

Principles of Marketing

Professor Dr. Abd El-Aziz Ali Hassan
Prof. of Marketing
Mansoura University

2024

LECTURE 1:
Introduction

Marketing: Introduction

UNIT 1

- **Define marketing and outline the steps in the marketing process.**

What Is Marketing?



What Is Marketing?

Marketing is a process by which companies **create value** for customers and build strong customer relationships in order to **capture value** from customers in return.

What Is Marketing?

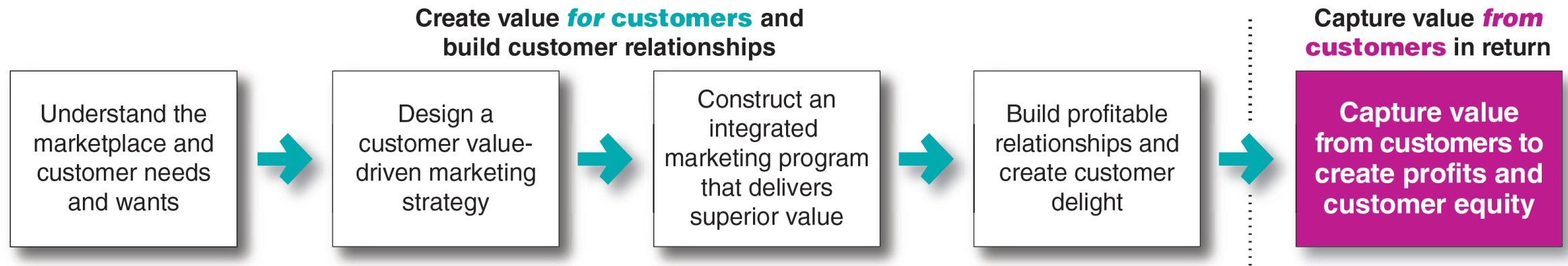
- **creating value** for customers
- **capturing value** from customers
- The twofold goal of marketing is to:
 - attract new customers by promising superior value
 - grow current customers by delivering satisfaction

What Is Marketing?

The Marketing Process

● FIGURE | 1.1

The Marketing Process: Creating and Capturing Customer Value



Marketing: Introduction

Learning Objective 2

- **Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.**

Understanding the Marketplace and Customer Needs



Understanding the Marketplace and Customer Needs

Customer Needs, Wants, and Demands

Needs

- States of deprivation

Wants

- Form that needs take

Demands

- Wants backed by buying power

- Human **needs** include basic *physical* needs for food, clothing, warmth, and safety; *social* needs for belonging and affection; and *individual* needs for knowledge and self-expression.
- **Wants** are the form human needs take as they are shaped by one's society and are described in terms of objects that will satisfy those needs.
- When backed by buying power, wants become **demands**.
- Outstanding marketing companies go to great lengths to learn about and understand their customers' needs, wants, and demands.



