

# Note

- Case slides won't be posted at blackboard due to copyright protection.

# Module 1: Marketing's Role

- Major Topics
  - Holistic marketing
  - CSR, ethical and societal aspects of marketing
- Chapters 1 & 21

# Chapter 1 Defining Marketing for the New Realities

## Learning Objectives

- Explain the importance of marketing.
- Define the scope of marketing.
- Describe the new marketing realities.
- Explain the role of marketing in the organization.
- Explain how to build a customer-centric organization.

# Why Study Marketing?

- Core course of business programs
- Plays an important role in society
- Vital to business survival, profits and growth
  - basics / big picture of how business runs
  - strategic level thinking: many CEOs have marketing background
  - financial success often depends on marketing ability
  - successful marketing builds demand for products and services, which, in turn, creates jobs
  - marketing builds strong brands and a loyal customer base, intangible assets that contribute heavily to the value of a firm
- Offers career opportunities
- Affects your life every day



# Why Study Marketing?

***“Marketing is far too important to be left only to the marketing department.”***

**- David Packard  
co-founder of Hewlett-Packard**

**Marketing is not a department so much as  
a companywide orientation**

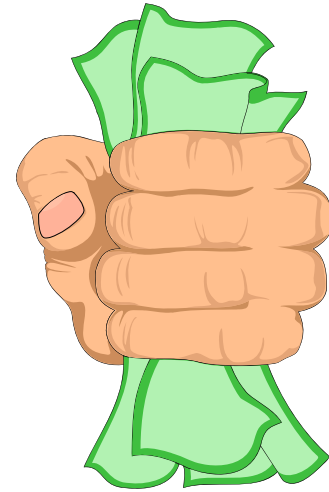
# Why Study Marketing?

- Between a fourth and a third of the civilian workforce in the U.S. performs marketing activities
- Marketing offers great career opportunities

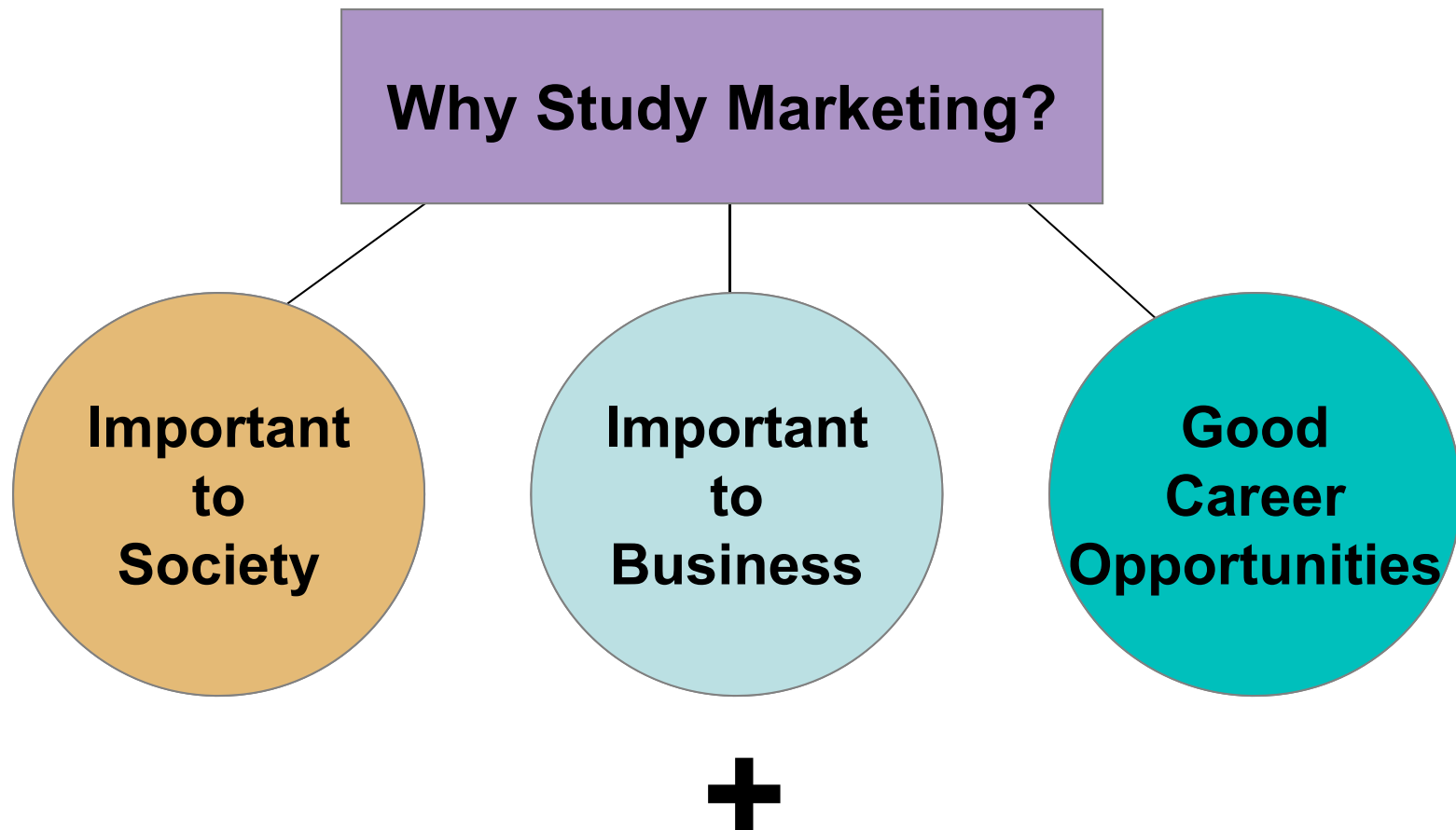
- ***Professional Selling***
- ***Marketing Research***
- ***Advertising***
- ***Retail Buying***
- ***Distribution Management***
- ***Product Management***
- ***Product Development***
- ***Wholesaling***

