies

- **Expand markets for existing products**
 - **Geographic expansion**
 - **Target new segments**
-

Corporate Growth Strategies

New products

**New
markets**

Diversification strategies

- **Vertical integration**
Forward/backward integration
- **Diversification into related businesses (concentric diversification)**
- **Diversification into unrelated businesses (conglomerate diversification)**

Contents of a Marketing Plan

- **Executive summary**
- **Current situation (SWOT) and trends**
- **Performance review (for an existing good or service only)**
- **Key issues**
- **Objectives**
- **Marketing strategy**
- **Action plans**
- **Projected profit-and-loss statement**
- **Controls**
- **Contingency plans**

Strategic Planning

What is a SWOT Analysis?

Strategic Planning

What is a SWOT Analysis?

An assessment of the company's **Strengths**,
Weaknesses, **Opportunities**, and **Threats**.

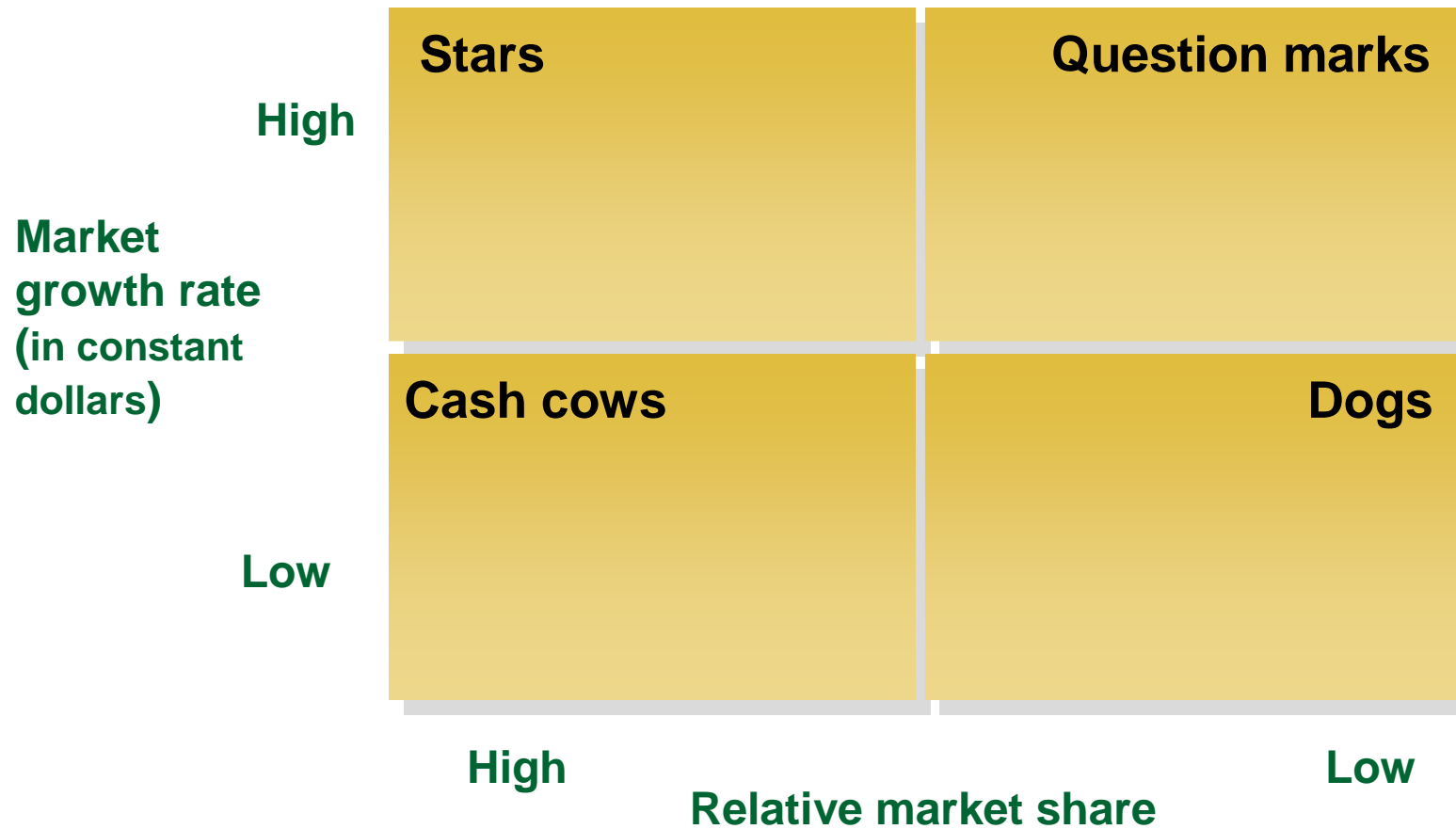
Marketing Jeopardy

What are Stars, Cash Cows,
Question Marks, and Dogs?