Understanding the Marketplace and Customer Needs

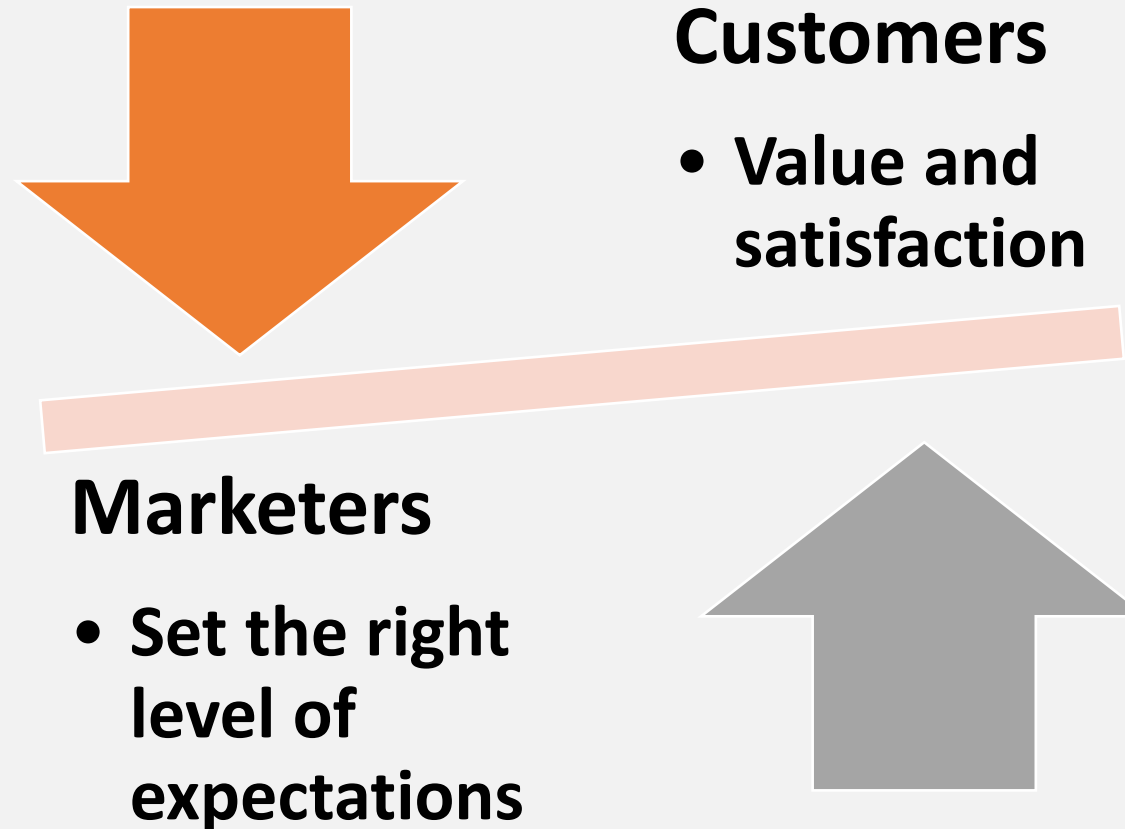
Market Offerings – Products, Services, and Experiences

- **Market offerings** are some combination of products, services, information, or experiences offered to a market to satisfy a need or want.
- **Marketing myopia** is focusing only on existing wants and losing sight of underlying consumer needs.



Understanding the Marketplace and Customer Needs

Customer Value and Satisfaction





Understanding the Marketplace and Customer Needs

Exchanges and Relationships

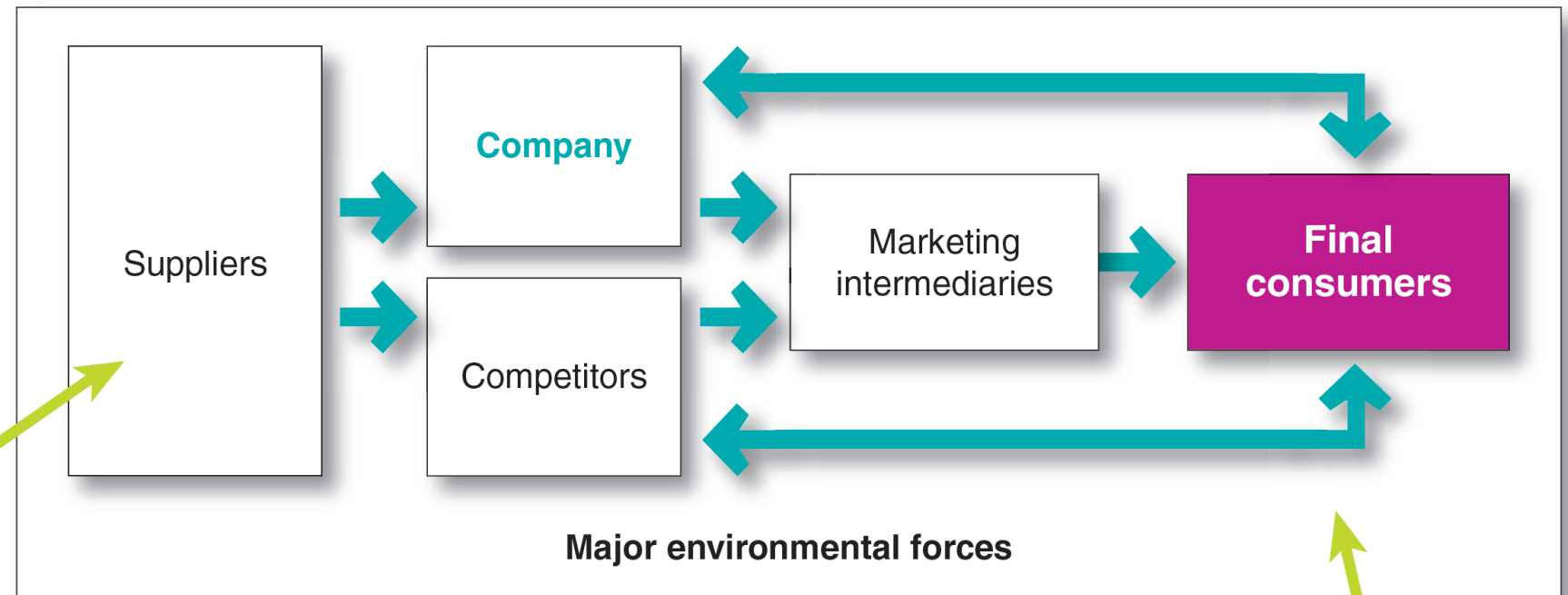
Exchange is the act of obtaining a desired object from someone by offering something in return.

