

# Importance of Marketing

- Helps surviving unforgiving economic environment financially
- Finance, operations, accounting etc... won't function without demand, and marketing caters the demand
- Inspires enhancements in existing products, enriching / easing people's lives
- Builds demands of products, and creates jobs
- Helps in building strong bands, and loyal customer base, intangible assets patents, copyright, franchises
- Skillful marketing is a never ending pursuit

## Scope

- Marketing : Identifying and meeting human, and social needs / meeting needs profitably
- IKEA → created knockdown furnitures for cheaper furnishings (turned private / social need into business opportunity)

## What is Marketed

- Goods → consumer goods
- Services → airlines, hotels, car rental firms
- Events → concerts, trade shows, olympics / world cup
- Experiences → delivering unique, and immersive experiences → theme parks, customized experiences
- Persons → David Beckham (celebrity marketers + self-branding)
- Places → cities, state, regions, real-estates
- Properties → real property / financial property (stocks & bonds)
- Organizations → build strong, favourable, and unique images → Unis, museums, corporations, NGOs compete for audiences and funds
- Information → Blogs, articles, SEO, social-media marketing
- Ideas → Shark Tank // Products, and services are platforms for delivering some idea or benefit
- → a week with base-ball greats Marketer: Someone who seeks a response - attention, donation, vote, purchase from another party called prospect
- Marketers are responsible for demand management  
→ influence level, timing, composition of demand

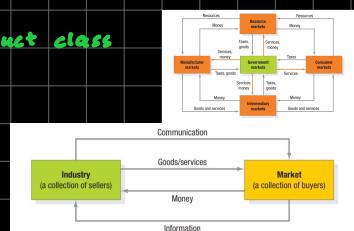
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- Negative Demand - consumers dislike the product, and may even pay to avoid it
- Nonexistent Demand - consumers may be unaware of / uninterested in the product
- Latent Demand - consumers may share a strong need that can't be satisfied by an existing product
- Declining Demand - consumers begin to buy the product less frequently or not at all
- Irregular Demand - consumer purchases vary on a seasonal, monthly, weekly, daily, hourly basis
- Full Demand - consumers are adequately buying all the products put into marketplace
- Overfull Demand - More consumers would like to buy the product than can be satisfied
- Unwholesome Demand - Consumers may be attracted to products that have undesirable social outcomes

- Market: collection of buyers, and sellers who transact over a particular product / product class
- Marketplace: platform where transactions take place

↑  
traditional

- Market → collection of buyers ] marketer's view
- Industry → collection of sellers



# Customer Markets

\* Edmund  
metamarket

## • Consumer Markets:

- companies selling mass consumer goods and services cosmetics, air travel
- spend great deal of time establishing strong brand image
- try to develop superior product + packaging, ensuring its availability
- backing with engaging communication & reliable services
- individual decision making, less complex

## • Business Markets:

- business buyers buy goods to make / resell a product to others at a profit
- well-informed / professional buyers skilled at evaluating competitive offerings
- Must demonstrate how their products will achieve higher revenue / lower costs
- Organizations, collective-decision making / complex, highly specialized decisions
- Advertising, sales force, price, company's repo play a crucial role

## • Global Markets:

- Companies decide which region to enter
- how to enter exporter, licensor, joint venture partner, contract / solo manufacturer
- how to adapt product and service features to each country
- how to price products
- how to design communications for different cultures Coca-cola entering Saudi
- Face requirements for buying, disposing of property; cultural, language, legal, and political differences, and currency fluctuations, payoff can be huge

## • Nonprofit Markets:

- limited purchasing power
- companies set price carefully, lower price affects features and quality of the product
- churches, Unis, charitable organizations

Marketplace → physical

Marketspace → digital platform

Metamarket → cluster of related markets, products from different industries included

