

ELEVENTH EDITION

MARKETING

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CHAPTER

1

CREATING
CUSTOMER
RELATIONSHIPS
AND VALUE
THROUGH
MARKETING

WHAT IS MARKETING?

DELIVERING BENEFITS

➤ **Marketing** Seeks to:

- **Discover Needs and Wants of Customers**
- **Satisfy Them**

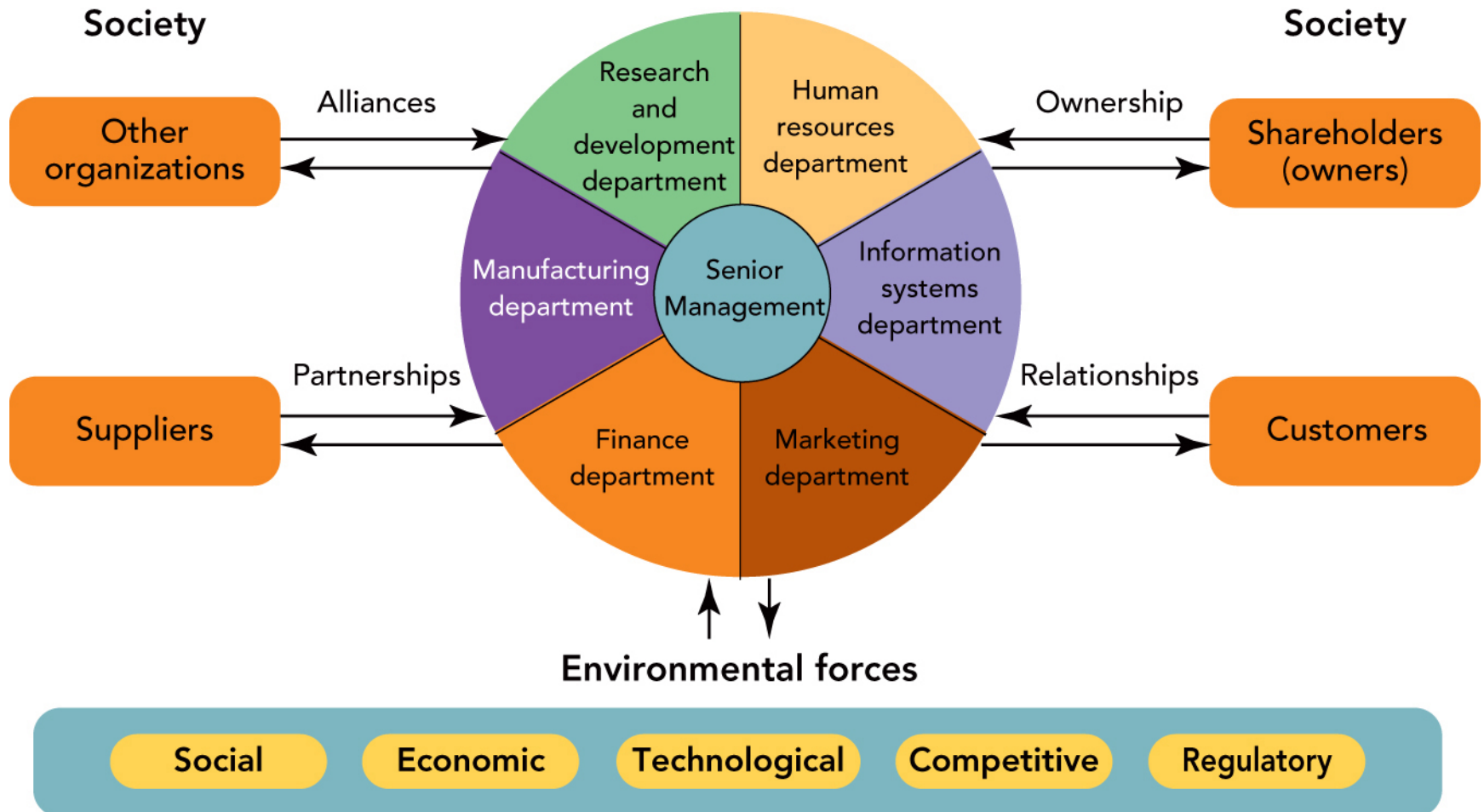
➤ **Exchange**



AMA Definition of Marketing

FIGURE 1-2 A marketing department relates to many people, organizations, and environmental forces

The Organization and its Departments



HOW MARKETING DISCOVERS CONSUMER NEEDS

THE CHALLENGE: NEW PRODUCTS

- **Consumers May Not Know or Cannot Describe What They Need or Want**
- **Most New Products Fail**
- **The Challenge:**
 - **“Focus on the Consumer Benefit”**
 - **“Learn From the Past”**

Dr. Care Vanilla-Mint Aerosol Toothpaste

What “benefits” and what “showstoppers?”



