

OXFORD
Southern Africa

Marketing

Second SA edition
Charles W. Lamb, Jr.
Joseph F. Hair, Jr.
Carl McDaniel
Christo Boshoff
Nie S. Terblanche

**Chapter 1:
An overview of Marketing**

1 - 1

OXFORD
Southern Africa

Introduction

- What is marketing?
- If we start a new business what do we need to know about the market?
- It's a process: needs, market size, buyer behaviour, 4Ps, customers, competitors
- What marketing is not
 - not just sales
 - not just advertising

Please note: All diagrams and copyrighted material has been removed for all study units (SU 1-14)

1 - 2

OXFORD
Southern Africa

Marketing defined

Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and the firm's goals.

1 - 3

OXFORD
Southern Africa

Marketing is about:

- anticipating and satisfying customer needs
- by means of mutually beneficial exchange processes, and
- doing so profitably and more effectively than competitors
- by means of effective managerial processes.

1 - 4

OXFORD
Southern Africa

To summarise:

- Marketing refers to the activities that provide need-satisfying products to buyers at profit - the reward for creating a satisfied customer
- It's a philosophy, an attitude, it's a management orientation, it becomes a culture
- End result is satisfied customers and sellers

1 - 5

OXFORD
Southern Africa

Our focus is on:

- micro-marketing - the individual firm
- from a managerial perspective
- goods/product marketing
- for profit

1 - 6

Customer satisfaction

- The disconfirmation paradigm (see next slide)
- Customer satisfaction is a comparison between consumers' expectations and the performance of a firm or brand
- Refer to figure 1.1

OXFORD Southern Africa

1 - 7

Key Concepts in Marketing:

- Customer satisfaction (CS)
 - it is marketing's primary goal
 - the measurement of CS
 - customer dissatisfaction
 - » what do dissatisfied customers do?
 - » what are the implications?
- Customer loyalty
 - advantages of customer loyalty
 - » lower acquisition cost, base profit, revenue growth, cost savings, referrals, price premium

OXFORD Southern Africa

1 - 8



Six Marketing Philosophies

Philosophy	Key Ideas
Production	Focus on efficiency of internal operations
Product	Focus on product features and product quality
Sales	Focus on aggressive techniques for overcoming customer resistance to buying
Marketing	Focus on satisfying customer needs and wants
Societal Marketing	Focus on satisfying customer needs and wants while enhancing individual and societal well-being
Relationship Marketing	Focus on long term relationships with customers based on consistent value and customer satisfaction

OXFORD Southern Africa

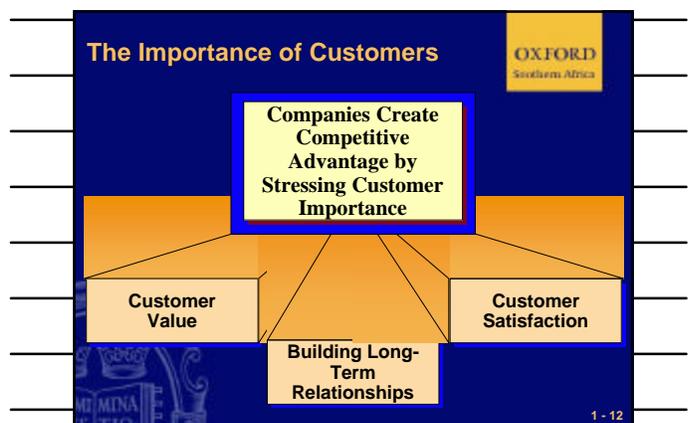
1 - 10

Manifestation of Relationship Marketing

- Refer to the Mutual and Federal example in Chapter 1

OXFORD Southern Africa

1 - 11



Customer Value and Satisfaction OXFORD
Southern Africa

Customer Value:
the ratio of benefits to the sacrifice necessary to obtain those benefits

Customer Satisfaction:
the feeling that a product has met or exceeded the customer's expectations

1 - 13

Implementing the Marketing Concept OXFORD
Southern Africa

1. Management must fully endorse the concept
2. Management must encourage its spread throughout the firm
3. Changes in authority and responsibility may be required
4. Management should be provided with front-line experience

1 - 14

The Marketing Concept OXFORD
Southern Africa

Philosophy based on:

- customer need satisfaction
- integrated, total firm-wide effort
- profit

- Move away from persuasion
- Marketing orientation
- Adoption of marketing orientation poor - why?

1 - 15

Opportunities and the Firm's Business OXFORD
Southern Africa

- Opportunities and the Firm's Business
 - important to stay ahead of competition and for long term survival, but must fall within the ...
- Firm's business - can be defined:
 - in generic terms
 - in product-market terms

1 - 16

The Firm's Business Definition OXFORD
Southern Africa

- Product-market: in terms of the product - its features and characteristics
 - what?
 - to meet what?
 - for whom?
 - where?
 - » similar needs, competitors offer close substitutes
- Generic: in terms of customer benefits
 - broad definition, diverse need satisfaction
- What are the implications?

1 - 17

The Importance of a Competitive Advantage OXFORD
Southern Africa

- Competitive advantage (CA) is a consumer's "reason for buying"
- Linked to differentiation
- Must be sustainable
- Different sources:
 - service quality, customer value, customer satisfaction, customer orientated personnel, well-trained employees, empowerment, teamwork and many others

1 - 18

OXFORD
Southern Africa

Example of a Competitive Advantage

Refer to British Airways example in Chapter 1

1 - 19

OXFORD
Southern Africa

Activities in the Marketing Process

1 - 20

OXFORD
Southern Africa

Three Key Concepts

- **Marketing strategy**
 - opportunity and competitive advantage
 - objective (s)
 - target market and positioning
 - 4Ps
- **Marketing plan: the strategy in writing plus**
 - allocation of resources and responsibility for implementation
 - control measures and time scale
- **Marketing programme: combination of various plans**

1 - 21

OXFORD
Southern Africa

Criticism of Marketing

- **Marketing often criticised for:**
 - adding costs eg. retailers and wholesalers
 - advertising is sometimes viewed as:
 - » annoying
 - » misleading consumers
 - » wasteful
 - » unethical
 - many products are unsafe and/or poor quality
 - packaging/labelling deceptive
 - unnecessary products are produced
 - packaging pollutes the environment

1 - 22

OXFORD
Southern Africa

Response to Criticism

- **Counter-argument: marketing is useful because it overcomes:**
 - discrepancies of quantity, assortment; and
 - separations:
 - » spatial (place utility)
 - » time (time utility)
 - » information (information utility)
 - » ownership (possession utility)
- **Marketing also plays a role in creating:**
 - form utility
 - task utility

1 - 23

OXFORD
Southern Africa

Position and Role of Marketing in the Firm

- **Marketing is one of eight business functions**
- **The marketing function must be managed**
 - planning
 - organizing
 - leading
 - control

1 - 24