↳ fulfilling broader need

- consumer-centric
- cross-industry connection
- convenience-oriented

• Needs preexist marketers

• Marketers influence wants

## ① Segmentation of Markets

## ② Target specific segments

## ③ Positioning, differentiation - JS bank → solar bank → soft-corner in customer's mind

## • Needs - Basic Human requirements food

## • Wants - Needs when directed towards an object Burger

## • Demands - wants backed up by an ability to pay McDonald / any brand

## • Wants are shaped by the society

## • Companies measure the number of potential buyers, and their willingness to pay for the product

## Types of Needs      SRUOS

- ① Stated needs - The customer wants an inexpensive car
- ② Real Needs - The customer wants a car whose operating cost, not initial price is low
- ③ Unstated Needs - The customer wants good service from the dealer
- ④ Delight Needs - The customer would like to include an onboard GPS nav system

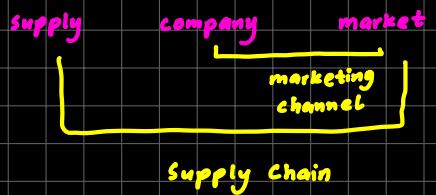
(S) Secret Needs - The customer wants friends to see him/her as a savvy customer

## Core Marketing Terms

- Segmentation - dividing market into groups based on demographic, geographic ... factors
  - After identifying market segments, the marketer decides which market offers the greatest opportunities which form the target markets
- Target Markets - specific group of customers that a company aims to serve
  - For each market, a company develops market offering which positions in the mind of buyer package of products distinct image of a product iPhone → hard+soft in consumer's mind → differentiation (Tesla for cutting edge technology)
- Value proposition - A set of benefits satisfying customer's needs
- Brand - An offering from a known source McDonald → cleanliness, hamburgers, convenience, courteous dealing
- Value - perceived Tangible & intangible benefits, and costs to customers
  - combination of quality, service & price, customer value triad
- Satisfaction - Judgement of a product's perceived performance in relationship to expectations
  - Performance < expectations → dissatisfied / disappointed
  - Performance = expectations → satisfied
  - Performance > expectations → delighted

## Marketing Channels

- Communication Channel: Deliver and receive messages from target buyers → TV, mail, phone, billboards, Internet
  - look of retail stores, websites
  - email, blogs, forums, toll-free numbers
- Distribution channels: Display, sell or deliver the physical product / services to the buyer/user
  - can be direct via internet, mail, phone
  - can be indirect via distributors, wholesalers, retailers, agents as intermediaries
- Service channels: Facilitating transactions with buyers → warehouses, transportation companies, bank, insurance
  - online delivery channels → postex companies
- Supply Chain: Longer channel stretching from raw materials to components to finished products carried to final buyers
  - A complete value delivery system
  - Marketing Channels → Marketer to target buyer
  - savour foods made bought their own lands, and owned a for crop production 'part' of supply chain
  - Integration: Refers to a company's expansion strategy where it takes control over different stages/parts of supply chain
- Backward Integration: Company takes over its suppliers / production processes
  - savour foods
- Forward Integration: Company acquires / establishes its own distribution channels
  - Samsung opened its own branded retail stores in Pak, instead of Third-Party distributors
- Forward Blocking: bottleneck in downstream processes prevents upstream processes from moving forward efficiently
  - car painting dept process 50 cars, but the quality check can only process 30 cars per hour → cars pile up in paint dept, leading to inefficiency



Supply Chain

→ Backward Blocking: bottleneck in an upstream process prevents downstream process from receiving necessary materials causing delays  
→ reverse the paint ex.

• Competition: All the actual and potential rival offerings and substitutes that a buyer might consider

• Marketing Environment → consists of task and broad environment

→ task Environment: Actors engaged in producing, distributing, promoting the offering  
→ companies, suppliers, distributors, dealers, target customers

→ Broad Environment: consists of 6 components

• Demographic environment

• Economic //

• Social-Cultural //

• Natural //

• Technological //

• Political-Legal //

• Material, Service Suppliers → marketing research agencies, advertising agencies, banking, insurance companies, transportation, telecommunication companies

• Distributors & dealers  
→ agents, brokers, manufacturer representatives, others who facilitate finding and selling to customers

## New Marketing Realities

### Major Societal Forces

• Network Information Technology → More accurate levels of production, more targeted communications, more relevant pricing

