

MARKETING / 01A

IBMS /
University of Applied Sciences

Raymond Reinhardt

3R Business Development
raymond.reinhardt@3r-bdc.com
©3R

Based on Ph. Kotler's *Principles of marketing / international edition*,
and miscellaneous designer's lecturing materials



1

MARKETING BASICS

What is marketing?

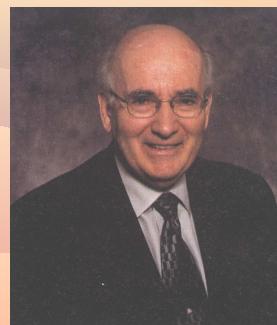
- Telling and selling?
- Products? Services? Both?
- Commercials and advertising?
- Good quality? What kind of quality?
- Mostly in profit-driven organizations?
- Typically intended for Western societies?
- ??

3R

2

MARKETING BASICS

Marketing according to Prof. Philip Kotler



- **Philip Kotler** (NWU, and author of *Principles of marketing*) explains marketing as follows:

'Marketing is the delivery of customer satisfaction at a profit.'

- And even shorter:

'Marketing is meeting needs profitably.'

3R

3

MARKETING BASICS

And according to Prof. Bronis Verhage

- **Bronislaw Verhage** (GSU, and author of *Foundations of marketing*) defines marketing as:

the market-matching development, price determination, promotion and distribution of products, services or ideas, and other activities to systematically acquire a **reputation**, to facilitate **exchanges**, and to create lasting **relationships** with customers, through which organizations and parties concerned realize their goals and gain mutual benefits.

3R

4

MARKETING BASICS

Marketing seen from other angles

- Marketing could also be defined as:

a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others

and also:

the management process responsible for identifying, anticipating and satisfying customer requirements profitably (CIM).

3R

5

MARKETING BASICS

The scope of marketing

- Marketing, and business marketing as well, can be applied in many area's, and most commonly to:

- Goods** (physical goods)
- Services** (finance, travel, insurance, engineering,etc.)
- Experiences** (sports, concerts, Disney Land)
- Events** (Olympics, W-Cup conferences, etc.)
- Persons** (celebrities, movie stars, artists, etc.)
- Places** (example: national tourist boards)
- Properties** (real estate, financial, etc.)
- Organizations** (profit / non-profit)
- Information** (media, educational, etc.)
- Ideas** (social marketing)

3R

6

MARKETING BASICS

Marketing and the new economy



3R

7

MARKETING BASICS

Marketing and the new economy

- Thanks to the **digital revolution**, consumers have great possibilities today that they didn't have before:
 - a substantial increase in buying power;
 - a greater variety of available goods & services;
 - lots of information about almost everything;
 - a greater ease in interacting and placing & receiving orders, 24-7;
 - an ability to better compare products and services;
 - and much more.