Hot Pockets Snackers

What “benefits” and what “showstoppers?”



Terrafugia Transition

What “benefits” and what “showstoppers?”



HOW MARKETING DISCOVERS CONSUMER NEEDS NEEDS VS. WANTS

➤ **Need**



➤ **Want**



➤ **Does Marketing Persuade People to Buy the “Wrong” Things?**



➤ **Market**

HOW MARKETING SATISFIES CONSUMER NEEDS

- **Target Market**
- **The 4 Ps: Controllable Marketing Mix Factors**

- **Product**



- **Promotion**



- **Price**

\$499

- **Place**



HOW MARKETING SATISFIES CONSUMER NEEDS

- **Customer Value Proposition**
- **Uncontrollable Environmental Forces**
 - **Social**
 - **Economic**
 - **Technological**
 - **Competitive**
 - **Regulatory**

THE MARKETING PROGRAM

CUSTOMER VALUE AND RELATIONSHIPS

➤ Customer Value

➤ Value Strategies

- Best Price
- Best Service
- Best Product

Southwest Airlines, Starbucks, and Home Depot

What customer value strategy?

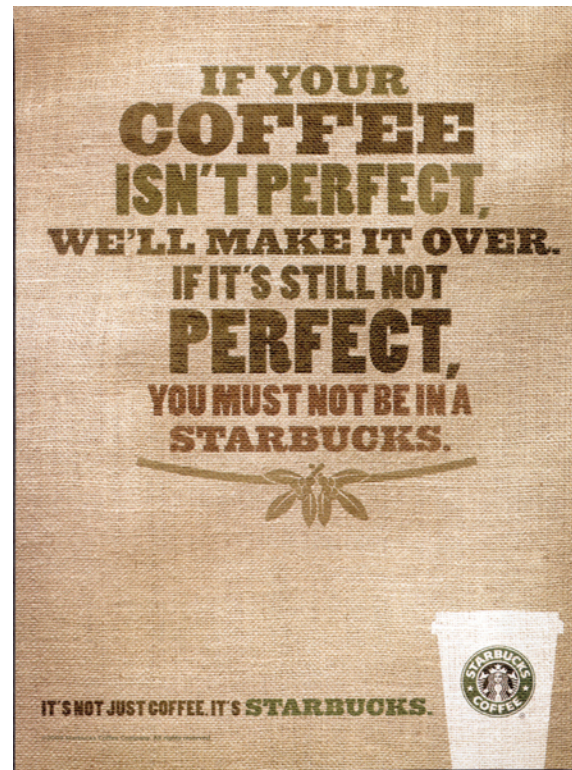
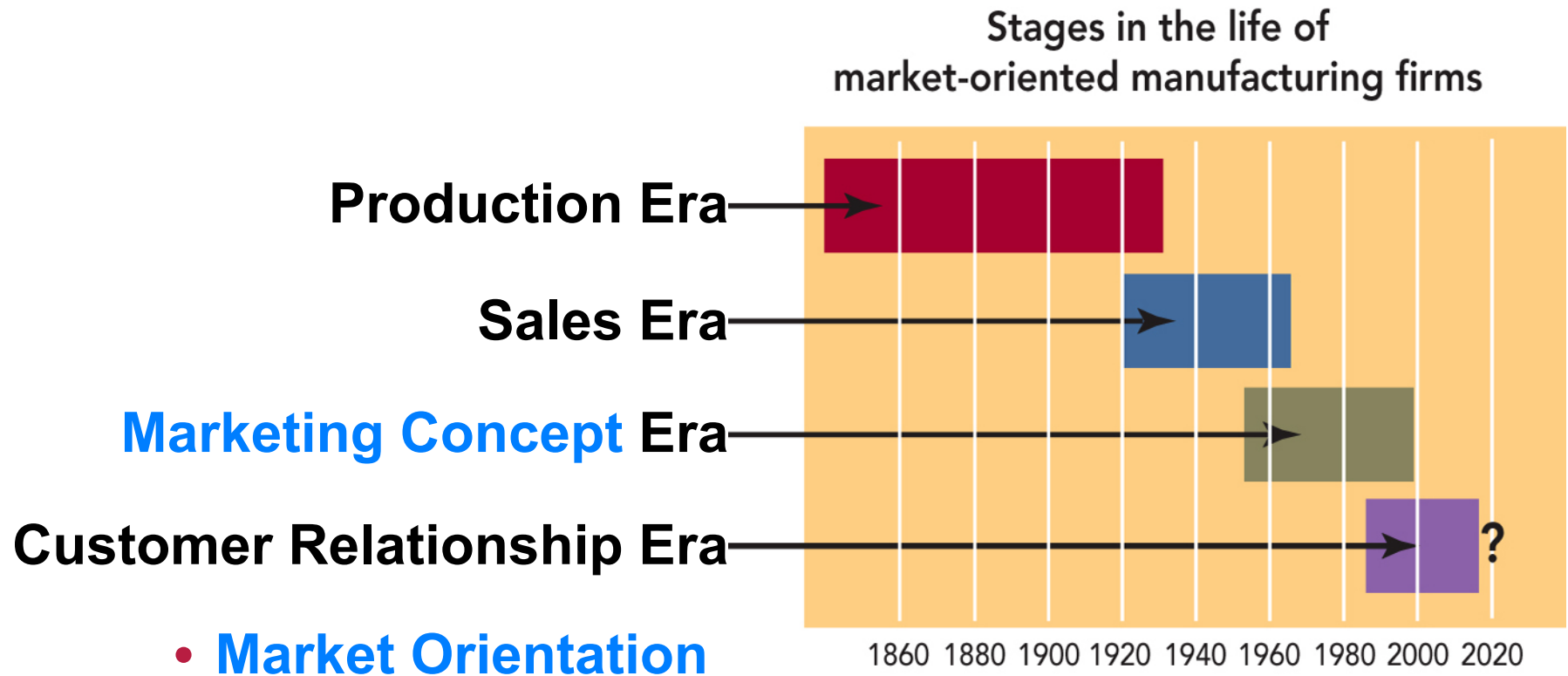


