

Marketing Management – BA3602

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Defining Marketing for the 21st Century

LECTURE 1

OBJECTIVES

- ▶ Importance of Marketing
- ▶ Scope of Marketing
- ▶ Core Marketing Concepts
- ▶ Changing Marketing Landscape
- ▶ Company Orientation towards Marketplace



Why is marketing important?

Why is marketing important?

- Proliferation of products
- Most offerings have similar quality and features
- Shift in power
- Savvy customers
- Only way to dominate the market
- Economic stability and survival depend on carving out such identities



What is Marketing?

- ▶ Simplest definition: *Marketing is managing profitable customer relationships.*
- ▶ Two-fold goal:
 - ▶ Attract new customers --- promising superior value
 - ▶ Grow current customer base --- delivering satisfaction
- ▶ Aim of marketing: to make selling unnecessary (Peter Drucker)*

*Kotler, Philip and Keller, Kevin Lane: Marketing Management. 14th ed.

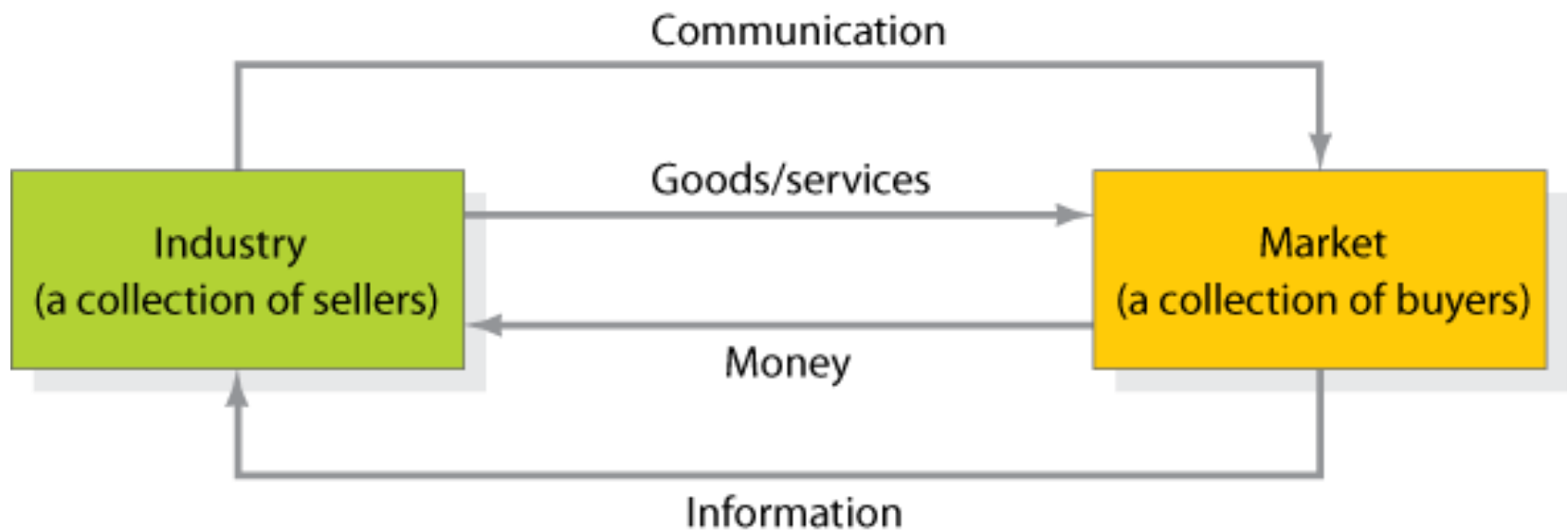


What is Marketing?

An organizational function and a **set of processes** by which companies **create, communicate, deliver value** to customers and **build strong customer relationships** in order to capture value from customers in return.



Simple Marketing System



Can anything be marketed?

- ▶ Physical goods
 - ▶ Business-to-Business products
- ▶ Services
 - ▶ Financial services
 - ▶ Professional services
- ▶ Retailers & Distributors
- ▶ Online products & Services
- ▶ People
- ▶ Organizations
 - ▶ Red Cross
 - ▶ Unicef



Can anything be marketed?

