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[Fundamental-of-marketing](#)

[Chapter 1: Marketing: Creating and Capturing Customer Value](#)

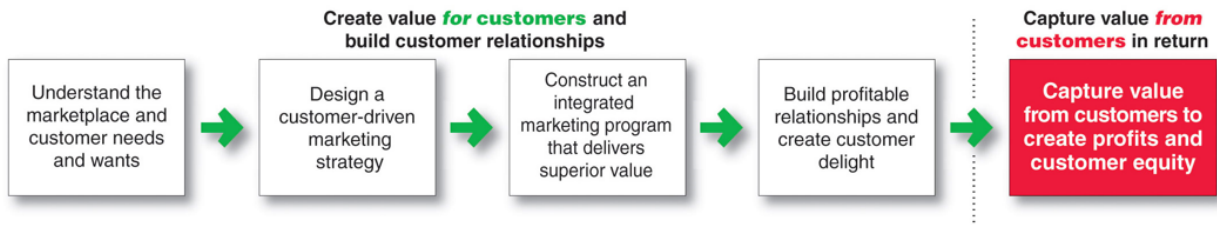
[What Is Marketing?](#)

[Overview](#)

Marketing is the process by which companies create value for customers and build strong relationships to capture value in return.

What Is Marketing?

The Marketing Process



Understanding the Marketplace and Customer Needs

Understanding the Marketplace and Customer Needs

Customer Needs, Wants, and Demands

Needs

- States of deprivation
- Physical—food, clothing, warmth, safety
- Social—belonging and affection
- Individual—knowledge and self-expression

Wants

- Form that needs take as they are shaped by culture and individual personality

Demands

- Wants backed by buying power

- **Market Offerings:** A combination of products, services, information, or experiences offered to satisfy customer needs or wants.
- **Marketing Myopia:** Focusing only on existing customer wants and losing sight of the underlying needs.
- **Exchange:** The act of obtaining a desired object by offering something in return.

- **Markets:** A set of actual and potential buyers for a product.

