

MGM204

PRINCIPLE OF

MARKETING

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Lecture 1



Chapter 01

CONTENT

1. What Is Marketing? Marketing Define
2. Why is marketing important?
3. Understanding the Market
4. Customer Needs, Wants, and Demands
5. Market Value
6. The Marketing Mix
7. Consumer and Organizational Buying



WHAT IS MARKETING?



Chapte1

Many people think of marketing only as selling and advertising.

Marketing is no longer “telling and selling.”

Today, marketing’s new sense is concerned with satisfying customer needs.



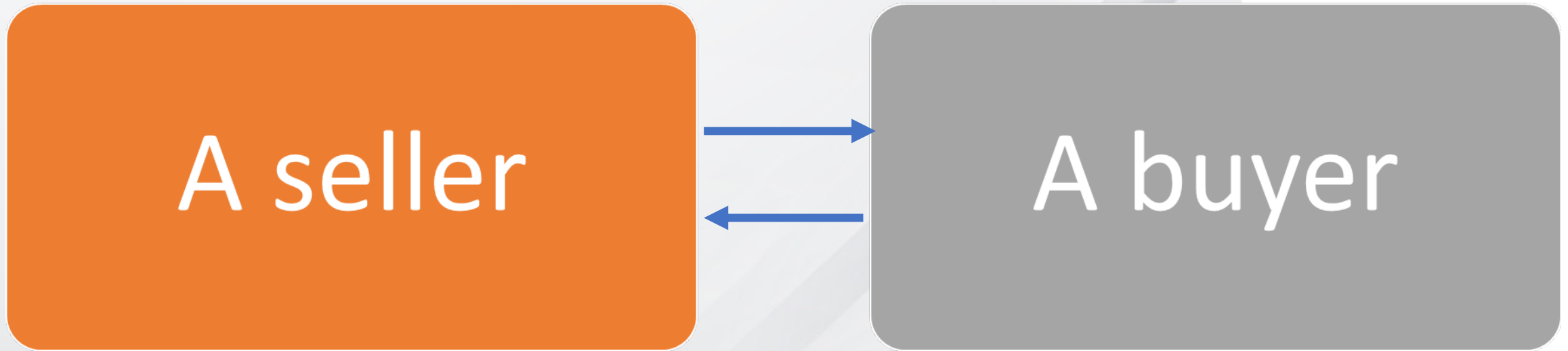
WHAT IS MARKETING

“Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.”

KOTLER, 1991

WHAT IS AN EXCHANGE?

Exchange= Act of obtaining a desired object from someone by offering something in return.



For an exchange to occur.....

- ☐ There are at least two parties.
- ☐ Each party has something that might be of value to the other party.
- ☐ Each party is capable of communication and delivery.
- ☐ Each party is free to reject the exchange offer.
- ☐ Each party believes it is appropriate or desirable to deal with the other party

What is a Market?

The set of actual and potential buyers of a product.

These people share a need or want that can be satisfied through exchange relationships.



WHAT IS A MARKET?

Economic Definition of Market



A place where buyer and sellers gather to exchange goods- Supply /Demand

Marketing Definition of market



Customers



WHAT IS MARKETING

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





IMPORTANCE OF MARKETING

Why Study Marketing?

- ◆ Plays an important role in society
- ◆ Vital to business survival, profits and growth
- ◆ Offers career opportunities
- ◆ Affects your life every day
- ◆ Half of every dollar spent pays for marketing costs
- ◆ Better-informed consumers
- ◆ Demand for customer satisfaction

The Importance of Marketing

Marketing isn't simply an important part of business success it is the business.

Everything else in the business depends upon marketing.

"No sales. No company."

