

# What is Marketing?...



## Chapter One

# What is Marketing?

**Video**

The process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return



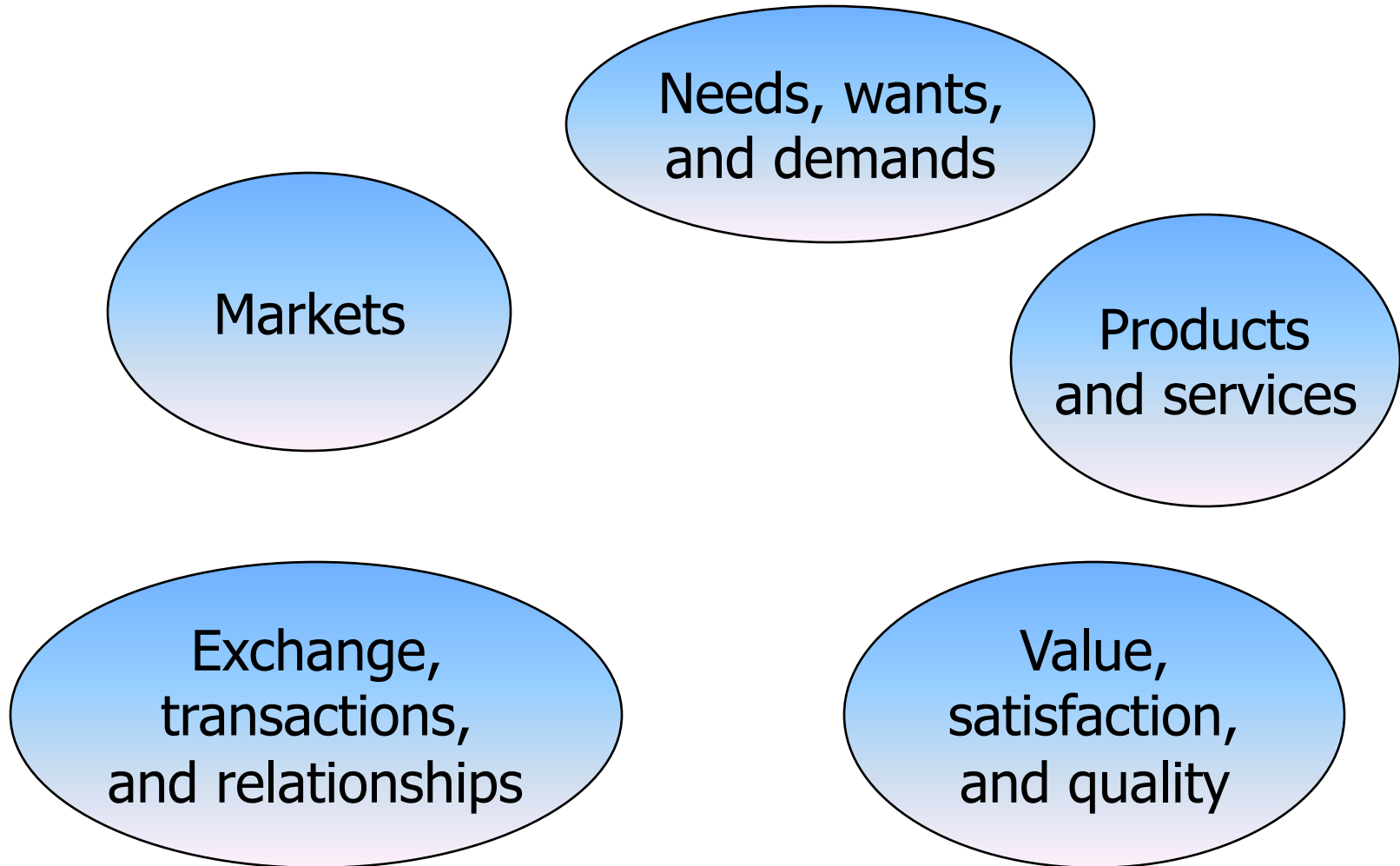
**Simply put: Marketing is the delivery of customer satisfaction at a profit**

# Connections With Customers



- Most marketers are targeting fewer, potentially more profitable customers.
- Asking:
  - What value does the customer bring to the organization?
  - Are they worth pursuing?
- Focus has shifted to:
  - keeping current customers, and
  - building lasting relationships based on superior satisfaction and value.