Marketing actions try to create, maintain, and grow desirable **exchange relationships**.

Understanding the Marketplace and Customer Needs

Markets

● **FIGURE | 1.2**
A Modern Marketing System



Each party in the system adds value. Walmart cannot fulfill its promise of low prices unless its suppliers provide low costs. Ford cannot deliver a high-quality car-ownership experience unless its dealers provide outstanding service.

Arrows represent relationships that must be developed and managed to create customer value and profitable customer relationships.

Marketing: Introduction

Learning Objective 3

- **Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.**

Designing a Customer Value-Driven Marketing Strategy

Preparing an Integrated Marketing Plan and Program



Designing a Customer Value-Driven Marketing Strategy

Selecting Customers to Serve

Marketing management is the art and science of choosing target markets and building profitable relationships with them.

- What customers will we serve?
- How can we best serve these customers?



Designing a Customer Value-Driven Marketing Strategy

Selecting Customers to Serve

Market segmentation refers to dividing the markets into segments of customers.

Target marketing refers to which segments to go after.



Designing a Customer Value-Driven Marketing Strategy

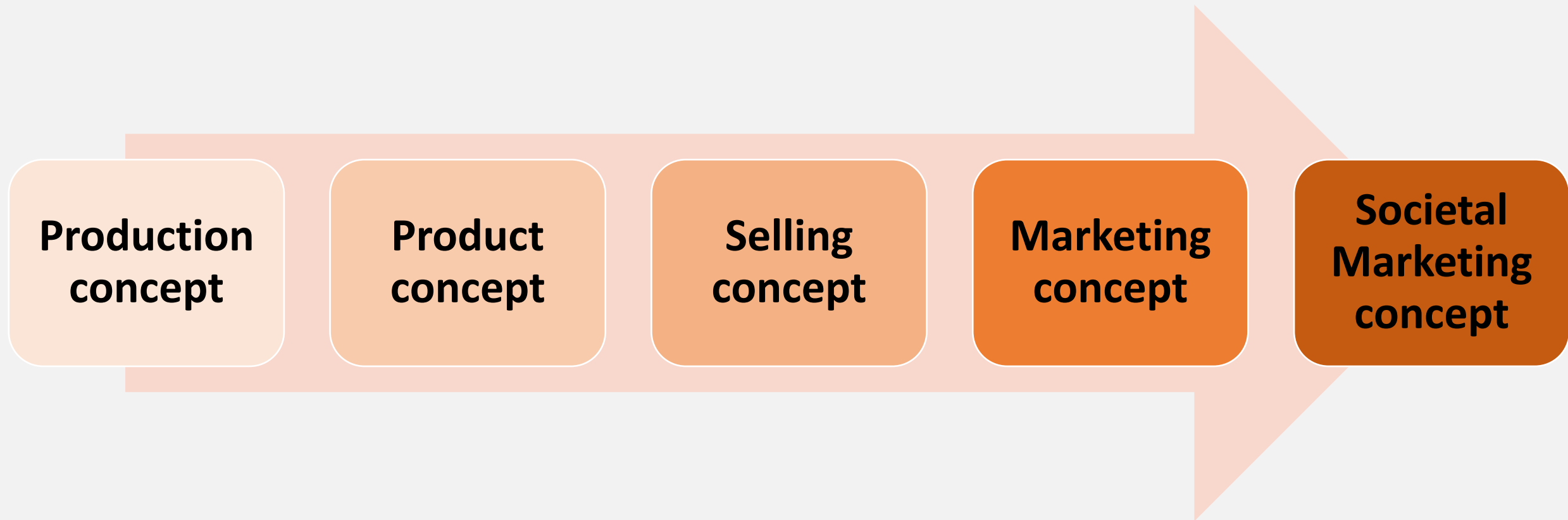
Choosing a Value Proposition

A brand's **value proposition** is the set of benefits or values it promises to deliver to customers to satisfy their needs.



Designing a Customer Value-Driven Marketing Strategy

Marketing Management Orientations





Production concept:

Consumers will favor products that are available and highly affordable.

Product concept:

Consumers favor products that offer the most quality, performance, and features.

The focus is on continuous product improvements.

Selling concept:

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



- **Marketing concept:**
- Know the needs and wants of the target markets and deliver the desired satisfactions better than competitors.
- **Societal marketing:**
- The company's marketing decisions should consider consumers' wants, the company's requirements, consumers' long-run interests, and society's long-run interests.



Designing a Customer Value-Driven Marketing Strategy

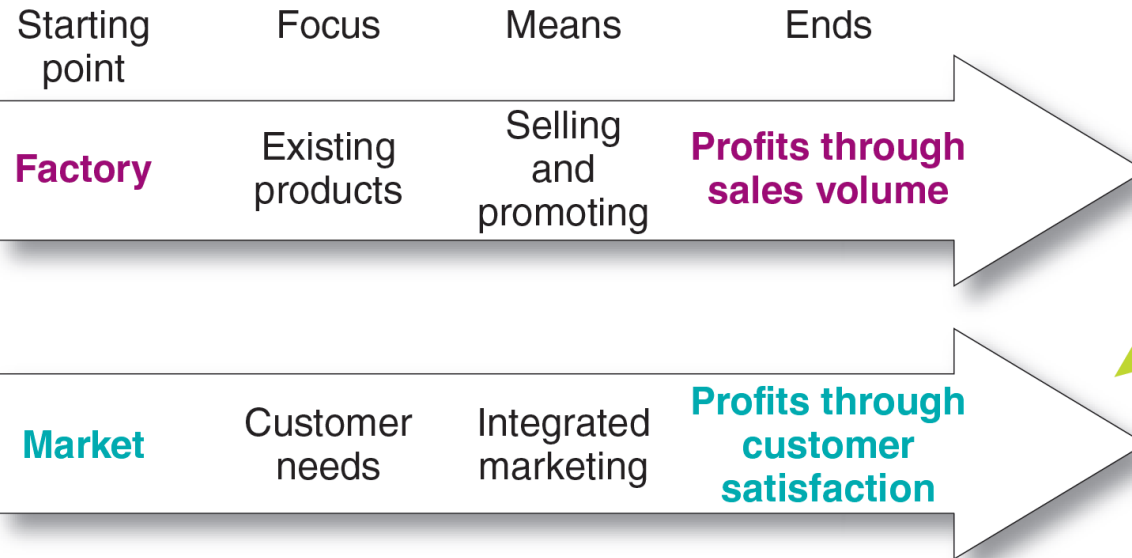
Marketing Management Orientations

FIGURE | 1.3
Selling and Marketing Concepts Contrasted

The selling concept

The marketing concept

The selling concept takes an inside-out view that focuses on existing products and heavy selling. The aim is to sell what the company makes rather than making what the customer wants.