Marketing supports competition and offers benefits to consumers

Importance of marketing



Marketing Helps in Transfer, Exchange and Movement of Goods



Marketing Is Helpful In Raising And Maintaining The Standard Of Living Of The Community



Marketing Creates Employment



Marketing as a Source of Income and Revenue



Marketing Acts as a Basis for Making Decisions



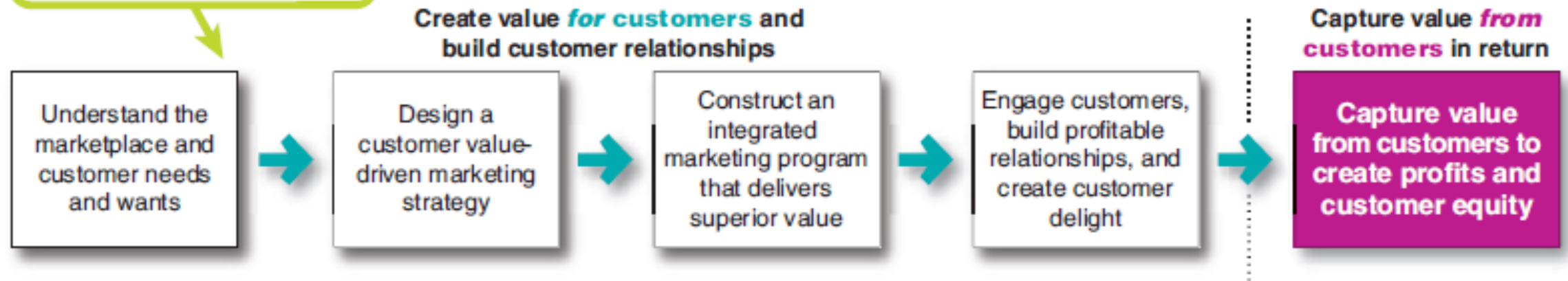
Marketing Acts as a Source of New Ideas



Marketing Is Helpful In Development Of An Economy

The marketing process

This important figure shows marketing in a nutshell. By creating value *for* customers, marketers capture value *from* customers in return. This five-step process forms the marketing framework for the rest of the chapter and the remainder of the text.



The Marketing Process: Creating and Capturing Customer Value

Needs, Wants, and Demands

Need:

State of felt deprivation including physical, social, and individual needs.

- Physical, social, and individual needs



Maslow's hierarchy of needs

Needs, Wants, and Demands

- ❑ **Wants:** Form that a human need takes, as shaped by culture and individual personality.
- ❑ **Wants + Buying Power = Demand**
- ❑ **Demand:** Customers' desires for products coupled with the resources needed to obtain them



Needs, Wants, and Demands

Benefits: Outcome sought by consumer that satisfies need or want and motivates buying behavior

PRODUCT BENEFITS



MARKET OFFERING

- Customers needs and wants are fulfilled through **market offerings** some combination of products, services, information, or experiences offered to a market to satisfy a need or want.
- **Market offerings**= physical products, services, persons, places, Organizations, information, and idea.
- **Marketing myopia**= the mistake of paying more attention to the specific products a company offers than to the benefits and experiences produced by these products.

MARKET VALUE

Market value is the potential of a product or service to satisfy customers' needs and wants

Value is created only if the product or service has the capability to satisfy a customer's needs and wants

Customer value driven marketing strategy

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



We must ask the question:

What customers will we serve? (what's our target market)

how can we serve the customers best (what's our value proposition)

STP FRAMEWORK

Value proposition is the set of benefits of values it promises to deliver to customers to satisfy their needs



S Segmentation	T Targeting	P Positioning
Divide market into distinct groups of customers (segments) using segmentation practices.	Determine which customer group (segment) to focus your marketing efforts on.	Create product positioning and marketing mix that is most likely to appeal to the selected audience.

Marketing Management Orientation

Evolution of Marketing Theory

1



Production Orientation

2



Product Orientation

3



Sales Orientation

4



Marketing Orientation

5



Societal Marketing

Production concept

The idea that consumers will favor products that are available and highly affordable; therefore, the organization should focus on improving production and distribution efficiency.

Product concept

The idea that consumers will favor products that offer the most quality, performance, and features; therefore, the organization should devote its energy to making continuous product improvements.

Selling concept

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

Marketing concept

A philosophy in which achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do.