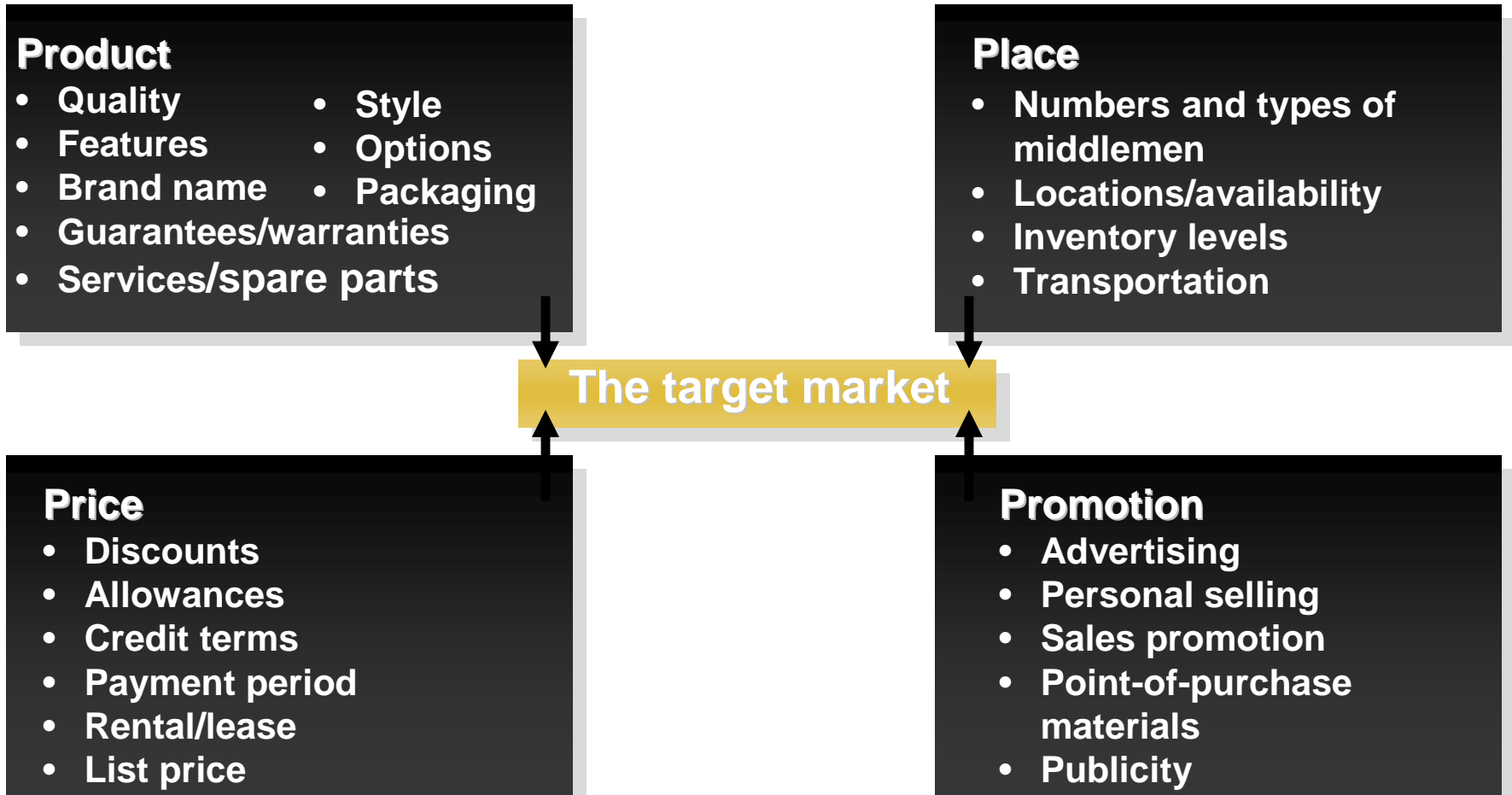
The four cells in the
Boston Consulting Group
growth share matrix

Strategic Planning

Product Portfolio Matrix



Decisions Within the Four Elements of the Marketing Mix



Key Macro Trends To Evaluate

- Demographic environment
- Sociocultural environment
- Economic environment
- Political/legal environment
- Technological environment
- Physical environment

Shifts Occurring in U.S. Demographics

- **Family Structure:** Traditional is becoming less typical
- **Aging:** Baby boomers dominate growth
- **Geographic Distribution:** Increase in immigrants and migration of jobs and people to suburbs
- **Ethnic Composition:** U.S. becoming more diverse
- What else?

Shifting Values in Western Societies

Traditional values

Self-denial ethic
Higher standard of living
Traditional sex roles
Accepted definition of success
Traditional family life
Faith in industry, institutions
Live to work
Hero worship
Expansionism
Patriotism
Unparalleled growth
Industrial growth
Receptivity to technology

New values

Self-fulfillment ethic
Better quality of life
Blurring of sex roles
Individualized definition of success
Alternative families
Self-reliance
Work to live
Love of ideas
Pluralism
Less nationalistic
Growing sense of limits
Information/service growth
Technology orientation

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Economic Environment

- GDP has increased between rich and poor countries
- World's economic growth continues to increase
- Developing countries are expected to have higher growth rates than developed countries

Political/Legal Environment

Potential Political Problems

- Confiscation
- Expropriation
- Domestication
- Changes in exchange control
- Local content laws
- Import restrictions
- Taxes
- Price controls

Technological Environment

- Development of Fiber-optic Cables
- Storage devices developed to handle the increasing volume of data
- Use of flexible low-cost wireless transmission
- Development of low-cost multimedia chip
- Advances in biology
- Progress in agriculture

Physical Environment

- Depletion of valuable resources
- Deserts growing
- Forests shrinking
- Lakes dying
- Quality and quantity of groundwater declining
- Rise in temperature