

MKT 300 Exam 1 Study Guide

Module 1:

- Definition of Marketing
 - Formal Definition: an organizational function and a collection of processes designed to plan for, create, communicate, and deliver **value to customers** and to build effective customer relationships in ways that benefit the organization and its stakeholders.
 - Prof's definition: set of strategic actions, that are communicated to consumers through tactics like advertising.
 - Describe the purpose of marketing.
 - Creating value for customers which keeps customers coming back again and again.
 - It's about:
 - creating exchanges (creating, communicating, and delivering value),
 - identity (creating a strong identity with our products),
 - connections (strong connections create loyalty),
 - relationships (building relationships with their consumers),
 - solving customer problems (anything that solves the problem can be marketed).

- Understanding the Marketing Mix/Four P's

- Tool for positioning:
 - Product - developing products and firms product portfolios -
 - Price – setting prices suggests value (good deal, high quality, cheap)
 - Place - establishing distribution points (Walmart vs nordstom)
 - Promotion – stimulating demand through promotional activities.

Tools for Positioning



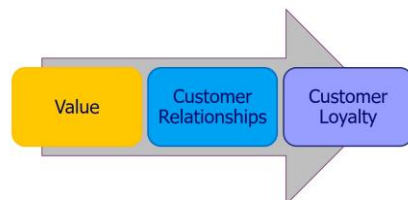
- Each p has the ability to create, communicate, and deliver value.
- Consumer vs. Customer
 - Consumer - the person who is the end user of the product (buyer of the gift card)
 - Customer – the person who is the buyer of the product (user of the gift card)
- Demographics vs. Psychographics
 - Understand which one groups people by similarities/differences
 - Demographics – variables that allow us to group people based on a similar characteristic (age, gender, income, major, GPA) – BASED ON SIMILARITIES
 - Psychographics – tries to understand how people are different, tell a richer story about a person– BASED ON DIFFERENCES
 - Demographics are necessary but not sufficient to make connections.
 - Example: demographics would say that all Ferrari owners are rich however psychographics would tell us that not all rich people are Ferrari owners.

Psychographics helps us understand why some rich people prefer Ferraris and other rich people prefer more conservative cars.

- Superior marketing investigates consumer psychographics.
- We need to understand psychographics (what makes someone different and individual) to do our best marketing.

- Marketing Concept
- Customer Value-Driven Marketing
 - What does value mean in this context?
- Compare and contrast Marketing Management Philosophies
 - Production orientation - focus on efficiency of internal operations
 - Seller's market
 - Efficiency in production trumped consumers needs and wants
 - Exp: Henry Ford "customers could have any color they wanted as long as it was black"
 - **Think "What can we do or make best? Internal efficiencies."**
 - Sales orientation - focus on aggressive techniques for overcoming customer resistance
 - Seller's market
 - Ushered by Great Depression in 1930s
 - Fewer buyers meant aggressive tactics to sell what sellers had produced
 - "whatever we produce we will find a way to sell"
 - **Think "How can we sell more aggressively"?**
 - Marketing orientation - focus on satisfying customer needs and wants
 - Buyer's market
 - End of WWII buyers expected more from their products.
 - Competition increased.
 - Companies that focused on the customer outperformed those who focused on production efficiency.
 - Very important shift. Advertising and marketing (promotion-based model) aren't effective if the product doesn't satisfy the customer's needs (product based model – where the consumer is the focus)
 - Combination of a "consumer orientation" and "relationship orientation"
 - **During the Consumer orientation period**, companies were seeking ways to discover and satisfy the needs and wants of its customers. Marketing research became a priority in most companies in effort to uncover unmet needs. when competition began to expand globally again a critical factor in order to make a connection with customers, firms began to focus on developing relationships in hopes of generating loyalty. so in our **relationship oriented period**, definitely part of the market orientation, companies are seeking ways to deliver value to customers, in an effort to gain long term relationships. companies may spend more in the short term but companies look at these costs as investments for the long term. with incredible competition today through new communication channels like the Internet, it's imperative for companies to focus on long term customer connections. collectively comma the market philosophy is comprised of the consumer and relationship orientations period

- *Think "What do our customers want and need"?*
- Societal orientation - focus on satisfying customer needs and wants while enhancing individual and societal needs.
 - Added social responsibility to the equation.
 - relying more heavily on psychographics to understand what is important to the customer as it relates to society as a whole.
 - Customers will seek out at the gold companies and methods will benefit society.
 - Example yoplait donating to cancer "save lids to save lives."
 - ***Think "What do our customers want and need, and how can we benefit society"?***
- Market Orientation
 - Explain and examine the three different facets of the market orientation construct.
 - Organizational perspective - puts the philosophy of marketing concept into practice.
 - Gathering market intelligence – talk to customers, see what competitors are doing, monitor the environment.
 - Disseminating knowledge – throughout the organization to research and development dept, mgmt., etc.
 - Coordinating response – best possible solution for the customer issues – provide value.
 - Marketing concept - a customer-oriented philosophy dedicated to understanding and fulfilling customer needs to the creation of value.
 - Organizational decisions should be made to satisfy customers.
 - Create **Value** by developing **Customer relationships** that lead to **Customer loyalty** -



- Value-Driven Marketing
 - $\text{customer value} = \text{customer benefits} - \text{customer cost}$
 - does not mean the cheapest.
- Key to Successful Marketing
 - Identify the components of STP marketing.
 - Segmenting
 - Targeting
 - Positioning