



LOG3204

MARKETING AND CUSTOMER RELATIONSHIP MANAGEMENT

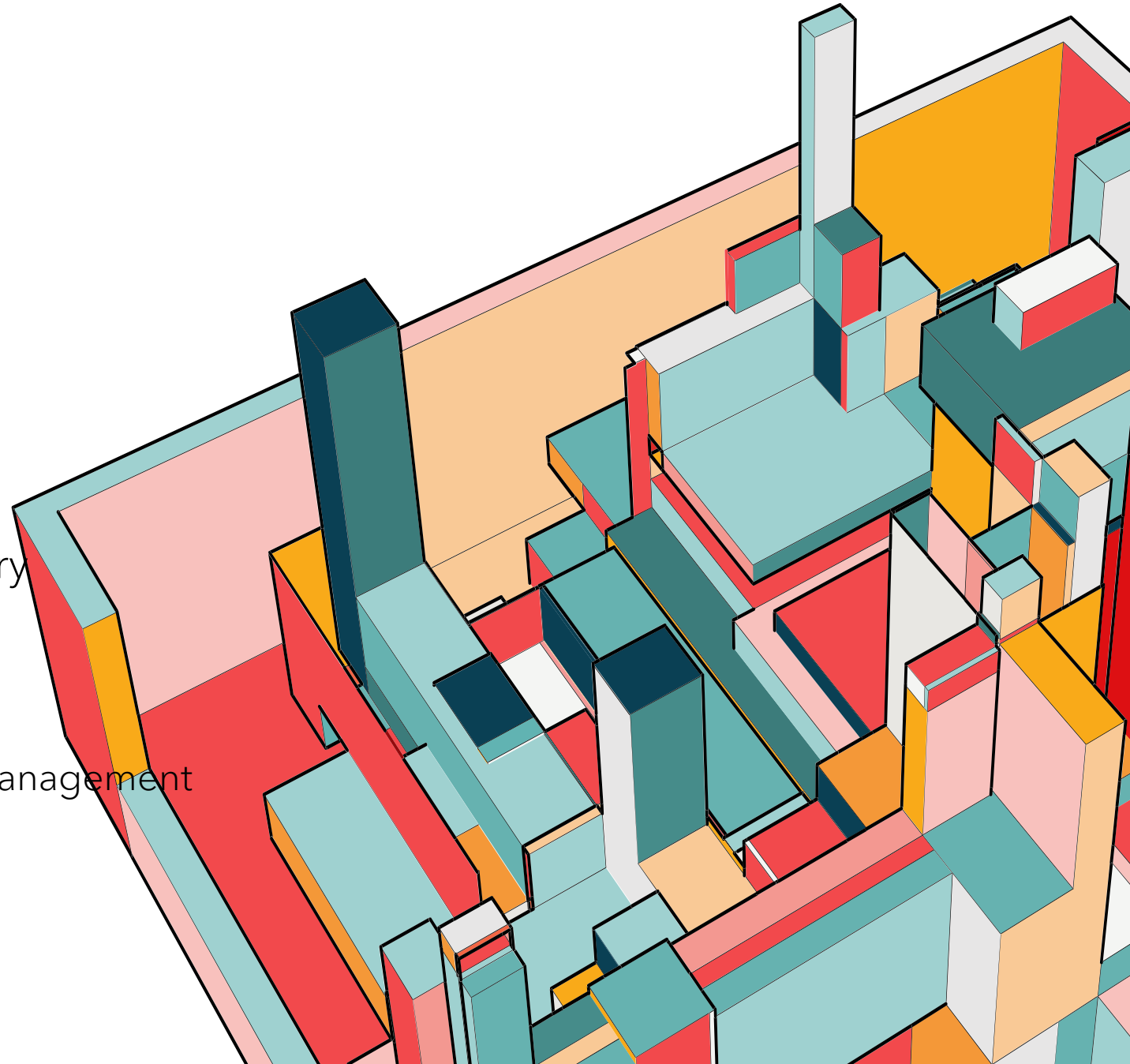
UNIT 1: MARKETING AND CUSTOMER