The marketing concept takes an outside-in view that focuses on satisfying customer needs as a path to profits. As Southwest Airlines' colorful founder puts it, "We don't have a marketing department, we have a customer department."

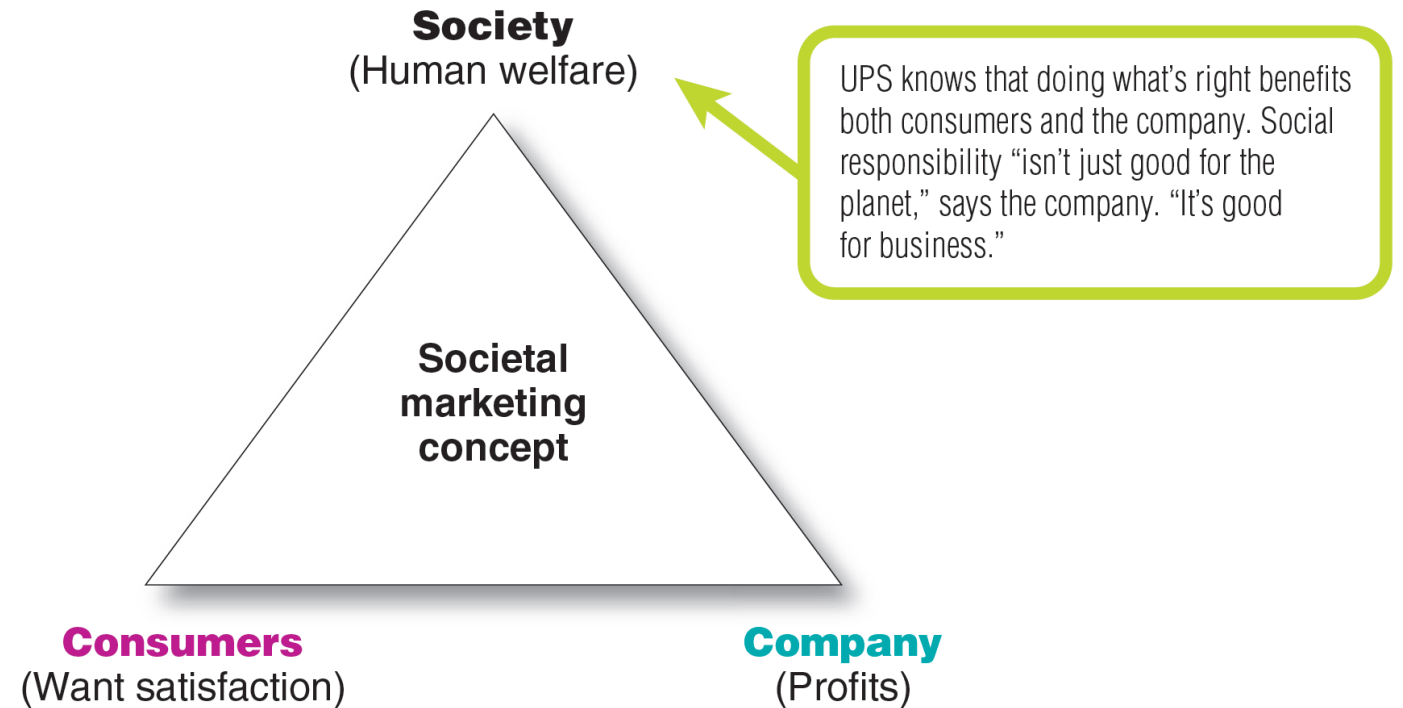


Designing a Customer Value-Driven Marketing Strategy

Marketing Management Orientations

● FIGURE | 1.4

Three Considerations Underlying the Societal Marketing Concepts





Preparing an Integrated Marketing Plan and Program

The **marketing mix** is the set of tools (four Ps) the firm uses to implement its marketing strategy. This set includes product, price, promotion, and place.