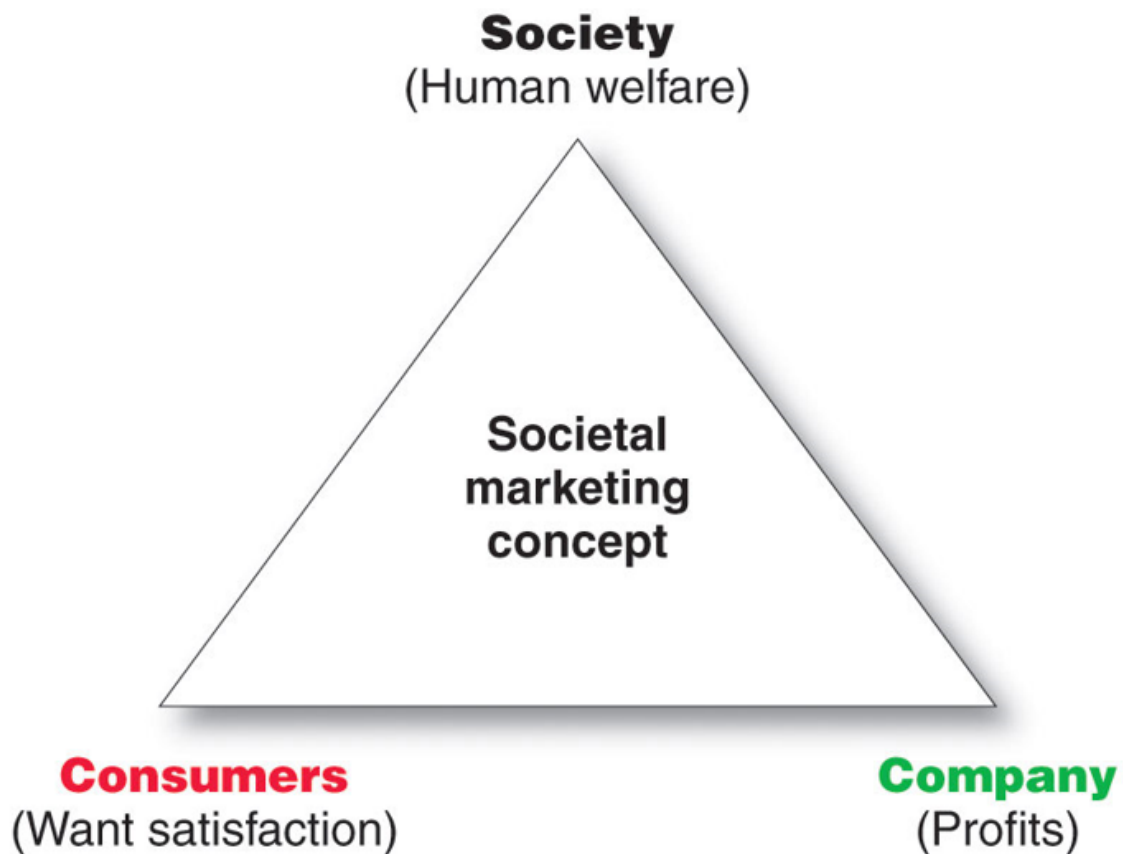
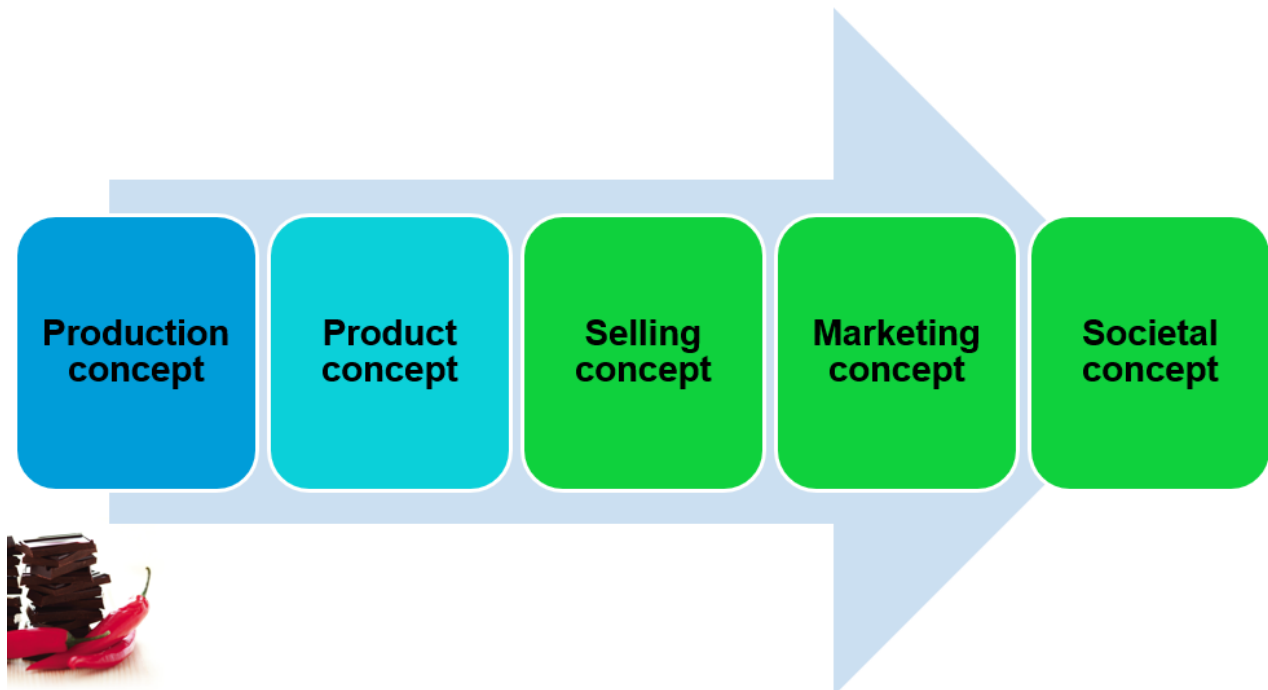
🔗 Designing a Customer-Driven Marketing Strategy

- **Marketing Management:** The art and science of choosing target markets and building profitable relationships.
- **Market Segmentation:** Dividing markets into distinct segments of customers.
- **Target Marketing:** Identifying and focusing on specific market segments.
- **Value Proposition:** The set of benefits or values a company promises to deliver to satisfy customer needs.

🔗 Marketing Management Orientations

1. **Production Concept:** Consumers favor products that are widely available or affordable.
2. **Product Concept:** Consumers favor products with the best quality, performance, and features.
3. **Selling Concept:** Consumers will not buy enough products without aggressive selling and promotion.
4. **Marketing Concept:** Achieving goals by understanding and satisfying target market needs better than competitors.
5. **Societal Marketing Concept:** Making decisions that consider consumer wants, company requirements, and long-term societal welfare.

Marketing Management Orientations



- **Marketing Mix:** A set of tools (Product, Price, Promotion, Place) used to implement marketing strategies.
- **Integrated Marketing Program:** A cohesive plan that communicates and delivers intended value to customers.

🔗 Building Customer Relationships

- **Customer Relationship Management (CRM):** Building and maintaining profitable customer relationships through superior value and satisfaction.
- **Customer-Managed Relationships:** Enabling customers to interact with companies and each other to shape brand relationships through digital tools.
- **Partner Relationship Management:** Collaborating with internal and external partners to deliver greater customer value.
- **Supply Chain:** The channel moving goods from raw materials to final products for buyers.