RELATIONSHIP MANAGEMENT

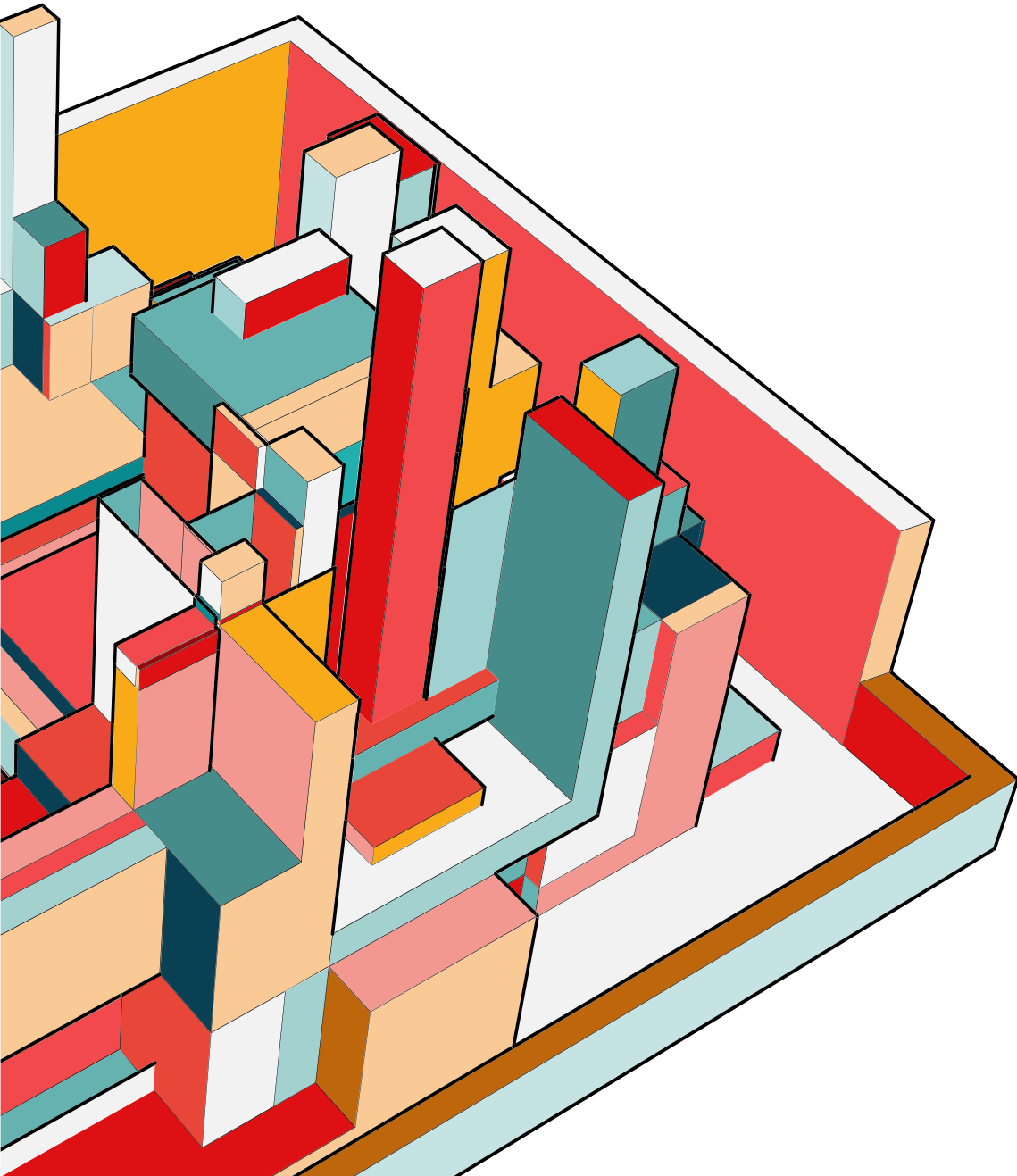
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OVERVIEW