# Why Study Marketing?

- Half of every dollar you spend pays for marketing costs
- Will become a better-informed consumers
- Better prepared to demand customer satisfaction



# Review: Why Study Marketing?



**Marketing affects you every day!**



# The Scope of Marketing

- **Marketing** is about identifying and meeting human and social needs
- AMA's formal definition: *Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large*

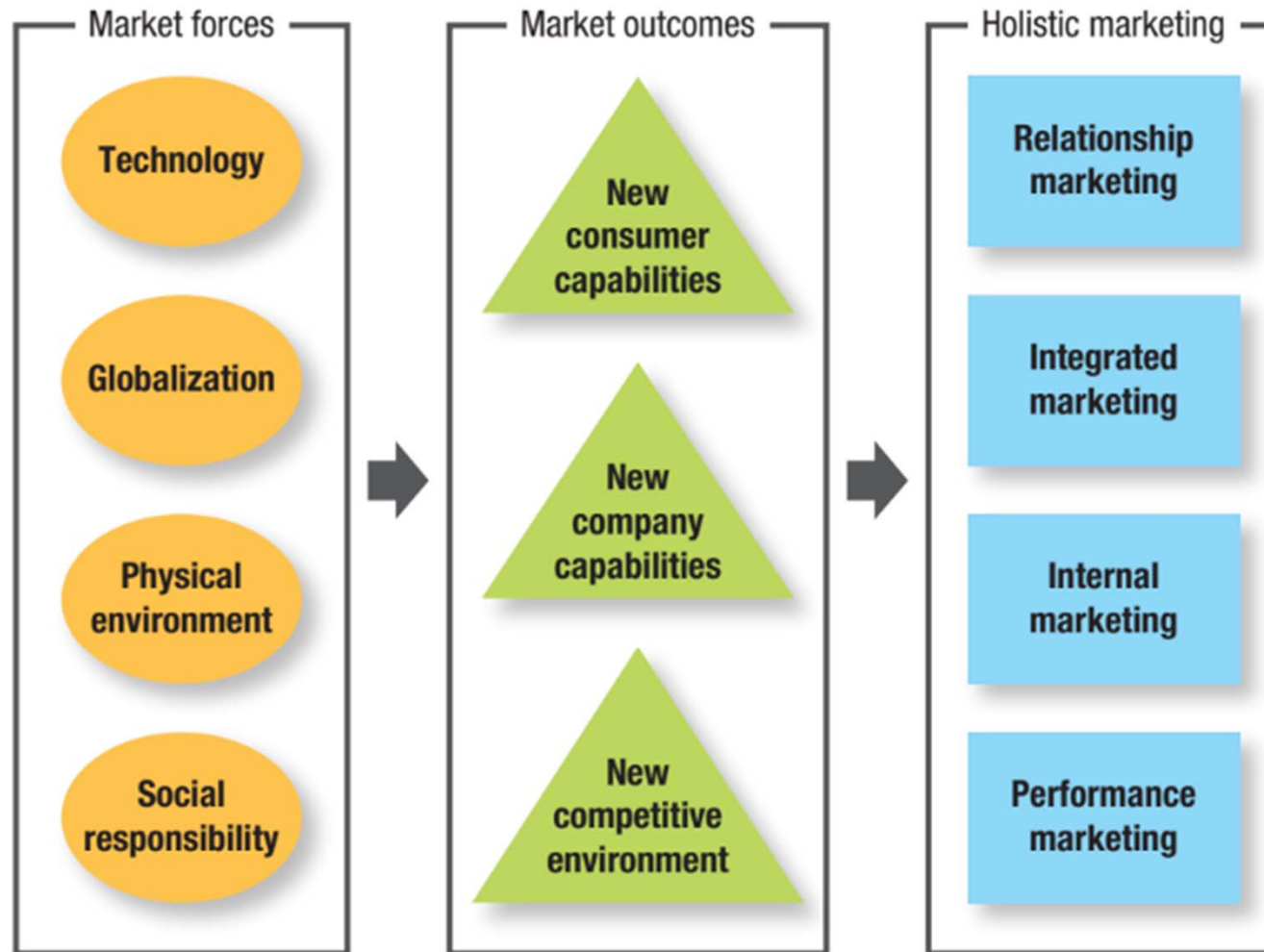
# What is Marketed?