An **integrated marketing program** is a comprehensive plan that communicates and delivers the intended value to chosen customers.

Marketing: Introduction

Learning Objective 4

- Discuss customer relationship management and identify strategies for creating value *for* customers and capturing value *from* customers in return.

Building Customer Relationships

Capturing Value from Customers



Building Customer Relationships

Customer Relationship Management

Customer Relationship Management

Is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.

Customer relationship management is perhaps **the most important concept of modern marketing**. Some marketers define it narrowly as a customer data management activity (a practice called **CRM**). By this definition, it involves managing detailed information about individual customers and carefully managing customer *touchpoints* to maximize customer loyalty.



Building Customer Relationships

Customer Relationship Management

Relationship Building Blocks

Customer-perceived value

- The difference between total customer perceived benefits and customer cost

Customer satisfaction

- The extent to which perceived performance matches a buyer's expectations



Building Customer Relationships

Customer Relationship Management

- **customer-perceived value**—the customer's evaluation of the difference between all the benefits and all the costs of a market offering relative to those of competing offers.
- **Customer satisfaction** depends on the product's perceived performance relative to a buyer's expectations. If the product's performance falls short of expectations, the customer is dissatisfied. If performance matches expectations, the customer is satisfied. If performance exceeds expectations, the customer is highly satisfied or delighted.



Building Customer Relationships

Engaging Customers

Customer-Engagement and Today's Digital and Social Media

Customer-Engagement Marketing makes the brand a meaningful part of consumers' conversations and lives

by fostering direct and continuous customer involvement in shaping brand conversations, experiences, and community.

- **Customer-engagement marketing** goes beyond just selling a brand to consumers. Its goal is to make the brand a meaningful part of consumers' conversations and lives.



Building Customer Relationships

Engaging Customers

Consumer-Generated Marketing

Brand exchanges created by consumers themselves—both invited and uninvited—by which consumers are playing an increasing role in shaping their own brand experiences and those of other consumers.

Building Customer Relationships

Engaging Customers

Engaging customers: Life is good starts with a deeply felt, engagement-worthy sense of purpose: spreading the power of optimism.



The Life is good Company



Building Customer Relationships

Partner Relationship Management

Partner relationship management involves working closely with partners in other company departments and outside the company to jointly bring greater value to customers.

Marketers must also partner with suppliers, channel partners, and others outside the company.



Capturing Value from Customers

Creating Customer Loyalty and Retention

Customer lifetime value is the value of the entire stream of purchases that the customer would make over a lifetime of patronage.

- Good customer relationship management creates customer satisfaction. In turn, satisfied customers remain loyal and talk favorably to others about the company and its products.
- At Stew Leonard's profitable four-store supermarket, the lifetime revenue of a customer is \$50,000. Because his average customer spends about \$100 a week, shops 50 weeks a year, and remains in the area for about 10 years, losing one customer can be a significant loss.



Capturing Value from Customers

Growing Share of Customer

Share of customer is the portion of the customer's purchasing that a company gets in its product categories.

