Chapter 1: An Overview of Marketing

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Learning Outcomes

LO1. Define the term *marketing*

LO2. Describe four marketing management philosophies

LO3. Discuss the differences between sales and market orientations

LO4. Describe several reasons for studying marketing
What is Marketing?

Define the term *marketing*
What is Marketing?

- A Philosophy
- An Attitude
- A Perspective
- A Management Orientation

A Set of Activities

- Products
- Distribution
- Promotion
- Pricing
What is Marketing?

American Marketing Association 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 Marketing?

- Employee satisfaction
  - Greater effort
  - Higher quality
    - Repeat business
      - Growth and profits
        - Stockholder satisfaction
          - More investment
People giving up something to receive something they would rather have.
Exchange

Conditions for Exchange

- At Least Two Parties
- Something of Value
- Communication and Delivery
- Freedom to Accept or Reject
- Desire to Deal with Other Party
Exchange

- Exchange may not take place even if conditions are met
- An agreement must be reached
- Marketing occurs even if exchange does not take place
Review Learning Outcome

What is Marketing?

Customer value and beneficial relationships

Creating Value

Exchange

A ↔ B

Product

Place

Delivering Value

Price

Promotion

Communicating Value
Marketing Management Philosophies

LO²

Describe four marketing management philosophies
# Marketing Management Philosophies

<table>
<thead>
<tr>
<th>Orientation</th>
<th>Focus is on…</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Production</strong></td>
<td>internal capabilities of the firm</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>aggressive sales techniques and belief that high sales result in high profits</td>
</tr>
<tr>
<td><strong>Market</strong></td>
<td>satisfying customer needs and wants while meeting objectives</td>
</tr>
<tr>
<td><strong>Societal</strong></td>
<td>satisfying customer needs and wants while enhancing individual and societal well-being</td>
</tr>
</tbody>
</table>
Market Orientation

Marketing Concept:
The idea that the social and economic justification for an organization’s existence is the satisfaction of customer wants and needs while meeting organizational objectives.
The Marketing Concept

✓ Focusing on customer wants and needs to distinguish products from competitors’ offerings

✓ Integrating all the organization’s activities to satisfy these wants

✓ Achieving the organization’s long-term goals by satisfying customer wants and needs legally and responsibly
Achieving a Marketing Orientation

- Obtain information about customers, competitors, and markets
- Examine the information from a total business perspective
- Determine how to deliver superior customer value
- Implement actions to provide value to customers
An organization exists not only to satisfy customer wants but also to preserve or enhance individuals’ and society’s long-term best interests.

- Less toxic products
- More durable products
- Products with reusable or recyclable materials
Review Learning Outcome

The Four Marketing Management Philosophies

Orientation
- Production
- Sales
- Marketing
- Societal

Focus
- What can we make or do best?
- How can we sell more aggressively?
- What do customers want and need?
- What do customers want and need, and how can we benefit society?
Sales and Marketing Orientations

LO3

Discuss the differences between sales and market orientations
Sales and Marketing Orientations

You can compare these orientations against these five categories:

- Organization’s focus
- Firm’s business
- Those to whom the product is directed
- Firm’s primary goal
- The tools used to achieve those goals
Customer Value

The relationship between benefits and the sacrifice necessary to obtain those benefits.
Customer Value Requirements

- Offer products that perform
- Earn trust
- Avoid unrealistic pricing
- Give the buyer facts
- Offer organization-wide commitment in service and after-sales support
- Co-Creation
Customer Satisfaction

The customers’ evaluation of a good or service in terms of whether it has met their needs and expectations.
Building Relationships

Relationship Marketing

A strategy that focuses on keeping and improving Relationships with current customers.
Building Relationships

 ✓ Customer-oriented personnel
 ✓ Employee training programs
 ✓ Empowered employees
 ✓ Teamwork
Defining a Firm’s Business

Use “customer benefits” instead of “goods/services”

- Ensures a customer focus
- Encourages innovation and creativity
- Stimulates an awareness of changes in customer preferences

Link for On-Line Activity: http://www.britannica.com
### Review Learning Outcome

**Sales vs. Marketing Orientations**

<table>
<thead>
<tr>
<th>Organization’s Focus</th>
<th>Firm’s Business</th>
<th>For Whom?</th>
<th>Primary Profit Goal?</th>
<th>Tools to Achieve</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales Orientation:</strong></td>
<td>Inward</td>
<td>Selling goods and services</td>
<td>Everybody</td>
<td>Maximum sales volume</td>
</tr>
<tr>
<td><strong>Market Orientation:</strong></td>
<td>Outward</td>
<td>Satisfying wants and needs</td>
<td>Specific groups of people</td>
<td>Customer satisfaction</td>
</tr>
</tbody>
</table>
Why Study Marketing?

LO4

Describe several reasons for studying 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
Why Study Marketing?

<table>
<thead>
<tr>
<th>Vital Marketing Activities for Organizations</th>
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<tbody>
<tr>
<td>Assess the wants and satisfaction of customers</td>
</tr>
<tr>
<td>Design and manage product offerings</td>
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<tr>
<td>Determine prices and pricing policies</td>
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<tr>
<td>Develop distribution strategies</td>
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<tr>
<td>Communicate with present and potential customers</td>
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</table>
Why Study Marketing?

- Important to Society
- Important to Business
- Good Career Opportunities

Marketing affects you every day!