- Goods
- Services
- Events
- Experiences
- Persons
- Places
- Properties
- Organizations
- Information
- Ideas

# The New Marketing Realities

- The **market forces** that shape the relationships among the different market entities
- The **market outcomes** that stem from the interplay of these forces
- The emergence of **holistic marketing** as an essential approach to succeeding in the rapidly evolving market

# The New Marketing Realities



# A Dramatically Changed Marketplace

- New consumer capabilities
  - Can use online resources as a powerful information and purchasing aid
  - Can search, communicate, and purchase on the move
  - Can tap into social media to share opinions and express loyalty
  - Can actively interact with companies
  - Can reject marketing they find inappropriate or annoying
  - Can extract more value from what they already own

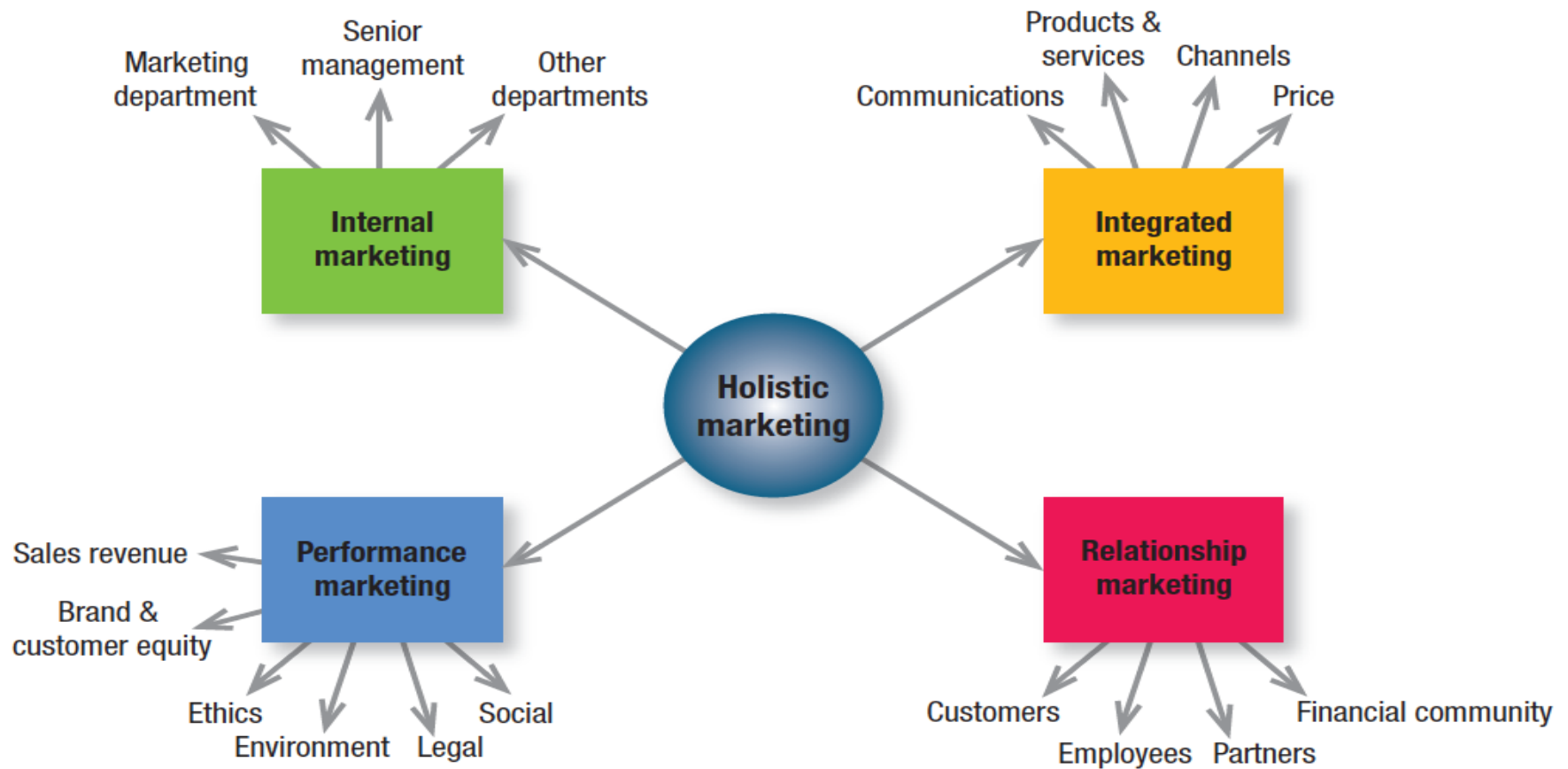
# A Dramatically Changed Marketplace

- New company capabilities
  - Can use the internet as a powerful information and sales channel, including for individually differentiated goods
  - Can collect fuller and richer information about markets, customers, prospects, and competitors
  - Can reach customers quickly and efficiently via social media and mobile marketing, sending targeted ads, coupons, and information
  - Can improve purchasing, recruiting, training, and internal and external communications
  - Can improve cost efficiency

# A Dramatically Changed Marketplace

- New competitive environment
  - Changing channels
    - Retail transformation
    - Disintermediation
  - Heightened competition
    - Private brands
    - Mega-brands
    - Deregulation
    - Privatization

# Holistic Marketing Dimensions



Holistic marketing: An integrated approach to managing strategy and tactics.



# What Is Holistic Marketing?

- **Holistic marketing** sees itself as integrating the value exploration, value creation, and value delivery activities with the purpose of building long-term, mutually satisfying relationships and co-prosperity among key stakeholders

# Relationship Marketing

- **Relationship marketing** aims to build mutually satisfying long-term relationships with key constituents in order to earn and retain their business.
- The ultimate outcome of relationship marketing is a unique company asset called a **marketing network**, which consists of the company and its supporting stakeholders with whom it has built mutually profitable business relationships.

# Integrated Marketing

- Devise marketing activities and programs that create, communicate, and deliver value such that “the whole is greater than the sum of its parts.”