🔗 Capturing Value from Customers

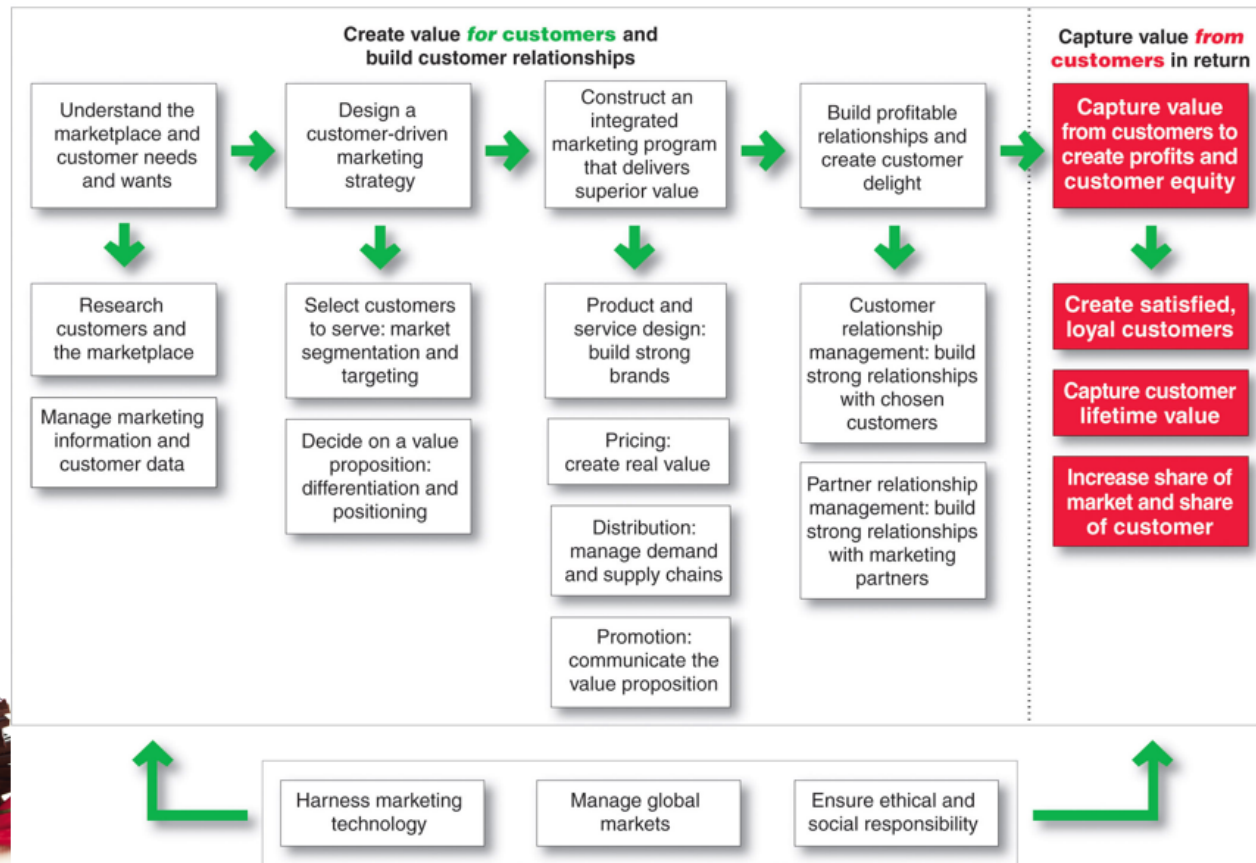
- **Customer Lifetime Value:** The total value of all purchases a customer makes over their lifetime.
- **Share of Customer:** The portion of a customer's total spending captured by the company.
- **Customer Equity:** The total combined lifetime values of all the company's customers.

🔗 The Changing Marketing Landscape

1. **Uncertain Economic Environment:** Focus on customer value amidst new consumer frugality.
2. **Digital Age:** Continuous global connectivity and rise of online marketing.
3. **Rapid Globalization:** Expanding marketing activities across borders.
4. **Sustainable Marketing:** Balancing short-term profits with long-term environmental and social impact.
5. **Not-for-Profit Marketing:** Marketing practices tailored for non-profit organizations.

So, What Is Marketing?

Pulling It All Together



Chapter 2: Company and Marketing

⇒ Strategy: Partnering to Build Customer Relationships

🔗 Companywide Strategic Planning

🔗 Overview

Strategic planning is the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities.