# Core Marketing Concepts





# What are Consumer's Needs, Wants and Demands?



**Needs** - state of felt deprivation for basic items such as food and clothing and complex needs such as for belonging.

**EXAMPLE: I am hungry.**



**Wants** - form that a human need takes. It is shaped by culture and individual personality. **EXAMPLE: I want a hamburger, French fries & soft drink.**



**Demands** - human wants backed by buying power

**EXAMPLE: I have money to buy this meal.**

# What is a Product?



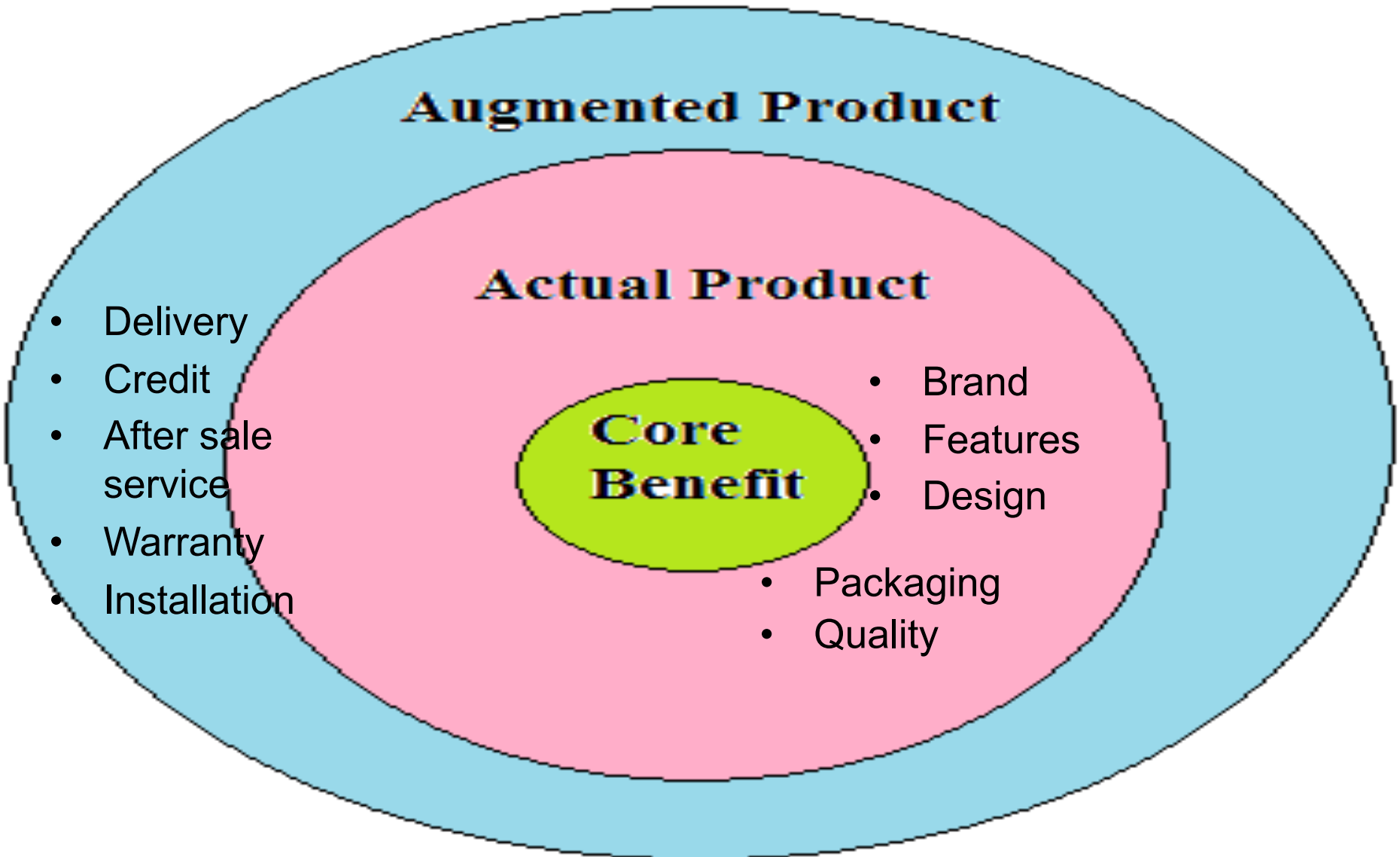
# What is a Service?