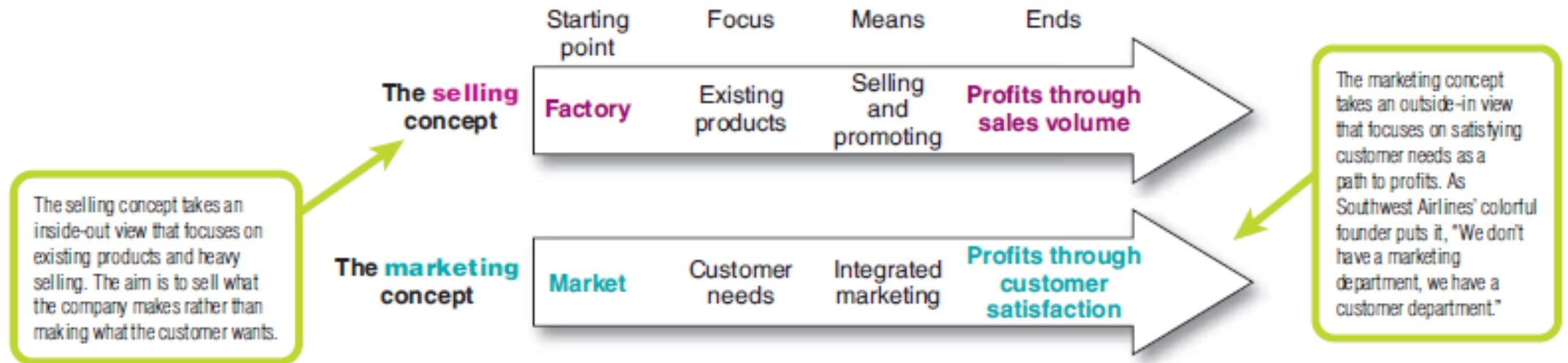
Societal marketing concept

The idea that a company's marketing decisions should consider consumers' wants, the company's requirements, consumers' long-run interests, and society's long-run interests.

EVOLUTION OF MARKETING

Orientation	Key Ideas
Production	Focus on efficiency of internal operations – if we make it, they will buy it
Product	Is the view that an ideal product can be produced that will have all the features any potential customer might want.
Sales	Focus on aggressive sales techniques and believe that high sales result in high profits
Marketing	Focus on satisfying customer needs and wants while meeting objectives - if they will buy it, we will make it
Societal	Focus on satisfying customer needs and wants while enhancing individual and societal well-being. I.e.- using recyclables