🔗 Key Concepts

- **Mission Statement:** Describes the organization's purpose and what it aims to accomplish in the larger environment.
- **Market-Oriented Mission Statement:** Defines the business in terms of satisfying basic customer needs.
- **Business Portfolio:** The collection of businesses and products that make up the company.
- **Portfolio Analysis:** Strategic planning activity for evaluating the products and businesses within the company.
- **Strategic Business Units (SBUs):** Individual units within a company, like divisions, product lines, or brands.

🔗 Developing Strategies for Growth and Downsizing

1. **Product/Market Expansion Grid:** A tool for identifying growth opportunities through different strategies:
 - **Market Penetration:** Increasing sales to current market segments without changing the product.
 - **Market Development:** Identifying and developing new market segments for current products.
 - **Product Development:** Offering new or modified products to existing market segments.
 - **Diversification:** Starting or acquiring businesses outside the company's current products and markets.
2. **Downsizing:** Reducing the business portfolio by eliminating products or business units that no longer fit the company's strategy.

Partnering to Build Customer Relationships



- **Value Chain:** A series of departments that perform activities to design, produce, market, deliver, and support products.
- **Value Delivery Network:** Comprises the company, suppliers, distributors, and customers who collaborate to improve system performance.

Marketing Strategy and the Marketing Mix

Customer-Driven Marketing Strategy

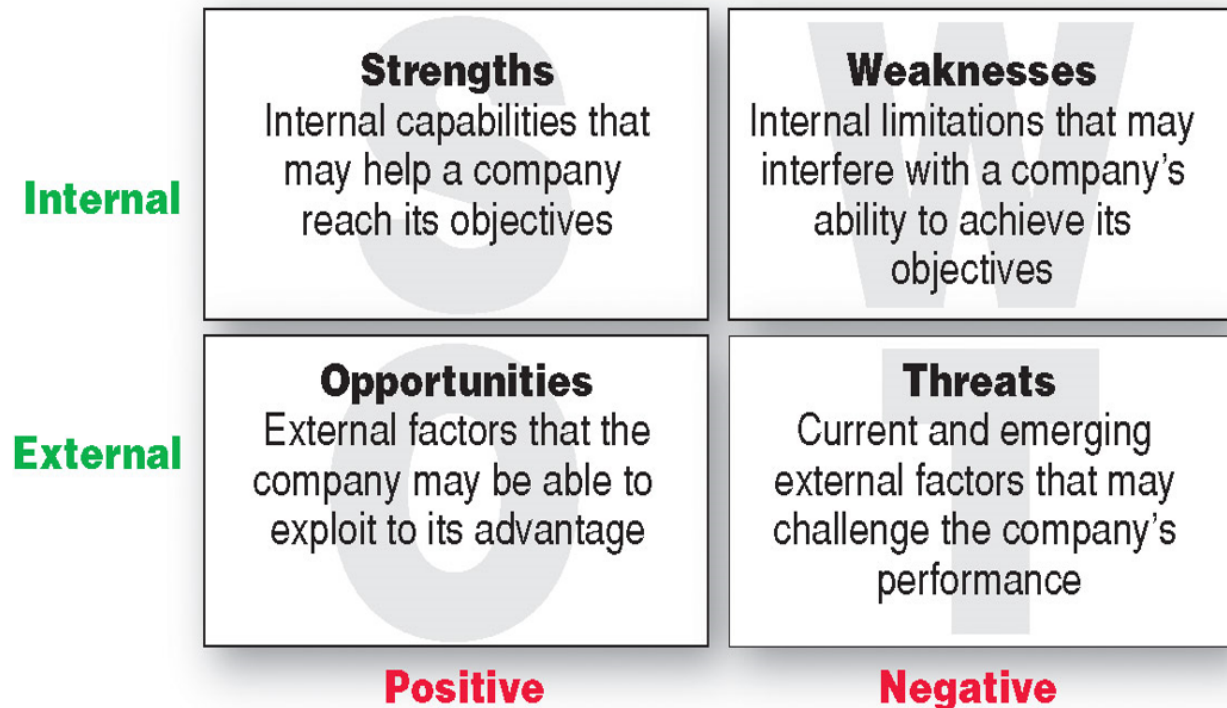
- **Market Segmentation:** Dividing a market into distinct groups with varying needs, characteristics, or behavior.
- **Market Segment:** A group of consumers who respond similarly to a given set of marketing efforts.
- **Market Targeting:** Evaluating and selecting one or more market segments to enter.
- **Market Positioning:** Positioning a product to occupy a distinct and desirable place in the minds of the target consumer.

Developing an Integrated Marketing Mix

- **Marketing Mix:** The set of controllable marketing tools—Product, Price, Place, and Promotion—that a company uses to elicit the desired response from the target market.

