

Chapter 1

Marketing's
Value to
Consumers, Firms,
and Society

At the end of this presentation, you should be able to:

1. Know what marketing is and why you should learn about it.
2. Understand the difference between marketing and macro-marketing.
3. Know the marketing functions and why marketing specialists—including intermediaries and collaborators—develop to perform them.
4. Understand what a market-driven economy is and how it adjusts the macro-marketing system.

At the end of this presentation, you should be able to:

5. Know what the marketing concept is—and how it should guide a firm or nonprofit organization.
6. Understand what customer value is and why it is important to customer satisfaction.
7. Know how social responsibility and marketing ethics relate to the marketing concept.
8. Understand the important new terms

Marketing—What's It All About?

More than Selling or Advertising

More than Selling and Advertising



Things a Firm Should Do in Producing a Bike



Analyze Needs

Predict Wants

Estimate Demand

Determine Where

Estimate Price

Decide Promotion

Estimate Competition

Provide Service

Production vs. Marketing

Marketing

Makes sure right goods & services are produced

Production

- Making Goods
- Performing Services

Creates Customer Satisfaction

Marketing Is Important to You



Important to every consumer!



**Important to your job!
(and your next job, too)**



**Affects innovation and
standard of living**

How Should We Define Marketing?

Micro View

- Set of activities
- Performed by individual organizations

and

Macro View

- Social process
- Matches supply with demand

Identify Customer Needs

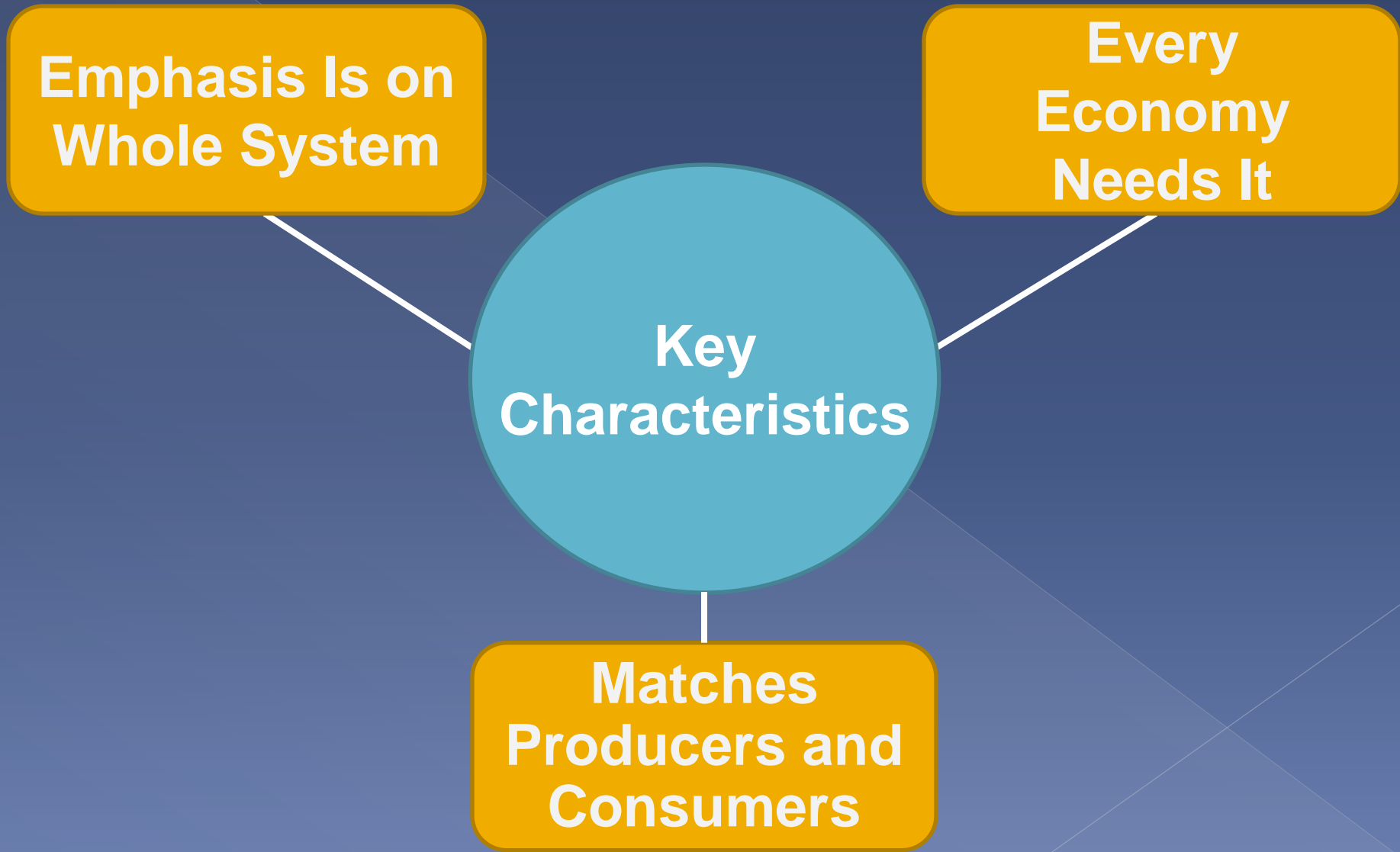
what's wrong?



