

Basic Marketing

A Marketing Strategy Planning Approach


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CHAPTER ONE

Marketing's Value to Consumers, Firms, and Society



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When we finish this lecture you should

1. Know what marketing is and why you should learn about it.
2. Understand the difference between marketing and macro-marketing.
3. Know the marketing functions and why marketing specialists—including middlemen intermediaries and marketing collaborators—develop to perform them.
4. Understand what a market-driven economy is and how it adjusts the macro-marketing system.

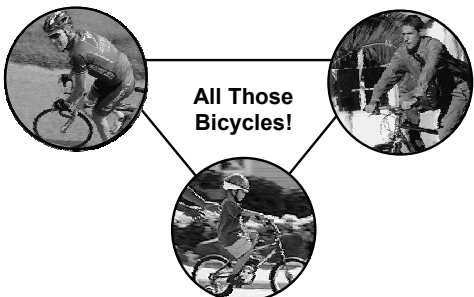
When we finish this lecture you should

5. Know what the marketing concept is—and how it should guide a firm or nonprofit organization.
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7. Know how social responsibility and marketing ethics relate to the marketing concept.


Marketing—What's It All About?

More than Selling or Advertising

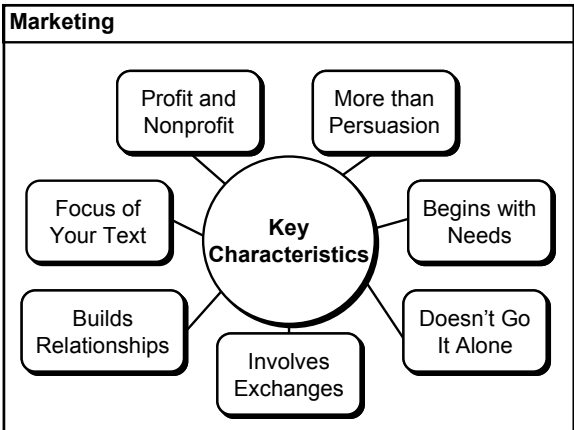
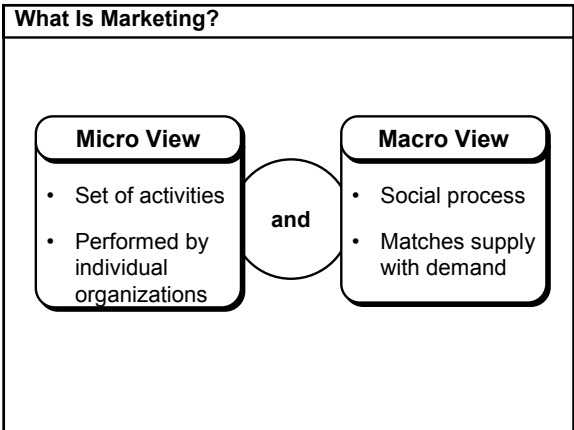
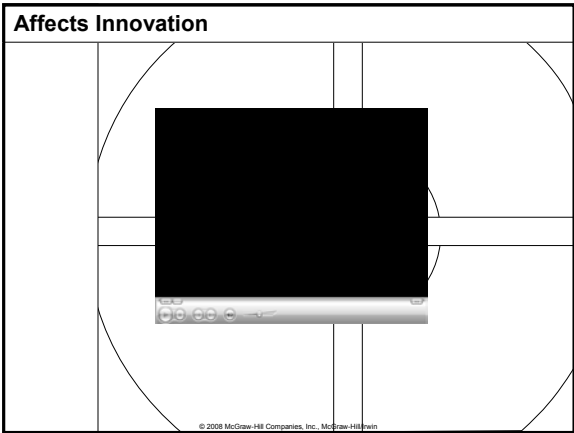
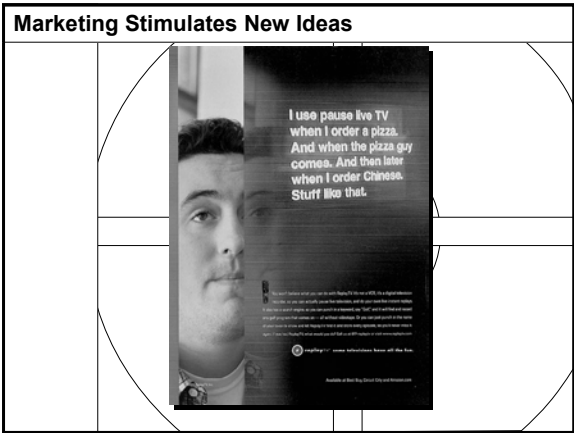
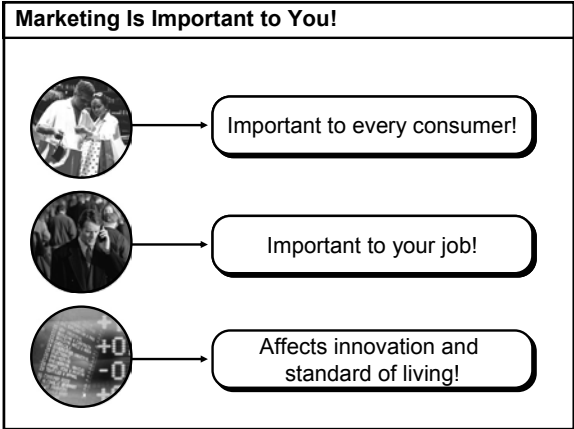
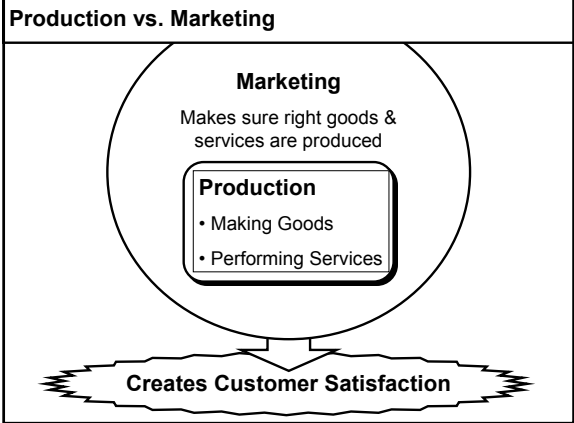
All Those Bicycles!