- What is this course all about?
- What is marketing?
- What do marketers do?
- What value is created by marketing?
- History of marketing and marketing theory
- Definitions of marketing
- Basic concepts of marketing
- Marketing management - "Ps" of marketing management





INTRODUCTION TO MARKETING

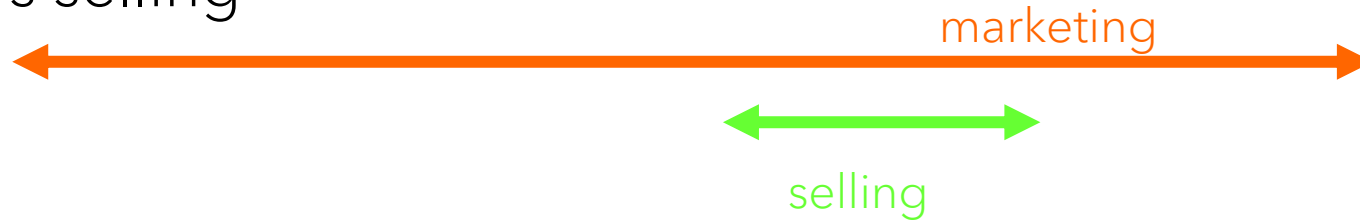
Marketing is dynamic and impactful. The details differ between industries, but at its most basic marketing is how businesses reach prospective customers and communicate the unique benefits of a product or service. It encompasses all the activities that companies undertake to promote, sell, and distribute that product or service. The goal is to generate sales and build a loyal customer base by informing prospective and existing buyers about the offering.

Your target audience must first be aware that your product or service exists before you can hope to inspire a purchase. An essential function in any business, marketing supports efforts to acquire, keep, and grow customers.

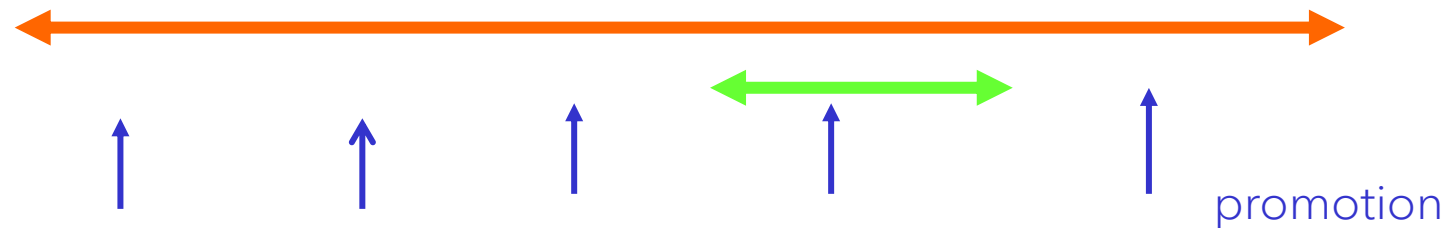
WHAT IS MARKETING?

- Selling? Promotion (advertising)?

Marketing vs selling




Marketing vs promotion



MARKETING DEFINED

- Marketing is...the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, services, organizations, and events to create exchanges that will satisfy individual and organizational objectives. (AMA 1985)

KEY IDEAS IN THE DEFINITION


- Process involving strategy and tactics
 - 4 Ps
 - More than goods
 - Exchange is central
 - Satisfy consumer and organizational needs
- 

WHAT BESIDES GOODS CAN WE MARKET?

- People
- Places
- Causes
- Events
- Organizations
 - profit
 - nonprofit



WHAT DO MARKETERS DO?