3R

8

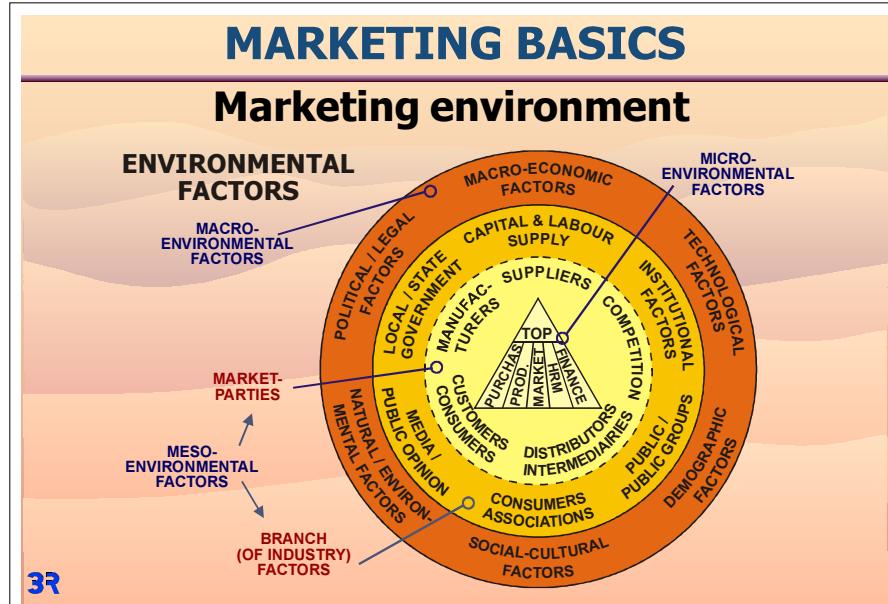
MARKETING BASICS

Marketing and the new economy

- And...today's businesses enjoy many advantages, as well:
 - a greater ability to collect fuller and richer information about markets, customers, etc.;
 - an ability to have a 2-way communication with customers and prospects;
 - an ability to customize offerings and services to *individual*/customers;
 - an ability to substantially improve logistics and operations;
 - and much more.

3R

9



10

MARKETING BASICS

Needs, wants and demands

- In marketing, understanding the target market's needs, wants and demands is **essential**:
- **needs** are the basic human requirements, such as food, air, water, clothing and shelter to survive;
- furthermore, people have needs regarding education, recreation, entertainment and self-expression;
- when a need is not satisfied, a person will either **look for an alternative** or **try to reduce that need**.

3R

11

MARKETING BASICS

Needs, wants and demands

- Needs become **wants** when they are aimed at specific solutions that might satisfy the need:
- wants are mainly shaped by one's society. An American, *needing* food, could *want* a hamburger and fries. A Chinese, also *needing* food, could *want* noodles and sweet & sour pork (or perhaps a hamburger, instead?);
- producers and manufacturers will try to create and provide more 'want-satisfying' products and services.

3R

12

MARKETING BASICS

Needs, wants and demands

- **Demands** are wants for specific products backed by an ability to pay:
 - many people in need of their own means of transportation, might want a car such as a Mercedes. However, only relatively few are able and willing to buy one;
 - therefore companies must not only measure how many people *want* their products, but also *how many would actually be willing and able to buy them.*

3R

13

MARKETING BASICS

Satisfying the needs and wants

- People satisfy their needs and wants with **products and services**:
 - a product is *anything* that can be offered to a market to satisfy a need or want;
 - in addition to **tangible goods**, products may also include services.
Essentially, services are **intangible** and do not result in the ownership of anything (banking, accountancy, travel, training, repair services, etc.)

3R

14

MARKETING BASICS

Value, satisfaction, quality



3R

15

MARKETING BASICS

Customer value

- **Customer value** can be defined as a ratio between what the customer gets and what he gives or sacrifices:

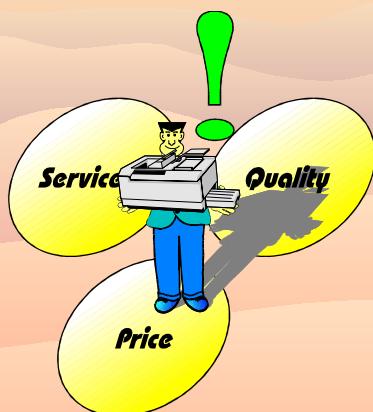
- customer value can be seen as the consumer's valuation of a product's overall capacity to satisfy his or her needs;
- in addition, customers -consumers- often do not -and can not- judge product values and costs accurately or objectively. Consumers will frequently act on their **perceived value**.

3R

16

MARKETING BASICS

Customer value triad



3R

17

MARKETING BASICS

Customer value & customer satisfaction

- **Customer satisfaction** depends on a product's perceived performance in delivering value, in relation to the buyer's expectations:

- if the product's performance does not meet the buyer's expectations, the buyer may become **dissatisfied**;
- if the product's performance matches -or even better: **exceeds**- the buyer's expectations, the buyer will be **satisfied** or even be **delighted**.

3R

18

MARKETING BASICS

Customer satisfaction & quality

- Customer satisfaction is closely linked to **quality**. As such, quality has a direct impact on product performance, and therefore also on customer satisfaction
 - quality *could* be defined as: zero-defect (products). Quality, however, involves much more than the zero-defect state of products and services!
 - In this respect, many companies have adopted **total quality management (TQM)** programmes.