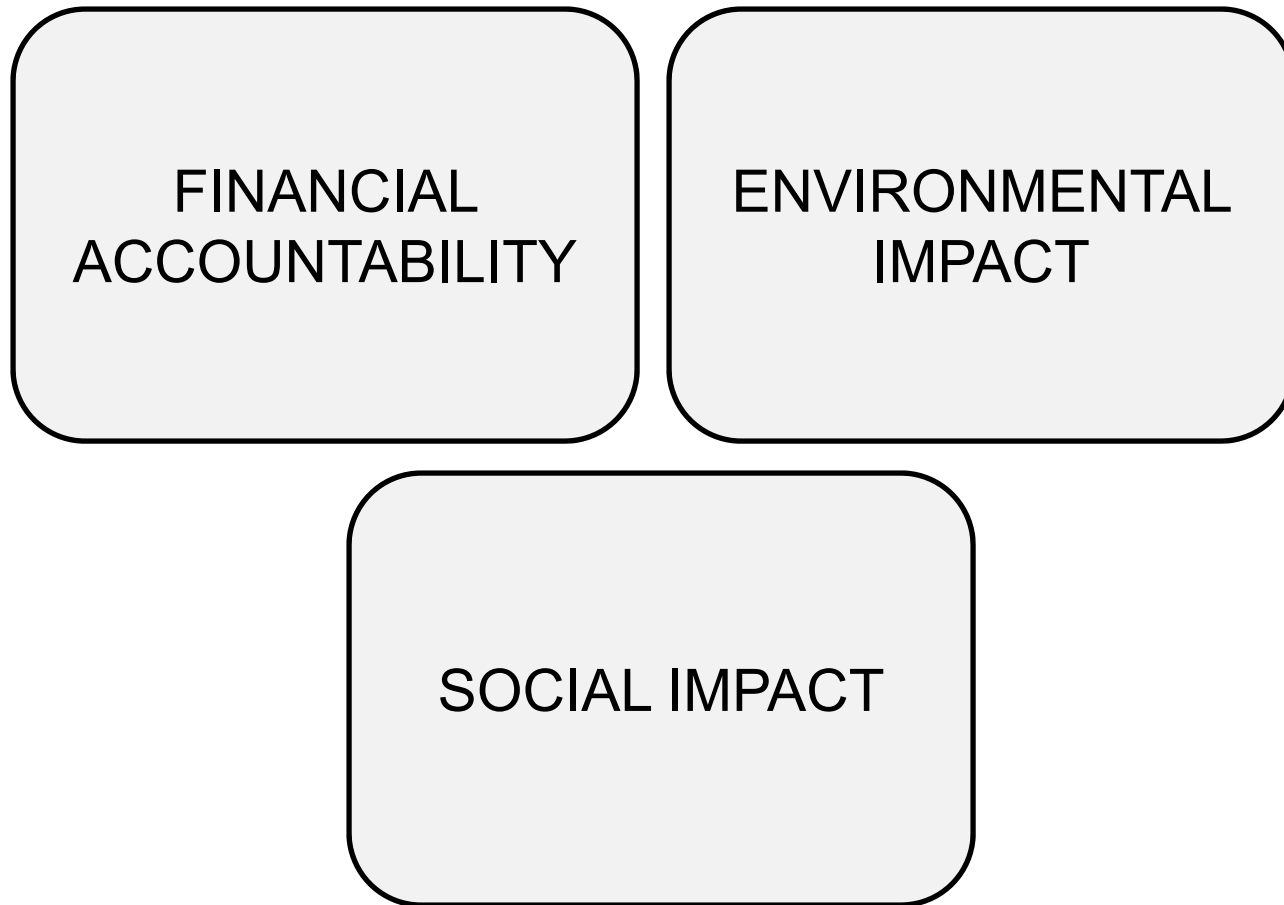
# Internal Marketing

- The task of hiring, training, and motivating able employees who want to serve customers well
- Internal marketing requires that everyone in the organization accept the concepts and goals of marketing and engage in identifying, providing, and communicating customer value.



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# Performance Marketing



# Defining the Role of Marketing in the Organization

- Production concept
- Product concept
- Selling concept
- Marketing concept
- Market-value concept