Managing the Marketing Effort

Marketing Analysis – SWOT Analysis



Managing the Marketing Effort

Market Planning—Parts of a Marketing Plan



🔗 Managing the Marketing Effort

- **Implementing:** Turning marketing plans into actions to achieve strategic objectives through people, structure, decision systems, and company culture.
- **Marketing Control:** Measuring and evaluating results to ensure objectives are met, including both operating and strategic control.
- **Return on Marketing Investment (Marketing ROI):** Net return from a marketing investment divided by the cost of the marketing investment, measuring profits generated by marketing activities.

🔗 Chapter 4: Managing Marketing Information to Gain Customer Insights

🔗 Marketing Information and Customer Insights

🔗 Overview

Understanding and managing customer insights are essential for creating value and building strong customer relationships. This chapter covers the processes and tools used to gather and analyze information to gain valuable insights into customer needs and behaviors.

🔗 Key Concepts

- **Customer Insights:** Fresh, deep insights into customer needs and wants, which can be challenging to obtain as customers are often unsure of their own behaviors.
- **Customer Insights Teams:** Cross-functional teams that gather and utilize information from various sources to create customer value.

🔗 Marketing Information Systems (MIS)

- **Marketing Information System (MIS):** A framework of people and procedures for assessing information needs, developing necessary information, and assisting decision-makers in serving customers.
- **Assessing Marketing Information Needs:** Balances user desires, needs, and what is feasible to provide.

🔗 Developing Marketing Information

1. **Internal Databases:** Electronic collections of consumer and market information from within a company's network.
2. **Competitive Marketing Intelligence:** Systematic collection and analysis of publicly available information about consumers, competitors, and marketplace developments.
3. **Marketing Research:** Systematic design, collection, analysis, and reporting of data relevant to a specific marketing situation.
 - **Secondary Data:** Pre-existing information collected for another purpose.
 - **Primary Data:** Information collected specifically for a current research plan.

🔗 Market Research Approaches

- **Observational Research:** Gathering primary data by observing relevant people, actions, and situations.
- **Ethnographic Research:** Sending trained observers to watch and interact with consumers in their natural environments.
- **Survey Research:** The most common method for descriptive data, examining knowledge, attitudes, preferences, and buying behavior.
- **Experimental Research:** Used to gather causal information by examining cause-and-effect relationships.

🔗 Market Research Contact Methods

- **Focus Groups:** Small groups moderated to gain insights, though they can be costly and may lack generalizability.
- **Online Research:** Digital methods of collecting data for market research.

🔗 Marketing Research Sampling Plan

- **Sample:** A segment of the population selected to represent the whole in marketing research.
- **Types of Samples:** Various sampling methods used to select participants for research purposes.

🔗 Marketing Research Instruments

- **Closed-End Questions:** Questions with predefined answers, making responses easier to interpret and tabulate.
- **Open-End Questions:** Questions that allow respondents to answer in their own words, useful for exploratory research.

🔗 Implementing the Research Plan

- **Customer Relationship Management (CRM):** Managing detailed information about individual customers and touchpoints to maximize customer loyalty.
- **Information Distribution:** Making data accessible via databases and sharing it timely through intranets (for employees) and extranets (for key customers and suppliers).

🔗 Chapter 5: Consumer Markets and Consumer Buyer Behavior

🔗 Overview of Consumer Buyer Behavior

🔗 Consumer Buyer Behavior

- **Consumer Buyer Behavior:** The buying behavior of final consumers—individuals and households—who purchase goods and services for personal consumption.
- **Consumer Market:** All of the personal consumption of final consumers.

🔗 Model of Consumer Behavior

1. **Culture:** Learned values, perceptions, wants, and behaviors from family and other important institutions.
2. **Subculture:** Groups within a culture sharing value systems based on common life experiences and situations.
3. **Social Classes:** Society's relatively permanent divisions where members share similar values, interests, and behaviors.

🔗 Characteristics Affecting Consumer Behavior

- **Social Factors:**
 - **Groups and Social Networks:** Includes reference groups, social networks, word-of-mouth influence, and opinion leaders who exert social influence.
 - **Family:** The most influential consumer-buying organization.
 - **Social Roles and Status:** Groups and organizations a person belongs to that define their roles and social standing.
- **Personal Factors:**
 - **Age and Life-Cycle Stage:** Different stages of life affecting buying behavior.
 - **Occupation:** Influences the goods and services bought by consumers.
 - **Economic Situation:** Trends affecting consumer purchasing power.
 - **Lifestyle:** A person's pattern of living as shown by their activities, interests, and opinions (AIOs).
 - **Personality and Self-Concept:** Unique psychological traits that lead to consistent consumer responses.
- **Psychological Factors:**
 - **Motivation:** A need that drives a person to seek satisfaction.
 - **Perception:** The process by which people select, organize, and interpret information.
 - **Selective Attention:** Screening out most information.