- Identify needs and wants
 - Choose which/whose needs to focus on
 - Create and manage products
 - Communicate about products
 - Price products
 - Distribute products
 - Follow up
- 


A DAY IN THE LIFE OF A MARKETER

- Bob Thomas
 - assistant brand manager for Cool Mint Listerine Toothpaste (Warner Lambert)
 - Angie Goldman
 - analyst for Nielson Market Research
 - Tae-Jin Lee
 - sales rep for Warner Lambert
 - Tanya Johnson
 - account associate at J. Walter Thompson
- 

WHAT VALUE IS CREATED BY MARKETING?

- Form utility
- Place utility
- Time utility
- Possession utility

THE 'ERAS' OF BUSINESS

- Production era
 - Sales era
 - Marketing era
 - Relationship era
- 

THE PRODUCTION ERA/CONCEPT

- "Consumers will buy whatever we produce."
- Often feasible with excess demand (a seller's market)


THE SALES ERA/CONCEPT

- "We need to work at selling what we produce."
- Often motivated by excess supply (a buyer's market)
- String

WHAT IS MARKETING MYOPIA?

- A focus on products or processes rather than on customer groups and needs
- Examples:
 - trains and trucks
 - slide rules and calculators
 - natural and artificial fibers


THE MARKETING ERA/CONCEPT

- “We need to understand consumers needs and wants in order to decide what to produce.”
 - Focus externally: on the market
 - Company wide orientation
- 

THE MARKETING RELATIONSHIP ERA/CONCEPT

- Movement away from the single transaction as cornerstone of marketing
- A focus on building long term *relationships* with customers
- Why?
 - cost of getting a new customer
 - cost of keeping an old customer
- Activities that build long term relationships

KEY TAKE AWAYS

- What marketing is (and isn't!)
 - What marketers do
 - How we got here
 - Where we're headed in this class
- 

THE MARKETING MIX

- The conventional view of the marketing mix consisted of four components: *product, price, distribution and promotion*.
- Generally acknowledged that this is too narrow today; now includes service, processes, technology...
- Marketers today are focused on virtually all aspects of the firm's operations that have the potential to affect the *relationship* with customers.

THE MARKETING MIX

1953 NEIL BORDEN PRESIDENT OF AMA – CONCEPT

“RECIPE”

4 traditional P's:

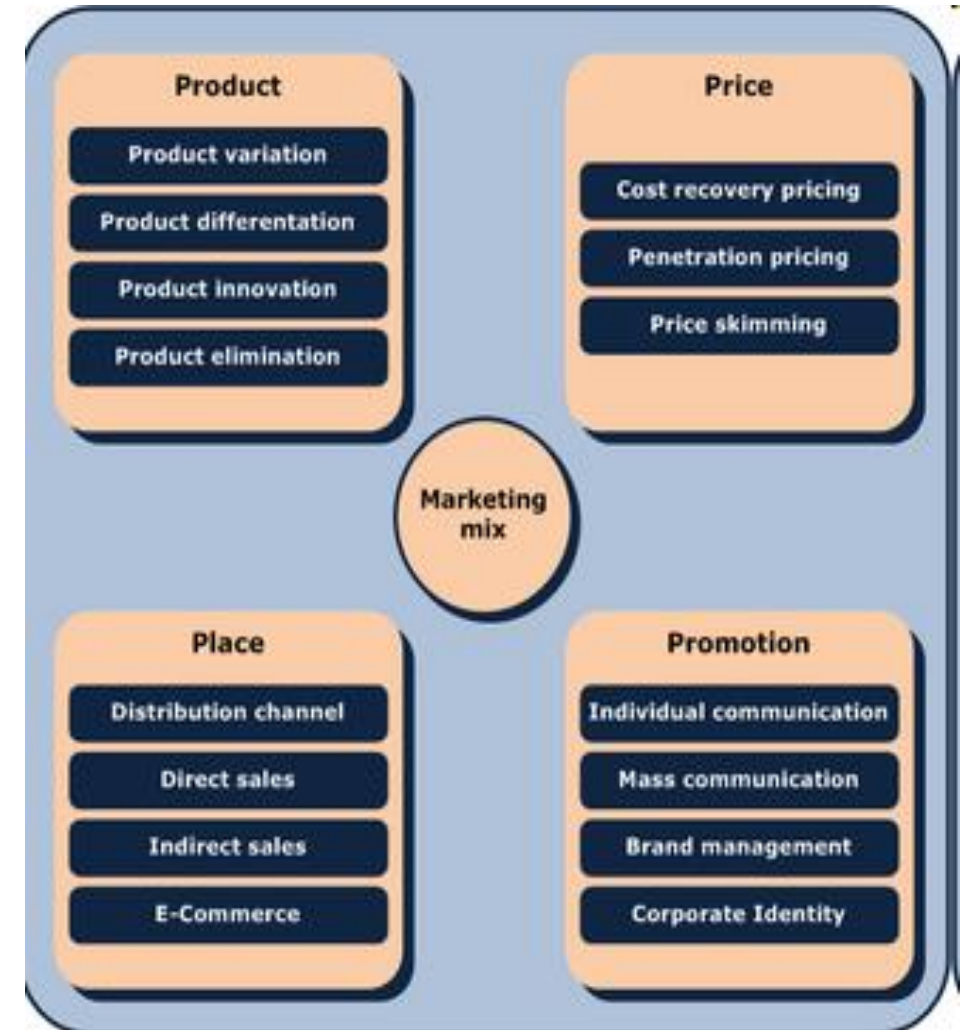
- Product
- Price
- Promotion
- Place (Distribution)

E. Jerome McCarthy, 1960,
book Basic Marketing

More „Ps“:

- Preparedness
- Personnel
- Packaging
- People...

- 4 „Cs“: customer solution, customer costs, customer convenience, communication with customer (Kotler)



OTHER MARKETING CONCEPTS

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

Assumption : consumers will buy it if it's cheap

Makes sense when little differentiation is demanded

Makes sense for price sensitive segments

- the main focus of the company is on the products being like improving it, adding features to it, making the product superior each time assuming that customers will buy the products because they have greater quality.
- the first thing that is considered is the **function** that the product is going to serve. It is also reviewed as to how many models or sizes or **variants** the product is going to have. This product can be a physical good or a service.

After the product has been manufactured, the **quality** assurance is done and the **packaging** is done. The warranty period is also determined and the **repair** and **support system** is also considered.