# Product-Oriented versus Market-Value-Oriented Definitions of a Business

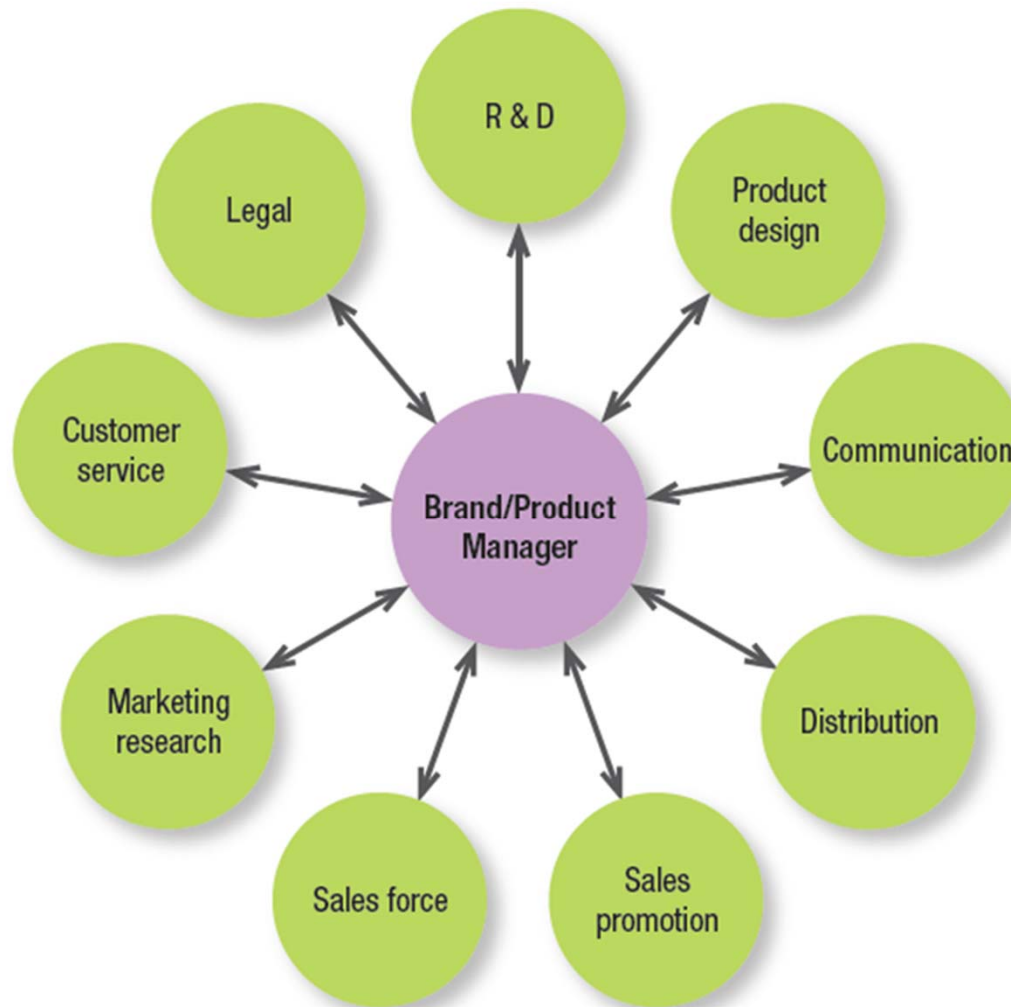
<b>Company</b>	<b>Product Definition</b>	<b>Market-Value Definition</b>
Union Pacific Railroad	We run a railroad.	We move people and goods.
Xerox	We make copying equipment.	We help improve office productivity.
Hess Corporation	We sell gasoline.	We supply energy.
Paramount Pictures	We make movies.	We market entertainment.
Encyclopedia Britannica	We sell encyclopedias online.	We distribute information.