Building Customer Equity

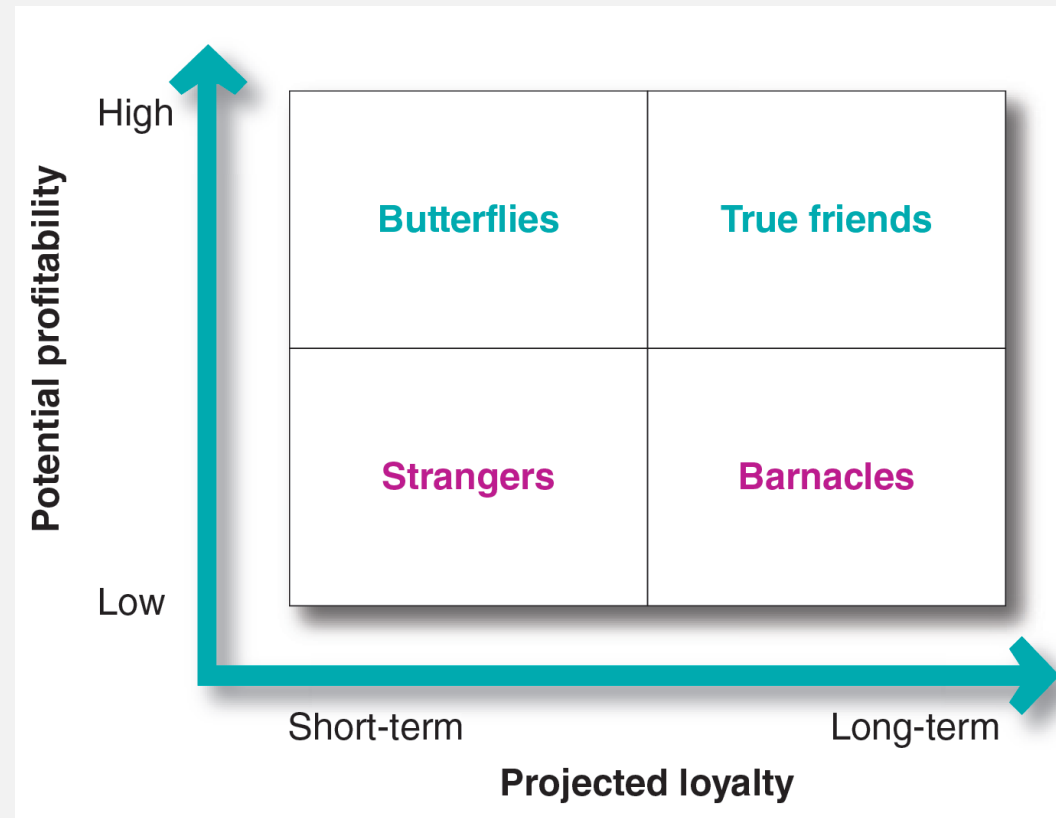
Customer equity is the total combined customer lifetime values of all of the company's customers.

Capturing Value from Customers

Building Customer Equity

Building the Right Relationships with the Right Customers

FIGURE 1.5
Customer
Relationship
Groups





- ***Strangers*** show low potential profitability and little projected loyalty.
- ***Butterflies*** are potentially profitable but not loyal.
- ***True friends*** are both profitable and loyal.
- ***Barnacles*** are highly loyal but not very profitable.
- The point here is an important one: Different types of customers require different engagement and relationship management strategies. The goal is to build the ***right relationships*** with the ***right customers***.

Marketing: Introduction

Learning Objective 5

- Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

The Changing Marketing Landscape



The Changing Marketing Landscape

The Digital Age: Online, Mobile, and Social Media Marketing

Digital and social media marketing involves using digital marketing tools such as web sites, social media, mobile ads and apps, online videos, e-mail, and blogs that engage consumers anywhere, at any time, via their digital devices.

Social media provide exciting opportunities to extend customer engagement and get people talking about a brand.

Mobile marketing is perhaps the fastest-growing digital marketing platform.

The Changing Marketing Landscape

The Digital Age: Online, Mobile, and Social Media Marketing





The Changing Marketing Landscape

- **Not-for-profit marketing growth**

In recent years, marketing has also become a major part of the strategies of many **not-for-profit organizations**, such as colleges, hospitals, museums, zoos, symphony orchestras, foundations, and even churches.

- **Rapid globalization**

Today, almost every company, large or small, is touched in some way by **global competition**

- **Sustainable marketing**

Marketers are reexamining their relationships with social values and responsibilities and with the very Earth that sustains us. As the worldwide consumerism and environmentalism movements mature, today's marketers are being called on to develop ***sustainable marketing*** practices