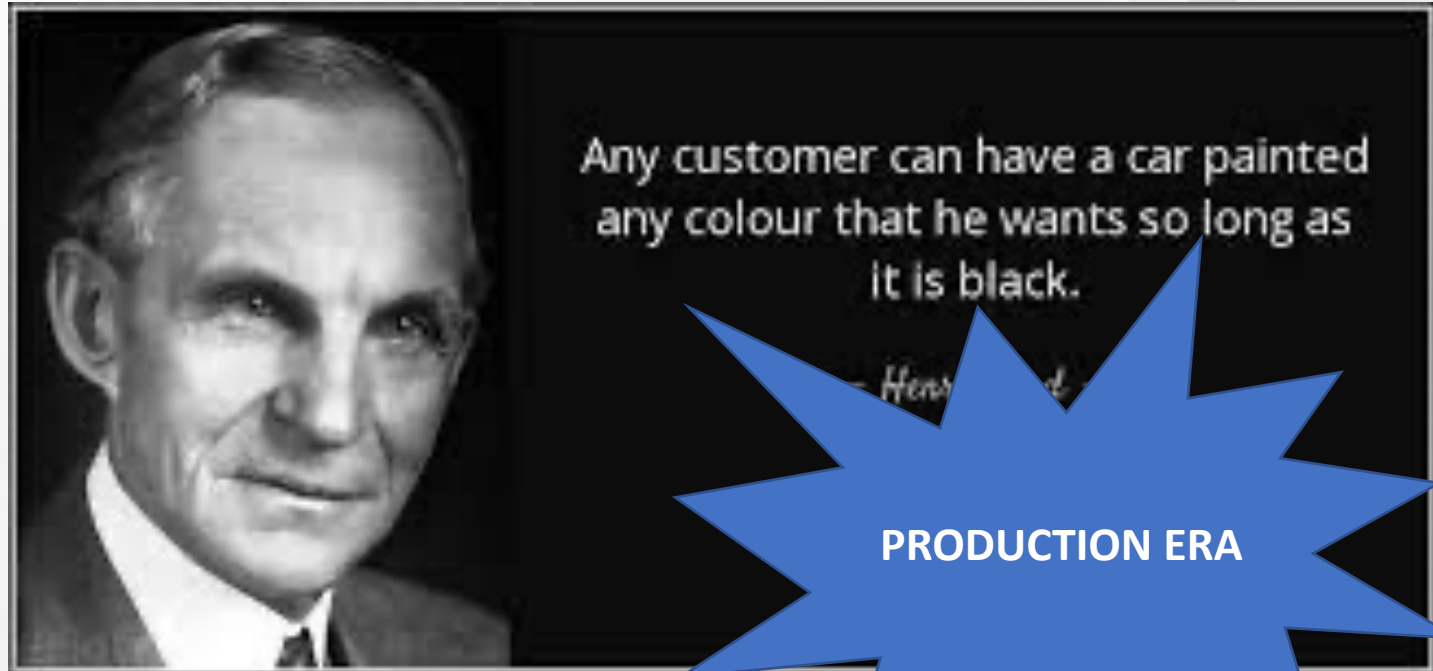
SELLING VS. MARKETING CONCEPTS



Selling and Marketing Concepts Contrasted

QUESTION

TO WANT ERA
DOES THIS
FAMOUS QUOTE
BELONGS TO?



A LUSH LIFE

WE BELIEVE

... in making effective products from fresh organic* fruit and vegetables, the finest essential oils and safe synthetics.

We believe in buying ingredients only from companies that do not conduct or commission tests on animals and in testing our products on humans.

We invent our own products and fragrances, we make them fresh* by hand using little or no preservative or packaging, using only vegetarian ingredients and tell you when they were made.

We believe in happy people making happy soap, putting our faces on our products and making our mums proud.

We believe in long candlelit baths, sharing showers, massage, filling the world with perfume and in the right to make mistakes, lose everything and start again.

We believe our products are good value, that we should make a profit and that the customer is always right.

*We also believe words like 'Fresh' and 'Organic' have an honest meaning beyond marketing.

WHAT IS THE
MARKETING
CONCEPT THAT THIS
BRAND FOLLOWS?



THE MARKETING MIX



4Ps of Marketing Mix

Definition of Marketing Mix

According to Philip Kotler

"a set of controllable variables and their levels that the firm uses to influence the target market."

THE MARKETING MIX

“Barbara Kahn” definition of 4Ps

- PRODUCT = What the SELLER puts into the exchange
- PRICE= What the BUYER puts into the exchange
- PROMOTION= The way the seller communicates the benefits about that product to the buyer
- PLACE= The way the seller delivers the product to the customer

Marketing Mix and the Customer

Four (4 Ps)

1-Product

2-Price

3-Place

-Promotion

Four (4Cs)

Customer solution

Customer cost

Convenience

Communication

THE MARKETING MIX

Product	Promotion	Place	Price
1. Is there a demand for the product or service? 2. How to make the product appeal to consumer 3. Packaging includes the design, color, size, and brand names	1. Making customers aware of a product 2. Advertising 3. Coupons 4. Rebates 5. Sales 6. Free give aways 7. Publicity	1. Distribution is getting the right product to the right place at the right time in the right amount and in the right condition 2. Storage 3. Warehousing 4. Transporting	1. How much are customers willing to pay? 2. Is the price competitive with other products? 3. Can the company make a profit?



DISTRIBUTION

PRODUCT





New Apple iPhone
13 Pro with...