Carrier	We make air conditioners and furnaces.	We provide climate control in the home.

# Marketing Mix Components (4 Ps)





# The Product Manager's Interactions



# The Role of the CMO

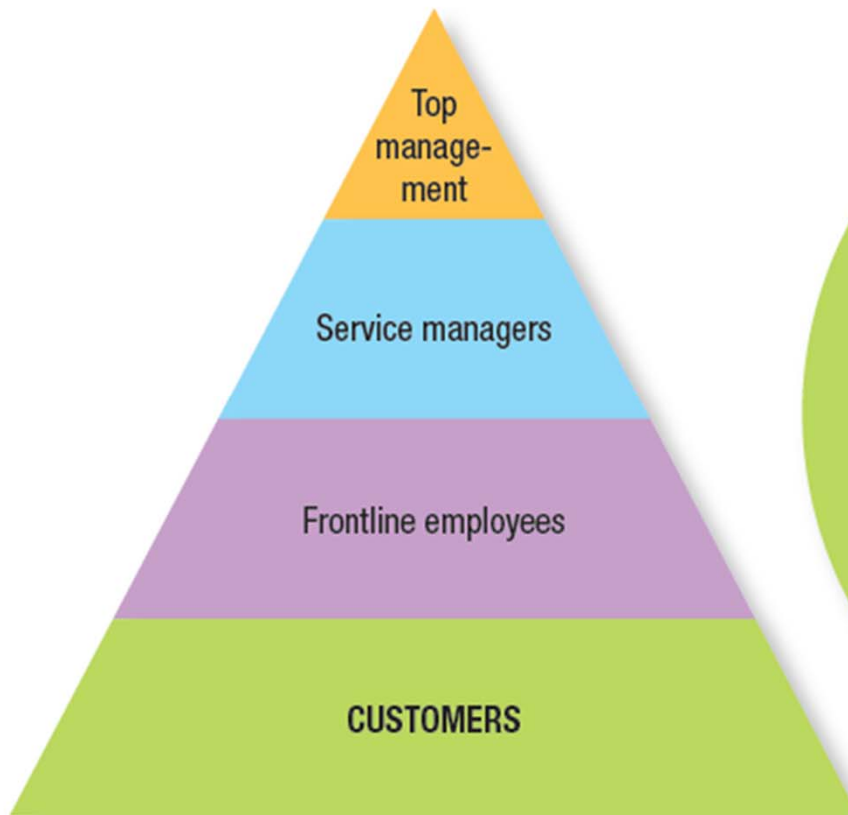
- Act as the visionary for the future of the company
- Build adaptive marketing capabilities
- Win the war for marketing talent
- Tighten the alignment with sales
- Take accountability for returns on marketing spending
- Infuse a customer perspective in business decisions affecting any customer touch point