- ▶ Sports
- ▶ Arts
- ▶ Entertainment
 - ▶ Movies
- ▶ Geographical Locations
 - ▶ Malaysia – Truly Asia
- ▶ Ideas and Causes
 - ▶ AIDS ribbons



Marketing Management

- ▶ **Marketing Management** – the art and science of choosing target markets and building profitable relationships with them
 - ▶ Which customers will we serve? (Target Marketing)
 - ▶ How to serve those customers best? (Value Proposition)

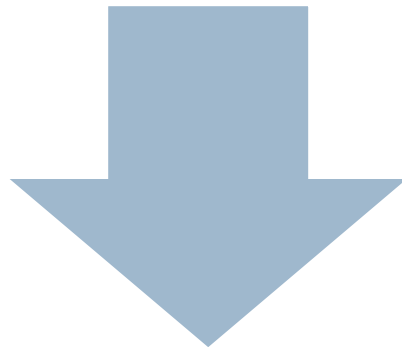


Marketing Management

- ▶ Selecting customers to serve
 - ▶ Market Segmentation
 - ▶ Target Marketing
 - Idea to serve all
 - Zara and Massimo Dutti
- ▶ What to offer?
 - ▶ **Value Proposition** – *set of benefits or value it promises to deliver to consumers to satisfy their needs.*
 - Facebook – connect and share with people in your life
 - YouTube – connect, inform and inspire others across the globe
 - BMW – ultimate driving machine



Customer Value and Satisfaction Expectation



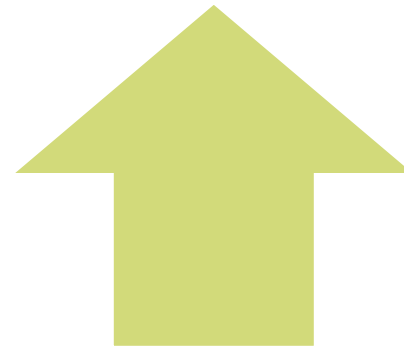
Customers

- Value and satisfaction



Marketers

- Set the right level of expectations
- Not too high or low



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- ▶ Value: sum of tangible and intangible benefits and costs
 - ▶ Satisfaction: reflects a person's judgment of a product's perceived performance in relationship to expectations



Understanding Customer Needs and Markets

Customers' Needs, Wants, Demands

Needs

- States of felt deprivation – Physical, Social, Individual

Wants

- Human needs shaped by Culture and Individual Personality

Demands

- Wants backed by buying power



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- ▶ **Marketing Offerings** are some combination of products, services, information or experiences offered to a market to satisfy a need or want
 - ▶ **Marketing Myopia** is focusing more on a product offering than to the benefits and experiences produced by that product.
 - ▶ HP video and ad





Marketing Management Orientations

Marketing Management Orientations

Production
Concept

Product
Concept

Selling
Concept

Marketing
Concept

Societal
Marketing
Concept

Holistic
Marketing
Concept



Marketing Management Orientations

Production Concept

Consumers will favor those products that are available
and highly affordable

Organization should focus
on

Focus on improving production and distribution efficiency



Marketing Management Orientations

Product
Concept

Consumers will favor those products offer the most quality,
Performance and features

Organization should focus
on

Focus on improving production and distribution efficiency



Marketing Management Orientations

Selling
Concept

Consumers will not buy enough of the firm's products unless, the firm undertakes a large-scale selling and promotion effort

Organization should focus
on

Aggressive promotions and sales



Marketing Management Orientations

Marketing Concept

Knowing the needs and wants of target markets and satisfying their needs better than competitors

Organization should focus
on

Focus on customer and delivering value

Sense and respond

Outside-in perspective

Southwest Airlines – customer department



Marketing Management Orientations

Marketing Concept

- When customers know what they want
- When customers do not know what they want
 - Henry Ford
 - 3M – *our goal is to lead customers where they want to go before they know where they want to go*



Marketing Management Orientations

Societal Marketing Concept

Marketing decisions should consider consumers' wants, the company's requirements, and consumers' as well as society's long term interests

Organization should focus
on

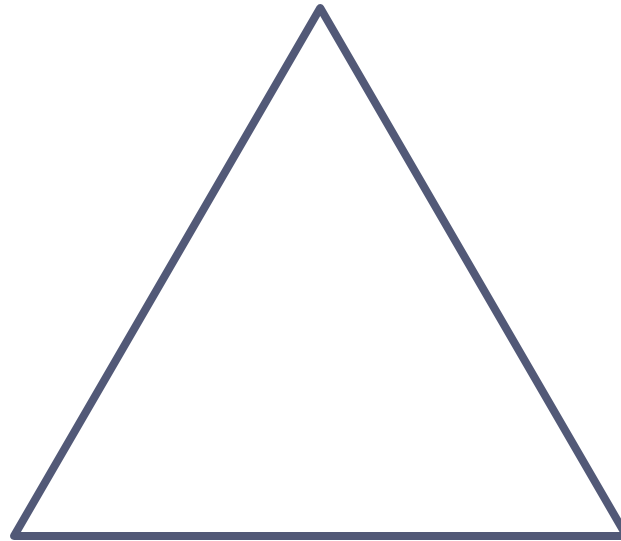
Sustainable marketing
Shared value



Marketing Management Orientations

Societal
Marketing
Concept

Society (Human Welfare)



Consumers (Satisfaction)

Company (Profits)



Marketing Management Orientations

Holistic Marketing Concept

Acknowledges that everything matters in marketing and a broad, integrated perspective is necessary

Four components of holistic marketing concept