• Globalization → Technological advances in transportation, shipping, and communication have made it easier for companies to market in, and consumers to buy from, almost any country. Amazon, YouTube, KFC worldwide chains  
→ International travel as more people work and play in other countries

• Expanded market opportunities  
• Access to diverse resources, technologies, and innovations

• Increase competition for local businesses

• Deregulation → removing/reducing govt regulations in an industry // Done to achieve greater growth opportunities & and greater competition e.g.: U.S. loosened laws restricting financial services, telecommunications, electric utilities

• Privitization → Conversion of public companies to private ownership and management to increase efficiency → British Airways  
govt. owned

• Heightened Competition → Intense competition among local & foreign brands increases marketing costs & shrinks profit margins

→ Buffeted by powerful retailers that market their own store brands

→ Strong brands emerge into megabrands, extend into wide variety of related product categories present a significant competitive threat

• Industry Convergence → Interdependency of distinct industries on each other // overlapping

Key Drivers

- Technological Advancements → AI, IoT, blockchain enable industries to integrate functionalities
- Evolving Consumer Needs → Customers expect seamless experience across different sectors
- Digital Transformation → Cloud computing, data analytics, automation enable businesses to expand beyond traditional domains
  - Innovation + knowledge-sharing
  - Enhances customer experience with integrated solutions
  - Opens new revenue streams by exploring adjacent markets

- Retail Transformation → Store-based retailers face competition from TV P2P ads, newspapers, magazines, direct mail-firms
  - Retailers build entertainment into stores which market an "experience" → Carrefour → 3D glasses, demo, giveaways
  - Innovative features of stores
- Disintermediation → Process of eliminating intermediaries, wholesalers, distributors, or brokers in a supply chain or transaction
  - features [ → Direct connections b/w producer & consumer
  - Technology-Driven → E-commerce, digital marketing
  - Control & profitability → more control over pricing, branding, customer relationships

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  - Higher Profit margins by avoiding intermediary fees
  - Strong customer relationships through direct communication
  - Greater flexibility in pricing and promotional strategies

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  - Requires investment in marketing, logistics, customer support
  - Brands may face increased competition & pressure to manage customer expectations effectively

→ Streaming services → Netflix / Spotify distribute content directly to consumers, reducing reliance on cable TV networks and music stores

→ Online banking + Fintech → PayPal / Revolut offer financial services without traditional banks as intermediaries

→ E-commerce → Warby Parker / Glossier sell directly to consumers, bypassing retail stores
- Re-intermediation → Introduction of intermediaries
  - key Features [ → Value-Added services → Enhanced convenience, personalization, improved logistics
  - Technology-driven → Platforms leverage data, algos, automation to streamline processes
  - Trust & reliability → security, product-reviews, support that build customer confidence

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  - Offers convenience by consolidating multiple services in one platform
  - Enhances trust through reviews, guarantees, customer protection
  - Provides marketing and visibility support for business

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  - May increase costs through platform fees / commissions
  - Businesses may lose some control over customer relationships and branding

→ E-commerce Aggregators → Amazon, Daraz, eBay help small sellers reach larger audience

→ Online Travel Agencies → Booking.com / Expedia simplify travel booking by aggregating flights, hotels & experiences

→ Financial Platforms → Robinhood / Wealthfront provide simplified investment solutions
- Consumer buying power → Can bypass limited local offerings via internet → price-savings
  - Reverse Auction → Sellers bid to buyers
  - Can readily join others to aggregate their purchases and achieve deeper volume discounts
- Consumer Information → Consumers can collect as much info as they want from newspapers, ratings, consumer reports
  - Personal connections & user-generated content thrive on social media
- Consumer participation → Amplified voice to influence peer, and public opinion
  - Companies involve consumers in designing + market offerings to heighten sense of connection + ownership → Beta-testers
- Consumer Resistance → Feeling of fewer real product differences
  - Thus, less brand loyalty and more price and quality sensitivity in search for value + less tolerant for undesired marketing