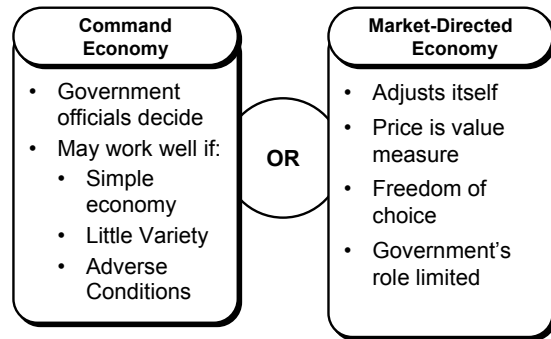
Things a Firm Should Do in Producing a Bike



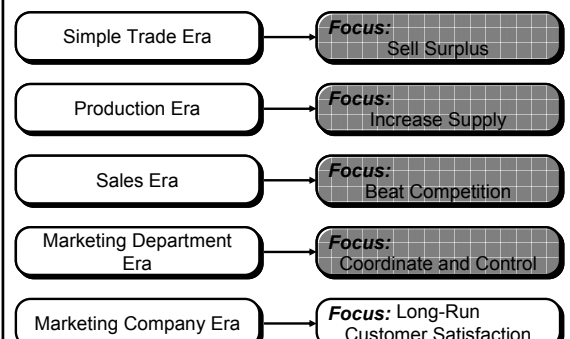
- Analyze Needs
- Predict Wants
- Estimate Demand
- Predict When
- Determine Where
- Estimate Price
- Decide Promotion
- Estimate Competition
- Provide Service