- **Products**

Anything that can be offered to a market to satisfy a need or want

# The Product



# Products are classified based on how consumers go about buying them

1. Convenience
2. Shopping
3. Specialty
4. Unsought



# Product Classification

## (1) Convenience Products

Products consumers buy frequently, immediately, and with a minimum comparison and buying efforts

**Price:** Low

**Distribution:** Widespread, convenient location

**EXAMPLE:** toothpaste, soap, laundry detergent

# Product Classification

## (2) Shopping Products

products that the customer (in the process of selection and purchase) characteristically compares in the bases of quality, price and style

**Price:** higher priced than convenience products

**Distribution:** selective distribution in fewer outlets

**EXAMPLE:** TV, major appliances, furniture, clothing

# Product Classification

## (3) Specialty Products

Products with unique characteristics or brand identification for which a significant group of buyers is willing to make a special purchase effort

**Price:** high

**Distribution:** Exclusive distribution, in 1 or few outlets

**EXAMPLE:** Luxury goods such as Rolex Watches or fine Crystals

# Product Classification

## (4) Unsought Products

Products consumers either does not know about or knows about but does not normally think of buying

**Price:** varies

**Distribution:** varies

**EXAMPLE:** Life insurance, Red Cross blood donations

- **Services**

Activities or benefits offered for sale that are essentially intangible and don't result in the ownership of anything



## **Intangibility**

Services can not be seen, tasted, felt, held or smelled before purchase

## **Inseperable**

Service can not be seperated from their provider

# **SERVICES**

## **Variablilty**

Quality of service depends on who provides them and when, where, and how

## **Perishability**

Service can not be stored for later sale or use

**What will  
satisfy  
consumers'  
needs and  
wants?**



# Products

Anything that can be Offered to a Market to Satisfy a Need or Want

Experiences

Persons

Places

Organizations

Information

Ideas

# Services

Activities or Benefits Offered for Sale That Are Essentially Intangible and Don't Result in the Ownership of Anything

**How to choose  
among products  
and services?**



# How do consumers choose among products and services?

**Value Gained From Owning a Product and Costs of Obtaining the Product is Customer Value**

**Product's Perceived Performance in Delivering Value Relative to Buyer's Expectations is Customer Satisfaction**

**Total Quality Management Involves Improving the Quality of Products, Services, and Marketing Processes**

# How do consumers obtain products and services?



- Exchange

The act of obtaining a desired object from someone by offering something in return



**People Who Exhibit Need**

**Resources to Exchange**

**Market –**  
Buyers who share a particular need or want that can be satisfied through exchange or relationships.

**Actual Buyers**

**Potential Buyers**



# The Market



# What happens in the market?

Sellers must search for buyers, identify their needs, design good market offerings, set prices for them, promote them, and store and deliver them

Activities such as product development, research, communication, distribution, pricing, and service are core marketing activities.

# Case Study



# Class Assignment

- In your own words, what is marketing?
- What does marketing mean to you?
- Select a brand of athletic shoes that a group member has purchased recently.
  - What *Customer Value* did the group member expect?
  - Did the member experience *Customer Satisfaction*? Why or why not?

# Homework

Choose a certain art piece or facility.  
Identify and explain the **Core Marketing Concepts** that are related to your chosen topic