## Company Capabilities

- Internet as a powerful info & sales channel → Internet augments geographical reach to inform customers and promote products website listing products, services, history, business philosophy
- Fuller & Richer Info about markets, customers, → Conduct Marketing research by arranging focus groups, sending questionnaires prospects & competitors
- Tap into Social Media → Brand message amplified
  - Info and updates feeded in via blogs, online communities
- Facilitation + Speed external communication → create / benefit from online and offline "buzz" through brand advocates, and user communities B2Agent assembles a volunteer army for promotions only specific segment targeting
- Ads, coupons, samples, info to customers → Micro-target marketing + 2-way communication → TV channels, internet newsgroups
  - Extranets link suppliers and distributors let firms send + receive info, place orders, and make payments more efficiently.
  - company can personalize messages, services, and relationship by interacting with each customer directly
- Reach Consumers with Mobile Marketing → location-based advertising is attractive as reaches consumers closer to point of sale
  - Cell-phones can be reached through mobile marketing → SMS, In-App
  - GPS can pinpoint exact location of consumers, and send coupons, reminder of an item on wishlist / reminder of a relevant perk (buy 1 get 1 Free)
- Companies can make and sell individually → custom-made products names on cups differentiated goods
- Companies can improve purchasing, recruiting, → Firms can recruit employees online with Internet training products for their training and internal + external communication employees, dealers, and agents
  - Retailer Patagonia joined Walt Disney & other companies using corporate blogging for marketing
- Facilitate & speed up internal communication → Employees query one another, seek advice, and download/upload from/to among employees by using internet as private company's main computer
  - General motors online portal "mySocrates" featuring announcements, news, links, historical info
- Cost Efficiency improvement by skillful use of Internet → Corporate buyers achieve substantial savings by comparing sellers' prices and purchase materials at auctions
  - Improve service & quality while improving logistics and operations

## Marketing Insights

Total sales generated

- Secure market share from core customer segments → Ward off Attacks from competitors
  - Preserve profitable & loyal customer base
- Push aggressively for greater market share from customers → target core customer segments
- Research customers more, needs and wants in flux
- Minimally maintain, but seek to increase marketing budget → competitors targeting your customer base
  - might explore new customer segments
- Focus on all that's safe, and emphasize core values → make customers feel that continuing to do business with each other is safe

- Drop programs that aren't working quickly → reroute budgets to effective programs
- Don't discount on best brands → Means prices were high before, and product won't be worth it after discount's gone
  - Instead create a new brand with lower prices
  - Retains value-conscious customers without alienating those who can't pay for high-priced brands
- Save the strong, lose the weak → Focus on strongest brands, maximising value propositions and loyal customer base
  - Appeal to safety and value + product and service offerings

## Company Orientations

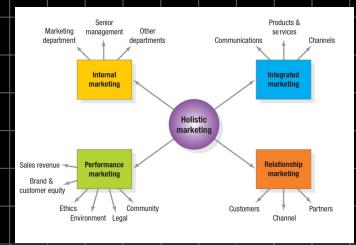
- Production Concept → consumers prefer products that are widely available, and inexpensive
    - Focus on high production efficiency, low costs, and mass distribution leading to economies of scale
    - can be used to expand the market
    - e.g: Legend principal owner of Lenovo
  - Product Concept → consumers favour products offering the most quality, performance or innovative features Apple
    - Leads to believing a better product will attract customers
    - A new product might not be successful unless its priced, distributed, advertised, sold properly
  - Selling Concept → customers, if left alone, won't buy enough of the organization's products.
    - Practiced aggressively with unsought goods - goods not normally thought of buying e.g. insurance
    - Firms try to sell what they make, instead of making what market wants
    - Assumes customers won't only return or bad-mouth it or complain to consumer organizations but might even buy again
    - e.g: Anti-virus software companies
  - Marketing Concept → customer-centered, sense & respond philosophy
    - job is to find the right products for your customers
    - key to achieve organizational goals is being more effective than competitors in creating, delivering, and communicating superior customer value to target markets
    - e.g: Slack, zoom (SaaS companies)
- Reactive Marketing Orientation: Focuses on responding to existing customer needs, competitor actions / market changes
- Companies employing this react to trends, feedback, and demands rather than anticipating them
  - Decisions based on customer complaints, reviews or requests // Customer Driven
  - Actions are triggered by competitors' moves or changes in the market // Market Responsive
  - Prioritizes immediate solutions over long-term innovation // Short-term focus
- e.g: Social media platform adding features like stories after Insta popularized the format
- Proactive Marketing Orientation: Involves anticipating future customer needs, trends or industry shifts, and acting before they emerge.