- **Selective Distortion:** Interpreting information to support existing beliefs.
- **Selective Retention:** Remembering positive points about favored brands.
- **Learning:** Changes in behavior resulting from experience.
- **Beliefs and Attitudes:** Descriptive thoughts about something that form consistent evaluations and tendencies.

🔗 Types of Buying Decision Behavior

- **Four Types of Buying Behavior:** Different consumer decision-making behaviors based on the level of involvement and perceived differences among brands.

🔗 The Buyer Decision Process

1. **Need Recognition:** Occurs when a buyer realizes a need, triggered by internal or external stimuli.
2. **Information Search:** Seeking out information from sources such as personal, commercial, public, and experiential sources.
3. **Evaluation of Alternatives:** How consumers process information to make brand choices.
4. **Purchase Decision:** The act of choosing to buy a preferred brand, influenced by others' attitudes and unexpected situational factors.
5. **Post-Purchase Decision:** Satisfaction or dissatisfaction felt by the consumer, affected by cognitive dissonance and the gap between expectations and product performance.

🔗 The Buyer Decision Process for New Products

- **Adoption Process:** The mental journey an individual goes through from learning about an innovation to regular use.

Chapter 6: Business Markets and Business Buying Behavior

Understanding Business Buyer Behavior

Business Buyer Behavior

- **Business Buyer Behavior:** The buying behavior of organizations that purchase goods and services for use in the production of other products and services.
- **Business Buying Process:** The process where business buyers identify necessary products and services, then find, evaluate, and choose among alternatives.

Market Structure and Demand

- **Supplier Development:** Systematic development of networks with supplier-partners to ensure a reliable supply of products and materials for production or resale.

Types of Buying Situations

- **Straight Rebuy:** Routine purchase decision, typically a reorder without modifications.
- **Modified Rebuy:** Purchase decision requiring some research as the buyer modifies product specifications, price, terms, or suppliers.
- **New Task:** A purchase decision involving thorough research for a new product.
- **Systems Selling:** Purchasing a packaged solution from a single seller.

Participants in the Business Buying Process (Buying Center)

1. **Buying Center:** All individuals and units involved in the business decision-making process.
 - **Users:** Those who will use the product or service.
 - **Influencers:** Help define specifications and evaluate alternatives.
 - **Buyers:** Hold formal authority to select suppliers and negotiate terms.
 - **Deciders:** Possess formal or informal power to approve suppliers.
 - **Gatekeepers:** Control the flow of information.

🔗 Major Influences on Business Buyers

- **Environmental Factors:** External factors affecting purchasing decisions.
- **Organizational Factors:** Company policies and procedures influencing the buying process.
- **Individual Factors:** Personal characteristics and preferences of those in the buying center.

🔗 The Buying Process

1. **Problem Recognition:** Identifying a need internally or due to external stimuli.
2. **General Need Description:** Describes required item characteristics and quantity.
3. **Product Specification:** Details technical criteria for the needed item.
4. **Supplier Search:** Compiling a list of qualified suppliers.
5. **Proposal Solicitation:** Requesting proposals from suppliers.
6. **Supplier Selection:** Choosing a supplier based on set criteria.
7. **Order-Routine Specification:** Finalizing the order with specifications and terms.
8. **Performance Review:** Evaluating supplier performance against purchase terms.

🔗 E-Procurement

- **Online Purchasing:** Utilizing company-buying sites and extranets for procurement.
 - **Advantages:** Access to new suppliers, cost reduction, faster processing and delivery, improved information sharing.
 - **Disadvantages:** Potential erosion of supplier relationships and security concerns.

🔗 Institutional and Government Markets

- **Institutional Markets:** Comprise organizations like hospitals and prisons that provide goods and services to people in their care. Typically operate on low budgets with a “captive” audience.
- **Government Markets:** Favor domestic suppliers, require competitive bids, and consider non-economic factors such as minority or small-business suppliers.