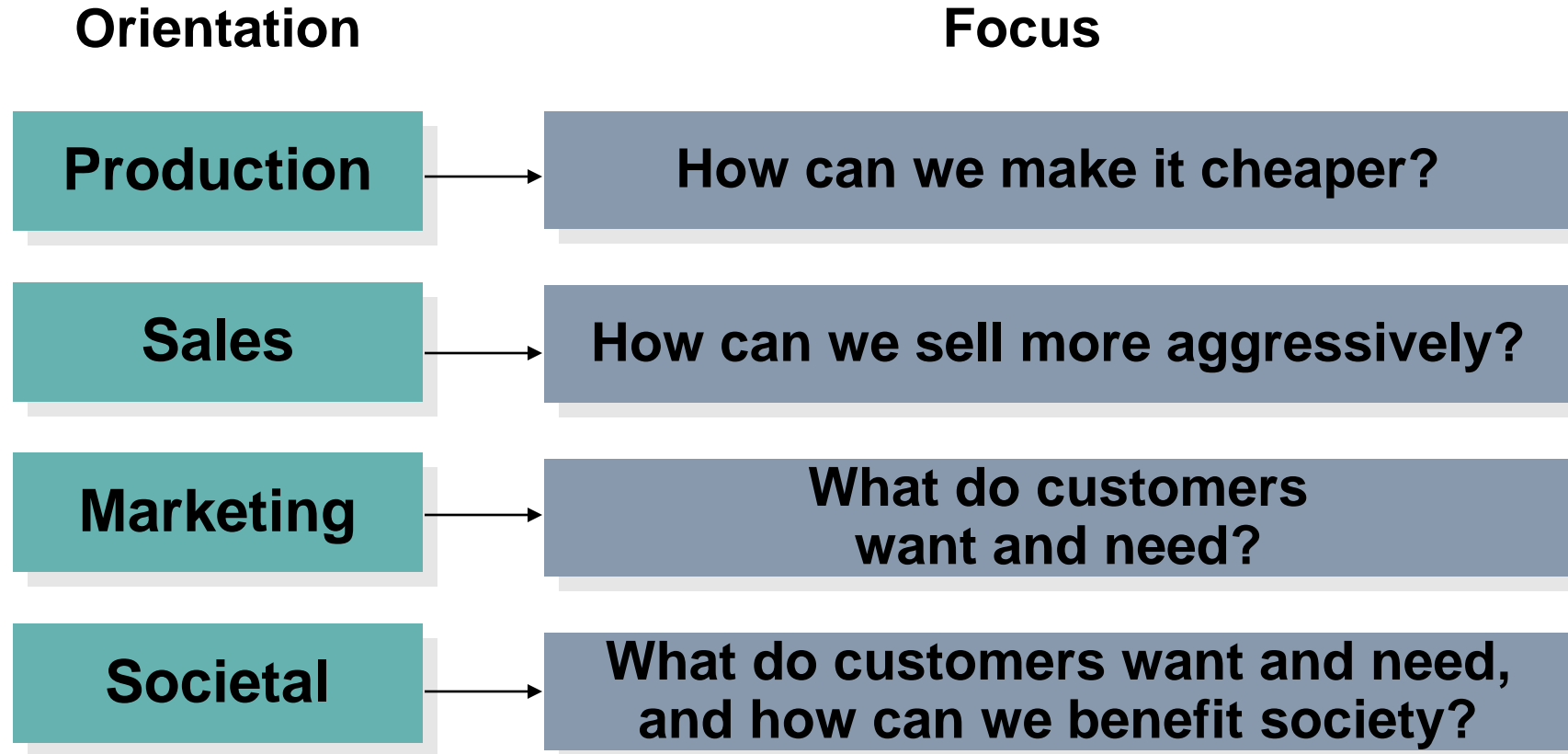
Selling concept

- Company relies on sales talent
- May result in high pressure sales tactics
- Makes more sense when new product's benefits are hard to understand
- Businesses concentrates on ways of selling the products.
- Numerous sales techniques such as closing, probing, and qualifying are used and the sales department has an exalted position in a company's organizational structure.
- Other promotional techniques like advertising, and sales promotions are taken intensively.
- Packaging and labeling is used for promotional purposes more than protective purposes.
- Pricing is usually based on comparisons with competitors (called competitor indexing).

Marketing concept

- late 1960s and early 1970s
- Extensive use of marketing research
- Broad product lines
- Emphasis on a product's benefits to customers rather than on product attributes
- Use of product innovation techniques
- The offering of ancillary services like credit availability, delivery, installation, and warranty

REVIEW LEARNING OUTCOME



OTHER CONCEPTS

- Relationship marketing
- Network marketing
- Social marketing
- Eco-marketing...



SOCIAL MARKETING DEFINED

“...A process for influencing human behavior on a large scale, using marketing principles for the purpose of societal benefit rather than commercial profit.” *(W. Smith, Academy for Educational Development)*



THE NEW VIEW OF MARKETING

- The marketing emphasis today is on keeping existing customers as well as getting new ones
- Four principles guide marketing:
 - *retention*: keeping them coming back
 - *referrals*: encourage them to recommend us
 - *relationships*: build an emotional connection
 - *recovery*: solve problems as they arise

THANK YOU