FIGURE 1-5 Four different orientations in the history of American business



HOW MARKETING BECAME IMPORTANT EVOLUTION OF THE MARKET ORIENTATION

- **Customer Relationship Management (CRM)**
- **Customer Experience**
 - **What Firms *Think* They Offer Customers**
 - **What Customers *Say* They Receive**



Marketing

Marketing is the activity for creating, communicating, delivering, and exchanging offerings that benefit the organization, its stakeholders, and society at large.



Exchange

Exchange is the trade of things of value between buyer and seller so that each is better off after the trade.



Market

A **market** consists of people with both the desire and the ability to buy a specific offering.



Target Market

A **target market** consists of one or more specific groups of potential consumers toward which an organization directs its marketing program.



Marketing Mix

The **marketing mix** consists of the marketing manager's controllable factors—product, price, promotion, and place—that can be used to solve a marketing problem.



Customer Value Proposition

Customer value proposition is the cluster of benefits that an organization promises customers to satisfy their needs.



Environmental Forces

Environmental forces consist of the uncontrollable forces in a marketing decision involving social, economic, technological, competitive, and regulatory forces.



Customer Value

Customer value is the unique combination of benefits received by targeted buyers that includes quality, convenience, on-time delivery, and both before-sale and after-sale service at a specific price.



Relationship Marketing

Relationship marketing links the organization to its individual customers, employees, suppliers, and other partners for their mutual long-term benefits.



Marketing Program

A marketing program is a plan that integrates the marketing mix to provide a good, service, or idea to prospective buyers.



Marketing Concept

A marketing concept is the idea that an organization should (1) strive to satisfy the needs of consumers (2) while also trying to achieve the organization's goals.



Market Orientation

A **market orientation** occurs when an organization focuses its efforts on (1) continuously collecting information about customers' needs, (2) sharing this information across departments, and (3) using it to create customer value.



Customer Relationship Management (CRM)

Customer relationship management (CRM) is the process of identifying prospective buyers, understanding them intimately, and developing favorable long-term perceptions of the organization and its offerings so that buyers will choose them in the marketplace.



Customer Experience

Customer experience is the internal response that customers have to all aspects of an organization and its offering.



Societal Marketing Concept

Societal marketing concept is the view that organizations should satisfy the needs of consumers in a way that provides for society's well-being.



Product

A **product** is a good, service, or idea consisting of a bundle of tangible and intangible attributes that satisfies consumers' needs and is received in exchange for money or something else of value.



Ultimate Consumers

Ultimate consumers consist of the people who use the goods and services purchased for a household. Also called *consumers, buyers, or customers.*



Organizational Buyers

Organizational buyers are those manufacturers, wholesalers, retailers, and government agencies that buy goods and services for their own use or for resale.



Utility

Utility consists of the benefits or customer value received by users of the product.