Chapter 7: Customer-Driven Marketing

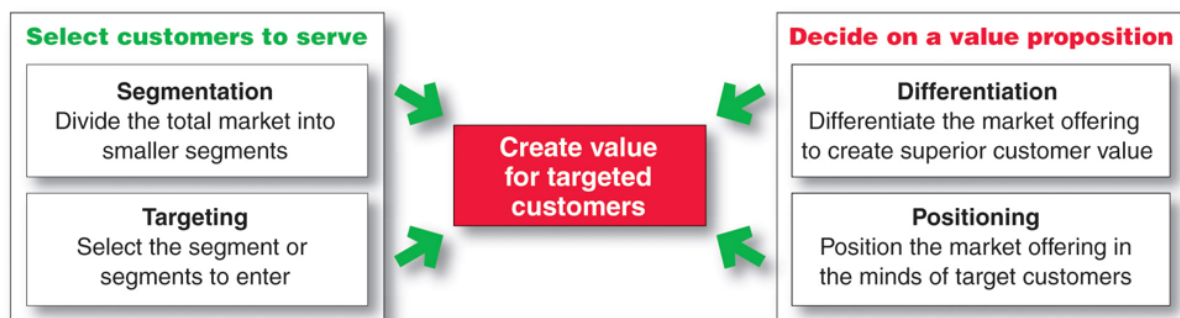
🔗 Strategy – Creating Value for Target Customers

🔗 Understanding Customer-Driven Marketing Strategy

🔗 Customer-Driven Marketing Strategy

- **Market Segmentation:** Dividing a market into smaller segments with unique needs, characteristics, or behavior requiring specific marketing strategies.

Market Segmentation

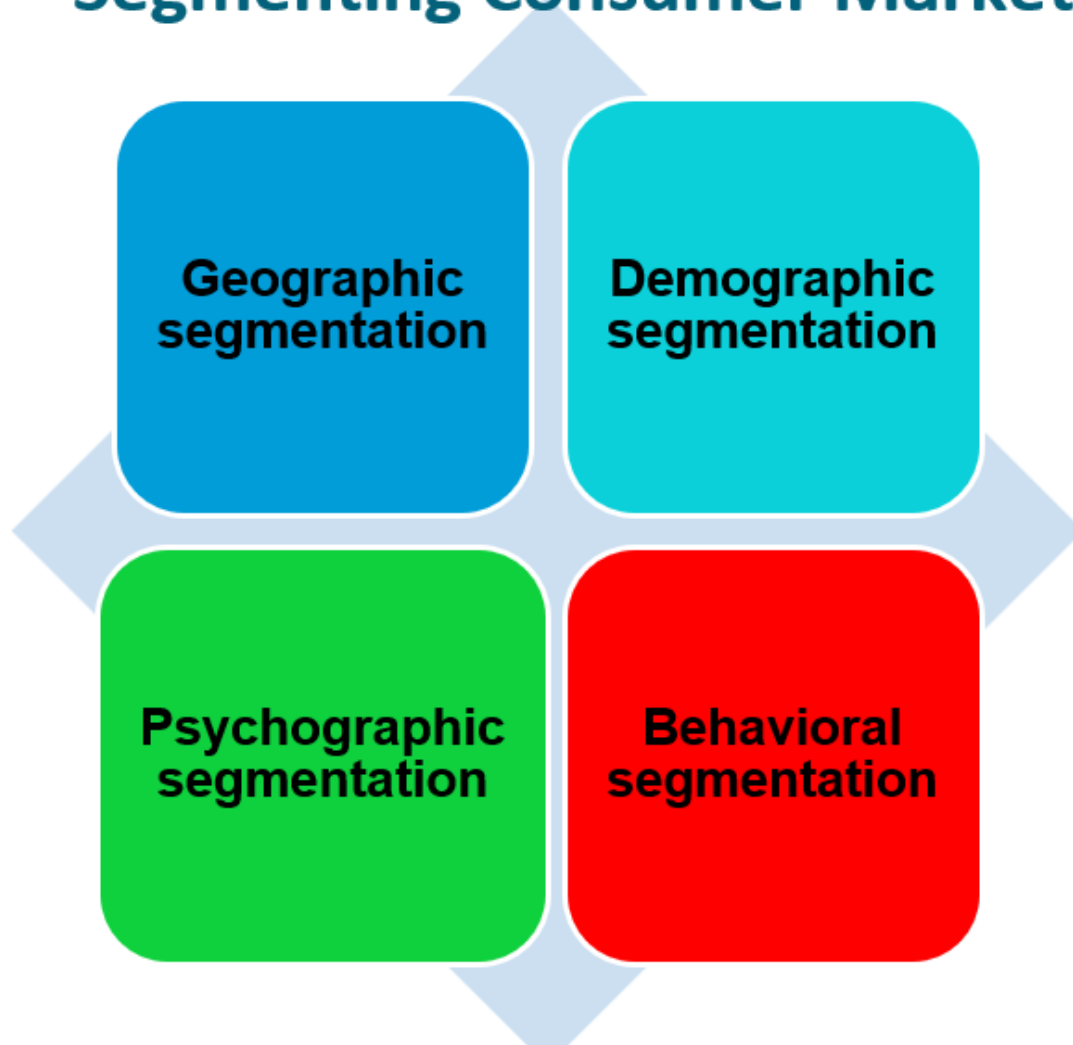


🔗 Market Segmentation Approaches

1. **Geographic Segmentation:** Divides markets by geography, such as nations, regions, or cities.
2. **Demographic Segmentation:** Segments markets based on variables like age, gender, income, occupation, and family life cycle.