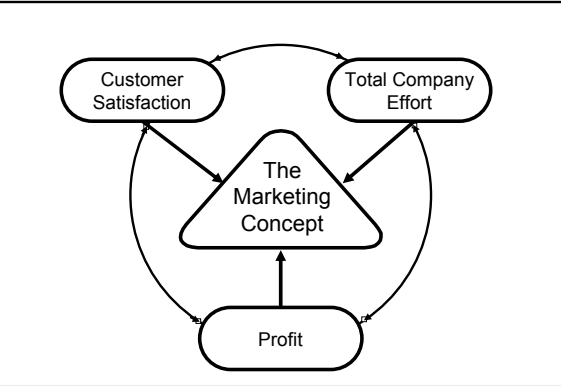
How Decisions are Made in an Economic System



Marketing's Role Has Changed Over Time



The Marketing Concept (Exhibit 1-3)



Creating Customer Satisfaction

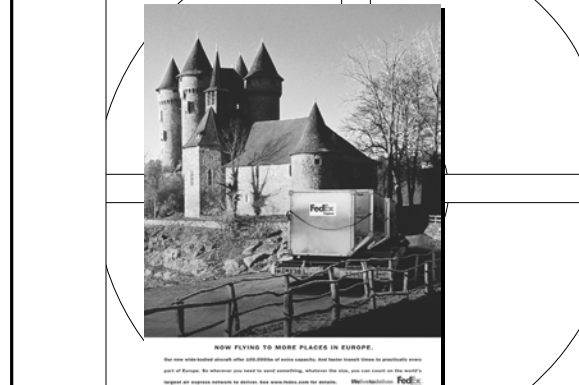


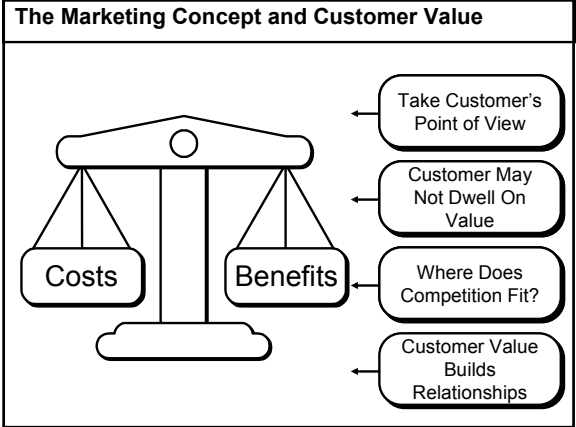
Checking your knowledge

A store that is popular with newlyweds runs a wedding gift registry. Five minutes before closing time on a Sunday, a young couple enters the store and wants to register—a process that usually takes 30 minutes or more. A sales associate advises the couple to come back when they have more time, even though a recent memo from the store's regional manager specifically instructed store personnel to stay after closing time to help such customers. Which key element of the marketing concept is the main problem area in this situation?

- A. Customer need
- B. Total company effort
- C. Customer satisfaction
- D. Marketing orientation
- E. Product orientation

Adopting the Concept of Marketing





Interactive Exercise: Customer Value

How to Determine Customer Value?

Customer value is the difference between:

- (a) the benefits a consumer perceives in a market offering, and
- (b) the cost of obtaining those benefits.

The following chart shows several brands of upright vacuum cleaners that have been tested by an independent laboratory.