Marketing



Macro-Marketing



Separation Between Producers and Consumers

Economies of Scale - Lower Unit Cost

Unit
Cost
\$



Output

Marketing Bridges the Gap!

Producers



Consumers

Marketing Facilitates Production and Consumption (Exhibit 1-1)

Production Sector

Marketing
needed to
overcome
discrepancies
and separations

Spatial Separation

Separation in Time

Separation of Information

Separation in Values

Separation of Ownership

Discrepancies of Quantity

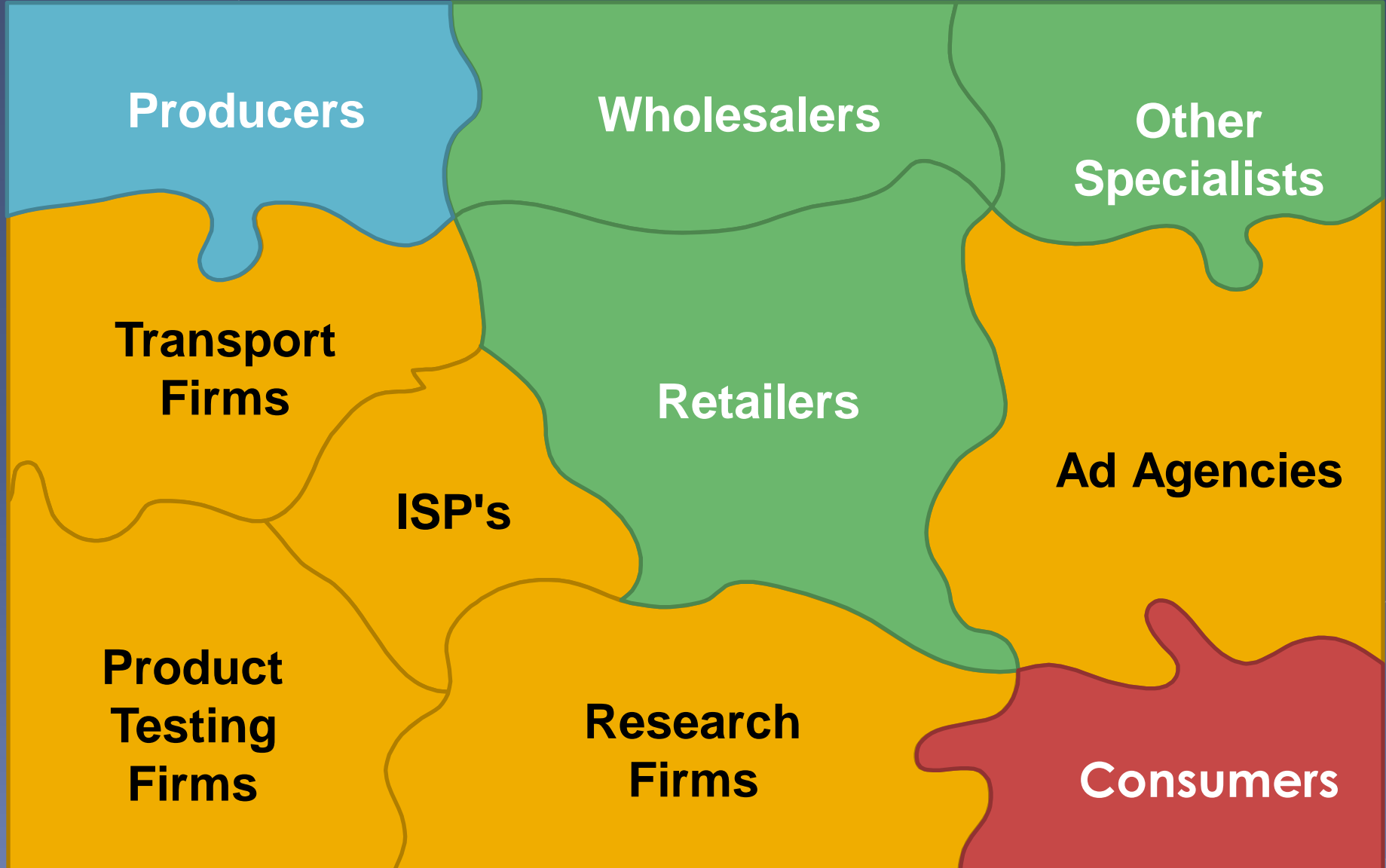
Discrepancies of
Assortment

Consumption Sector

Universal Functions of Marketing



Who Performs Marketing Functions?