3. **Psychographic Segmentation:** Groups buyers based on social class, lifestyle, or personality.
4. **Behavioral Segmentation:** Segments based on knowledge, attitudes, uses, or responses to a product, including occasions, benefits sought, usage rate, and loyalty status.
5. **Multiple Segmentation Bases:** Combines various segmentation methods for more precise target groups.

Segmenting Consumer Markets



International Market Segmentation

- **Intermarket Segmentation:** Groups consumers with similar needs and buying behaviors across countries.

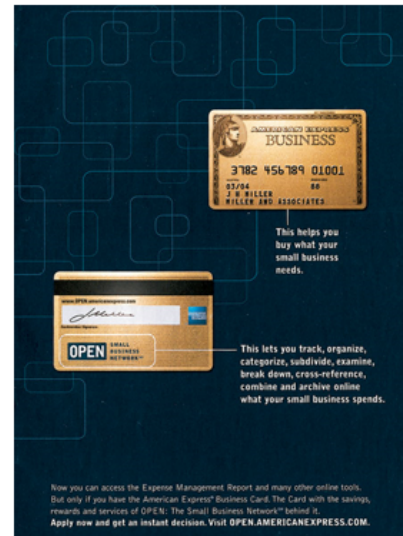
Segmenting International markets

Geographic
location

Economic
factors

Political-
legal factors

Cultural
factors



🔗 Requirements for Effective Segmentation

For market segments to be practical, they should be:

- Measurable
- Accessible
- Substantial
- Differentiable
- Actionable

🔗 Market Targeting

- **Target Market:** A set of buyers with common needs or characteristics chosen for the company's marketing efforts.

🔗 Target Marketing Strategies

1. **Undifferentiated Marketing:** Targets the entire market with a single offer.
2. **Differentiated Marketing:** Targets several segments with unique offers for each.
3. **Concentrated Marketing:** Focuses on a small share of a large market.
4. **Micromarketing:** Tailors products to specific individuals or locations, including local and individual marketing.

🔗 Socially Responsible Target Marketing

- Addresses concerns for vulnerable segments, such as children and consumers of products like alcohol or cigarettes.

🔗 Differentiation and Positioning

- **Product Position:** The place a product occupies in consumers' minds relative to competing products, based on attributes, perceptions, and feelings.
- **Positioning Maps:** Visuals showing consumer perceptions of brands on key buying dimensions.

🔗 Competitive Advantage

- Achieved by offering consumers greater value, either through lower prices or superior benefits.

🔗 Positioning Strategy

- **Value Proposition:** A brand's complete mix of benefits.
- **Positioning Statement:** Defines how the brand serves the target segment with unique benefits, e.g., "To (target segment and need), our (brand) is (concept) that (point of difference)."

🔗 Communication and Delivery

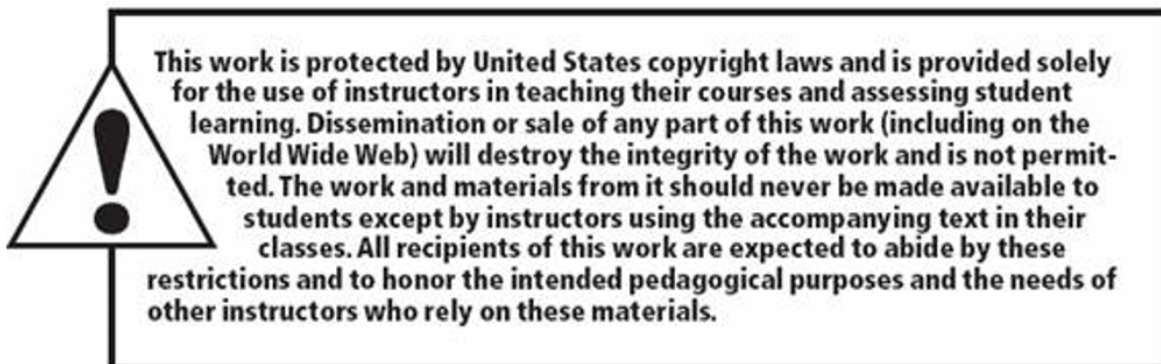
- Implementing the chosen position may be challenging but is essential for differentiating the brand effectively in the market.

🔗 Usage

This README serves as a quick reference for understanding key marketing concepts and strategies essential to creating and capturing customer value.

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