- Companies using this strategy, focus on innovation, and creating new demand
  - Focuses on creating new products or services // Innovation-Driven
  - Aims to lead consumer behaviour and lead trends // Market Leadership
  - Prioritizes strategic investments for sustained growth // Long-Term focus
- e.g: Tesla's early investment in EV tech

- Holistic Marketing → Based on development, design, and implementation of marketing programs, processes, and activities that recognize their breadth and interdependencies
  - Everything lies in marketing, and a broad, integrated perspective is necessary.

- Relationship Marketing → Aims to build mutually-satisfying, long-term relationships with key constituents in order to earn and retain their businesses

→ 4 key constituents are customers, employees, marketing partners (channels, suppliers, distributors, dealers, agencies), and members of the financial community (shareholders, investors, analysts)



- Creates Prosperity among all the constituents and balances the returns to all key stakeholders
- To develop strong relationships requires understanding their capabilities, resources, needs, goals, and desires
- Ultimate outcome is a unique company asset called a marketing environment, consisting of company and its supporting stakeholders
- Emphasizes on customer retention
- Partner relationship marketing, targets stakeholders distributors, suppliers

e.g: community Building → Github (open-source projects, discussions, and collaborative coding)

- Integrated Marketing → Marketer devises marketing activities, and assembles marketing programs to create, communicate, and deliver value for consumers such that the "whole is greater than the sum of its parts"
- Many Different marketing activities can create, communicate, and deliver value
- Any one marketing activity to be designed, and implemented with all other activities in mind
- Brand message must be consistent at every contact
- Integrated communication strategy is used → means choosing communication options that reinforce and complement each other
- Integrated channel strategy developed
- It should assess each channel option for its direct affect on brand equity and product sales, as well as indirect effect through interactions with other channel options
- weigh trade off b/w having too many or too less channels

conflict among channel members /      overlooked marketing opportunities  
lack of support

e.g.: Microsoft Azure

- Internal Marketing → Task of hiring, training, and motivating able employees who want to serve customers well
- Ensures everyone embraces appropriate marketing principles, especially senior management
- Company wide undertaking that drives company's vision, mission, and strategic planning
- Only succeeds when all departments work together to achieve customer goals
- Requires vertical alignment with senior management and horizontal alignment with other depts, so everyone understands, appreciates, and support the marketing effort

e.g: Google 20% Time Policy

- Performance Marketing → Requires understanding the financial and non-financial returns to a business and society from marketing activities and programs

→ Financial Accountability → Justify investments in financial and profitability terms + in terms of building brand and growing customer base
 

- Marketing metrics help quantify and compare marketing performance
- statistical & Research analysis assesses financial efficiency and effectiveness

- **Socially Responsible Marketing** → Ethical, Environmental, social, legal context of marketing considered
  - Task is to determine the needs, wants, interests of target market, satisfy them more effectively and efficiently than competitors while preserving / enhancing consumers' and society's long term well-being
  - A way to differentiate, build consumer preference
  - go-green, open-source software companies sharing their code for transparency

## 4 Ps

- **People** → internal marketing
  - consumers as people to understand their lives more broadly
- **Process** → Reflects all the creativity, discipline, and structure brought to marketing management
  - Avoid Ad-hoc planning and decision making
- **Programs** → Reflects consumer-directed activities
  - The activities must be integrated such that their whole is greater than the sum of their parts
- **Performance** → capture range of possible outcome measures that have financial and non-financial implications and beyond the company

## Marketing Tasks

### Developing Marketing Strategies and Plans

The first task facing Atlas is to identify its potential long-run opportunities, given its market experience and core competencies (see Chapter 2). Atlas can design its cameras with better features. It can make a line of video cameras, or it can use its core competency in optics to design a line of binoculars and telescopes. Whichever direction it chooses, it must develop concrete marketing plans that specify the marketing strategy and tactics going forward.