3R

19

MARKETING BASICS

Achieving quality



3R

20

MARKETING BASICS

Total quality / Total quality management

- The fundamental aim of today's total quality movement has become **total customer satisfaction**. Quality begins with customer needs and ends with customer satisfaction.
 - **Total quality**: the process of **continuously** meeting the customer's demands against the lowest possible costs.
 - **Total quality management**: the process of achieving total quality through **mobilization of all parties involved** (*including the customer!*)

3R

21

MARKETING BASICS

Exchange, transactions & relationships



3R

22

MARKETING BASICS

Exchange

(1/4)

- **Exchange** = the act of obtaining a desired object from someone by offering something (that the other person desires) in return.
 - Exchange (trading things with each other) enables us to concentrate on making things we are good at, and to trade them for needed items made by others;
 - thus, exchange enables a society to produce much more than it would otherwise.

3R

23

MARKETING BASICS

Exchange

(2/4)

- **Exchange** = the core concept of marketing. Requirements for exchange (->marketing!) to occur, are:
 - **Two or more parties with unsatisfied needs**
(example: you, with a need for business information, not knowing the existence of *Business Weekly* magazine; and your local bookshop, needing someone to buy a copy of *Business Weekly* magazine)
 - **Desire and ability to satisfy these needs**
(you and the bookshop owner want to satisfy these unmet needs; you've got time and money to buy the magazine, the bookshop owner has got the magazine on the shelves)

3R

24

MARKETING BASICS

Exchange

(3/4)

- **Exchange** = the core concept of marketing.
Further requirements for exchange to occur, are:

- **A way for the parties to communicate**

(the marketing transaction of buying *Business Weekly* will not occur unless you are aware of its existence and location; the bookshop owner won't stock *Business Weekly* unless he sees a market of potential customers near the shop who are likely to buy.

When you receive a free sample in the mail, or see the magazine on display in the bookshop, the communications barrier between you and the bookshop owner disappears).

3R

25

MARKETING BASICS

Exchange

(4/4)

- **Exchange** = the core concept of marketing.
Further requirements for exchange to occur, are:

- **Something to exchange**

(Marketing occurs when the transaction takes place and both the buyer and the seller exchange something of value. In this case, money will be exchanged in order to obtain the magazine. Both parties have gained something and both have also given up something, but both are better off because both parties have satisfied their unmet needs)

3R

26

MARKETING BASICS

Transaction

- **Transaction** = a trade between two parties, involving at least two things of value, agreed-upon conditions, a time of agreement and a place of agreement.

- A transaction can be considered as **marketing's unit of measurement**.
 - **Transactions usually involve money** (monetary transactions), **but not all the time** (bartering: goods or services for other goods or services).
 - **Transactions may involve other responses** (votes, memberships, acceptance of idea's, etc.).

3R

27

MARKETING BASICS

Relationship marketing

- **Relationship marketing** = the process of developing, maintaining and enhancing effective relationships with consumers and other stakeholders.

- Relationship marketing links an organization to its individual customers, employees, suppliers and other partners (such as wholesalers or retailers in the manufacturer's channel of distribution) in view of their **mutual long-term benefits**.

3R

28

MARKETING BASICS

Relationship marketing

- **Relationship marketing**

- In an ideal setting relationship marketing involves **a personal, ongoing relationship** between an organization and its individual customer.

3R

29

MARKETING BASICS

Relationship marketing: hard to implement

- Many manufacturers and resellers have **difficulty in achieving close relationships** with their customers.

- On the one hand, today's technology, combined with cutting-edge manufacturing and marketing processes, have led to **mass customization**. So, now manufacturers can tailor goods or services to the tastes of individual customers, in high volumes and at a relatively low cost (for example: Levi's jeans, Dell computers).
- A logical next step for organizations is to establish **one-to-one relationships** with their customers.

3R

30

MARKETING BASICS

Relationship marketing: hard to implement

- On the other hand, today's marketplace, through Internet purchases, often involves bringing the seller and the buyer more closely together through ***eliminating one or more resellers*** in the channel of distribution.
- The effect is that consumers can use the Internet for their direct purchases. In the process they may lose the personal ***tender-loving-care*** they once enjoyed at their special stores.
Therefore, practising relationship marketing becomes more difficult for such stores.

3R