# Building a Customer-Oriented Organization

- Create long-term customer value
  - requires managers at every level to be personally engaged in understanding, meeting, and serving customers
- Customers expect companies to **listen** and **respond** to them

# Traditional Organization versus Modern Customer-Oriented Organization

(a) Traditional Organization Chart



(b) Modern Customer-Oriented Organization Chart



# Becoming a Market-Driven Company

- Develop a company-wide passion for customers
- Organize around customer segments instead of products
- Understand customers through qualitative and quantitative research

# Characteristics of Customer-Centric Organizations

<b>Low Customer-Centricity</b>	<b>High Customer-Centricity</b>
Product driven	Market driven
Mass market focused	Customer focused
Process oriented	Outcome oriented
Reacting to competitors	Making competitors irrelevant
Price driven	Value driven
Hierarchical organization	Teamwork

# Chapter 21 Socially Responsible Marketing

## LEARNING OBJECTIVES

- Discuss the role that corporate social responsibility plays in marketing management.
- Explain how companies manage corporate social responsibility in the workplace.
- Identify the strategies that companies use to promote sustainability.
- Describe how companies balance social responsibility and corporate profitability.

# The Role of Social Responsibility in Marketing Management

- **Triple bottom line**
  - People (social component)
  - Planet (sustainability component)
  - Profit (monetary component)





# Community-Based Corporate Social Responsibility (1 of 5)

- Corporate social responsibility in the workplace
  - Fair compensation
  - Work–life balance
  - Diversity
  - Employee development



# Community-Based Corporate Social Responsibility (2 of 5)

- Corporate Philanthropy
  - Enhancing company image
  - Enhancing customer loyalty
  - Enhancing perceived product performance



# Community-Based Corporate Social Responsibility (3 of 5)

- Serving low-income communities
  - **Bottom of the pyramid (BOP)**
    - A socioeconomic concept used in reference to the largest but poorest group of the world's population, who live on less than \$2.50 a day
  - **Reverse innovation**
    - Create an inexpensive product that can be introduced as a cheaper alternative in developed markets

# Community-Based Corporate Social Responsibility (4 of 5)

- **Cause marketing**
  - Links the firm's contributions toward a designated cause to customers' engaging directly or indirectly in revenue-producing transactions with the firm



# Cause Marketing Can...

- Improve social welfare
- Create differentiated brand positioning
- Build strong consumer bonds
- Enhance the company's public image
- Create a reservoir of goodwill
- Boost internal morale
- Galvanize employees
- Drive sales
- Increase the firm's market value



# Community-Based Corporate Social Responsibility (5 of 5)

- **Social marketing**

- Aims to further a cause
- “say no to drugs” or “exercise more and eat better”

- **Brand activism**

- Taking a stand on an important—typically controversial—social, economic, environmental, or political issue



# Sustainability-Focused Corporate Responsibility

- **Sustainability**
  - The ability to meet humanity's needs without harming future generations
  - **Greenwashing**
- Integrate environmental issues into strategic plans



# Balancing Social Responsibility and Corporate Profitability

- Developing ethical marketing communications
  - A substantial body of U.S. laws and regulations governs advertising.
  - Advertisers must not make false claims, use false demonstrations, or create ads with the capacity to deceive, even if no one is actually deceived.