### Capturing Marketing Insights

Atlas needs a reliable marketing information system to closely monitor its marketing environment so it can continually assess market potential and forecast demand. Its microenvironment consists of all the players who affect its ability to produce and sell cameras—suppliers, marketing intermediaries, customers, and competitors. Its macroenvironment includes demographic, economic, physical, technological, political-legal, and social-cultural forces that affect sales and profits (see Chapter 3).

Atlas also needs a dependable marketing research system. To transform strategy into programs, marketing managers must make basic decisions about their expenditures, activities, and budget

allocations. They may use sales-response functions that show how the amount of money spent in each application will affect sales and profits (see Chapter 4).

#### Connecting with Customers

Atlas must consider how to best create value for its chosen target markets and develop strong, profitable, long-term relationships with customers (see Chapter 5). To do so, it needs to understand consumer markets (see Chapter 6). Who buys cameras, and why? What features and prices are they looking for, and where do they shop? Atlas also sells cameras to business markets, including large corporations, professional firms, retailers, and government agencies (see Chapter 7), where purchasing agents or buying committees make the decisions. Atlas needs to gain a full understanding of how organizational buyers buy. It needs a sales force well trained in presenting product benefits.

Atlas will not want to market to all possible customers. It must divide the market into major market segments; evaluate each one, and target those it can best serve (see Chapter 8).

#### Building Strong Brands

Atlas must understand the strengths and weaknesses of the Zeus brand as customers see it (see Chapter 9). Is its 35mm film heritage a handicap in the digital camera market? Suppose Atlas decides to focus on the consumer market and develop a positioning strategy (see Chapter 10). Should it position itself as the "Cadillac" brand, offering superior cameras at a premium price with excellent service and strong advertising? Should it build a simple, low-priced camera aimed at more price-conscious consumers? Or something in between?

Atlas must also pay close attention to competitors (see Chapter 11), anticipating their moves and knowing how to react quickly and decisively. It may want to initiate some surprise moves, in which case it needs to anticipate how its competitors will respond.

#### Shaping the Market Offerings

At the heart of the marketing program is the product—the firm's tangible offering to the market, which includes the product quality, design, features, and packaging (see Chapter 12). To gain a competitive advantage, Atlas may provide leasing, delivery, repair, and training as part of its product offering (see Chapter 13).

A critical marketing decision relates to price (see Chapter 14). Atlas must decide on wholesale and retail prices, discounts, allowances, and credit terms. Its price should match well with the offer's perceived value; otherwise, buyers will turn to competitors' products.

#### Delivering Value

Atlas must also determine how to properly deliver to the target market the value embodied in its products and services. Channel activities include those the company undertakes to make the product accessible and available to target customers (see Chapter 15). Atlas must identify, recruit, and link various marketing facilitators to supply its products and services efficiently to the target market. It must understand the various types of retailers, wholesalers, and physical-distribution firms and how they make their decisions (see Chapter 16).

#### Communicating Value

Atlas must also adequately communicate to the target market the value embodied by its products and services. It will need an integrated marketing communication program that maximizes the individual and collective contribution of all communication activities (see Chapter 17). Atlas needs to set up mass communication programs consisting of advertising, sales promotion, events, and public relations (see Chapter 18). It also needs to plan more personal communications, in the form of direct and interactive marketing, as well as hire, train, and motivate salespeople (see Chapter 19).

#### Creating Successful Long-Term Growth

Based on its product positioning, Atlas must initiate new-product development, testing, and launching as part of its long-term view (see Chapter 20). The strategy should take into account changing global opportunities and challenges (see Chapter 21).

Finally, Atlas must build a marketing organization capable of implementing the marketing plan (see Chapter 22). Because surprises and disappointments can occur as marketing plans unfold, Atlas will need feedback and control to understand the efficiency and effectiveness of its marketing activities and how it can improve them.<sup>56</sup>