SAR 4,694.00

Amazon.sa

PRICE



PROMOTION





وزارة الصحة
Ministry of Health

ساهم بالتبرع بالدم
واحجز موعدك الآن
من خلال تطبيق موعد



كل
قطرة
بنبضة

The marketing
mix for non-
for-profit
organizations

Thana Ahmed

•PRODUCT=
IDEA “Feel good about
yourself, you're going to
help save lives”



PRICE =



PLACE =



PROMOTION

the way they
communicate the
benefits of giving
blood



To sum up

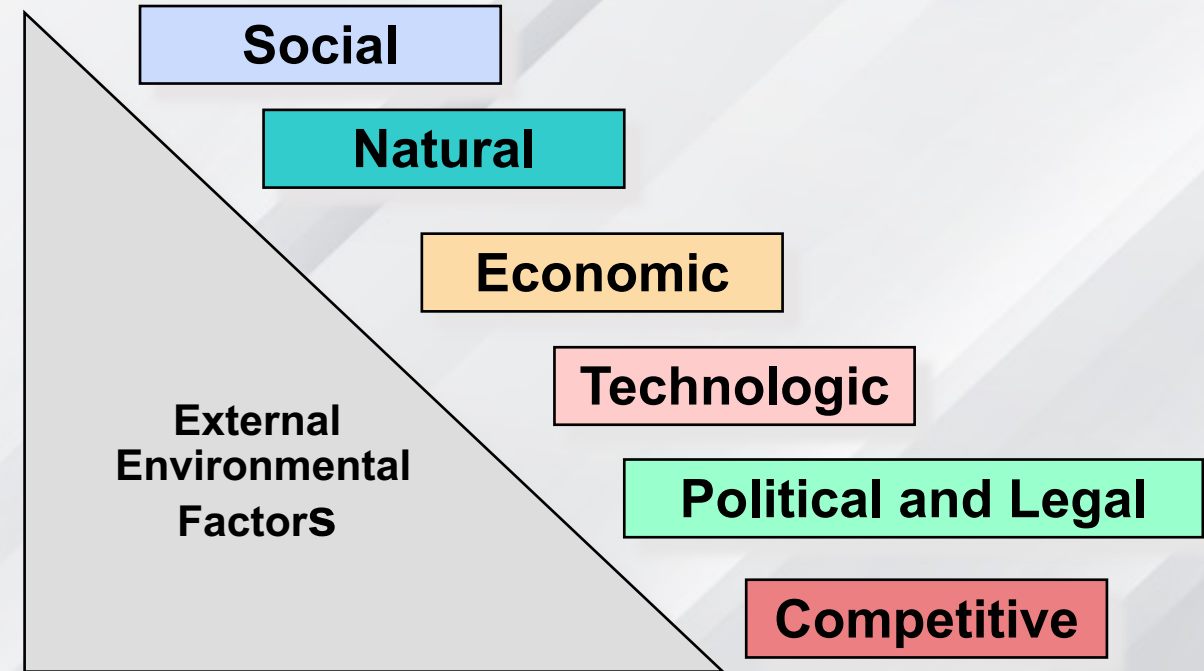
- A product can be:
 - Tangible (Goods)
 - Intangible (Service)
 - Place
 - Person
 - Idea
 - App
 -
- **Anything that satisfies customers' needs and wants**

Controllable Vs. Uncontrollable Factors

CONTROLLABLE FACTORS AFFECTING MARKETING DECISIONS



the "arrow"



Helps identify market opportunities

Thana Ahmed

Difference between Consumer and Organizational Buying



Organizational buyers

Fewer organizational buyers

Close, long-term relationship between organizational buyers and sellers

Organizational buyers are more rational

Organizational buying may be to specific requirements

Reciprocal buying may be important in organizational buying

Organizational selling/ buying may be more risky

Organizational buying is more complex

Negotiation is often more important in organizational buying

Difference between Consumer and Organizational Buying

Consumer Buyer Behavior



- Consumers are individuals who buy products and services for personal consumption.
- An understanding of customers can only be obtained by answering the following questions
- Who is important in the buying decision?
- How do they buy?
- What are their choice criteria?
- Where do they buy?
- When do they buy?



**thanks for
listening!**