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Checking your knowledge

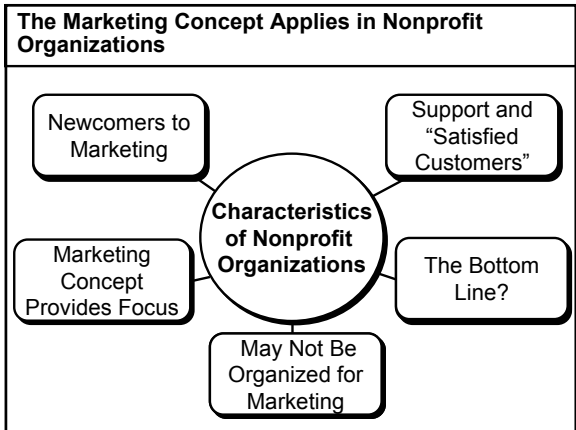
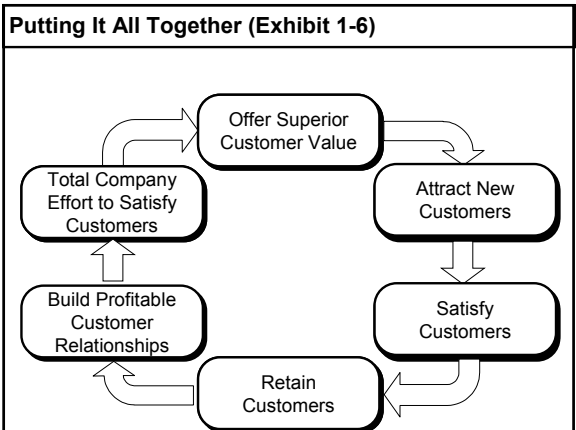
Which of the following statements, made by marketing managers, illustrates an understanding of the concept of customer value?

- A. "It's more important to acquire new customers than to retain old ones."
- B. "The only time it's really necessary to demonstrate superior customer value is right before the actual sale."
- C. "My main concern is with meeting this month's sales quota—I'll worry about relationship building later."
- D. "I might think my product is a good value, but what really counts is if the customer thinks it's a good value."
- E. "Customer value really boils down to which product is the least expensive."

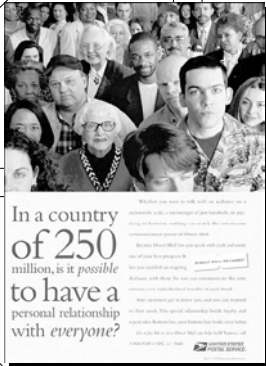
Checking your knowledge

A computer manufacturer is attempting to increase the customer value associated with purchases of its products. Which of the following might be a way to achieve this increase in value?

- A. Reduce price.
- B. Increase technical support for customers.
- C. Increase warranty coverage.
- D. Offer free shipping.
- E. Any of the above, depending on the needs of the target market.



Government Marketing

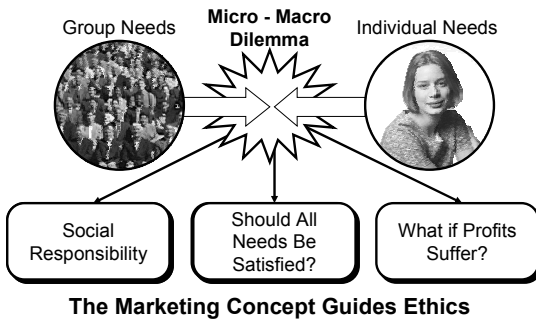


Marketing Concept Use by Nonprofit Services



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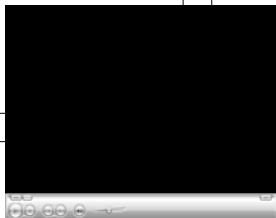
The Marketing Concept, Social Responsibility, and Marketing Ethics



The Micro-Macro Dilemma



Social Responsibility



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7. Know how social responsibility and marketing ethics relate to the marketing concept.

Key Terms

- Production
- Customer satisfaction
- Innovation
- Marketing
- Pure subsistence economy
- Macro-marketing
- Economies of scale
- Universal functions of marketing
- Buying
- Selling
- Transporting
- Storing
- Standardization and grading
- Financing
- Risk-taking
- Market information
- Intermediary (or middleman)

Key Terms

- Collaborators
- E-commerce
- Economic system
- Command economy
- Market-directed economy
- Simple trade era
- Production era
- Sales era
- Marketing department era
- Marketing company era
- Marketing concept
- Production orientation
- Marketing orientation
- Customer value
- Micro-macro dilemma
- Social responsibility
- Marketing ethics