Economics Systems

Command Economy

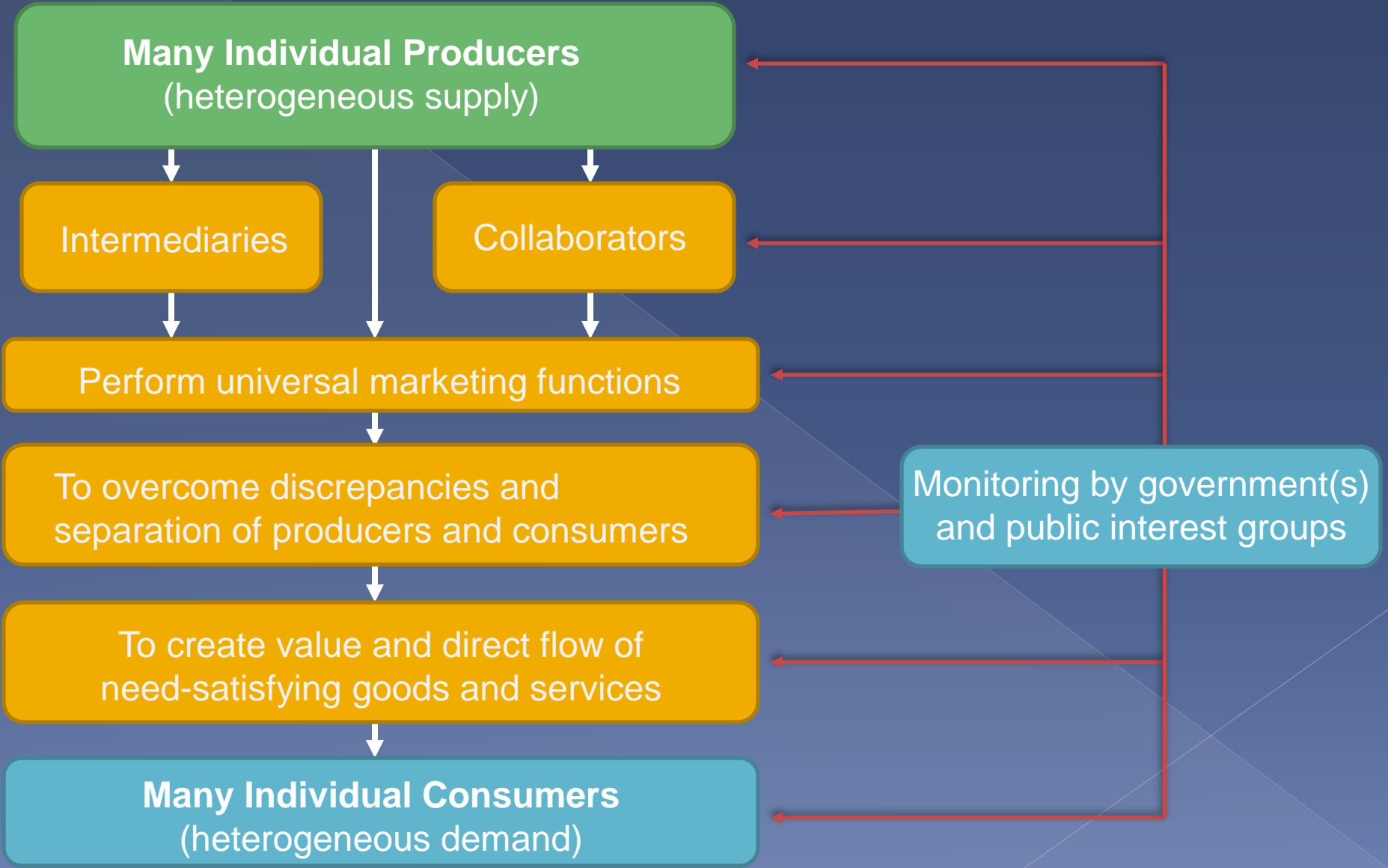
- Government officials decide
- May work well if:
 - Simple economy
 - Little Variety
 - Adverse Conditions

OR

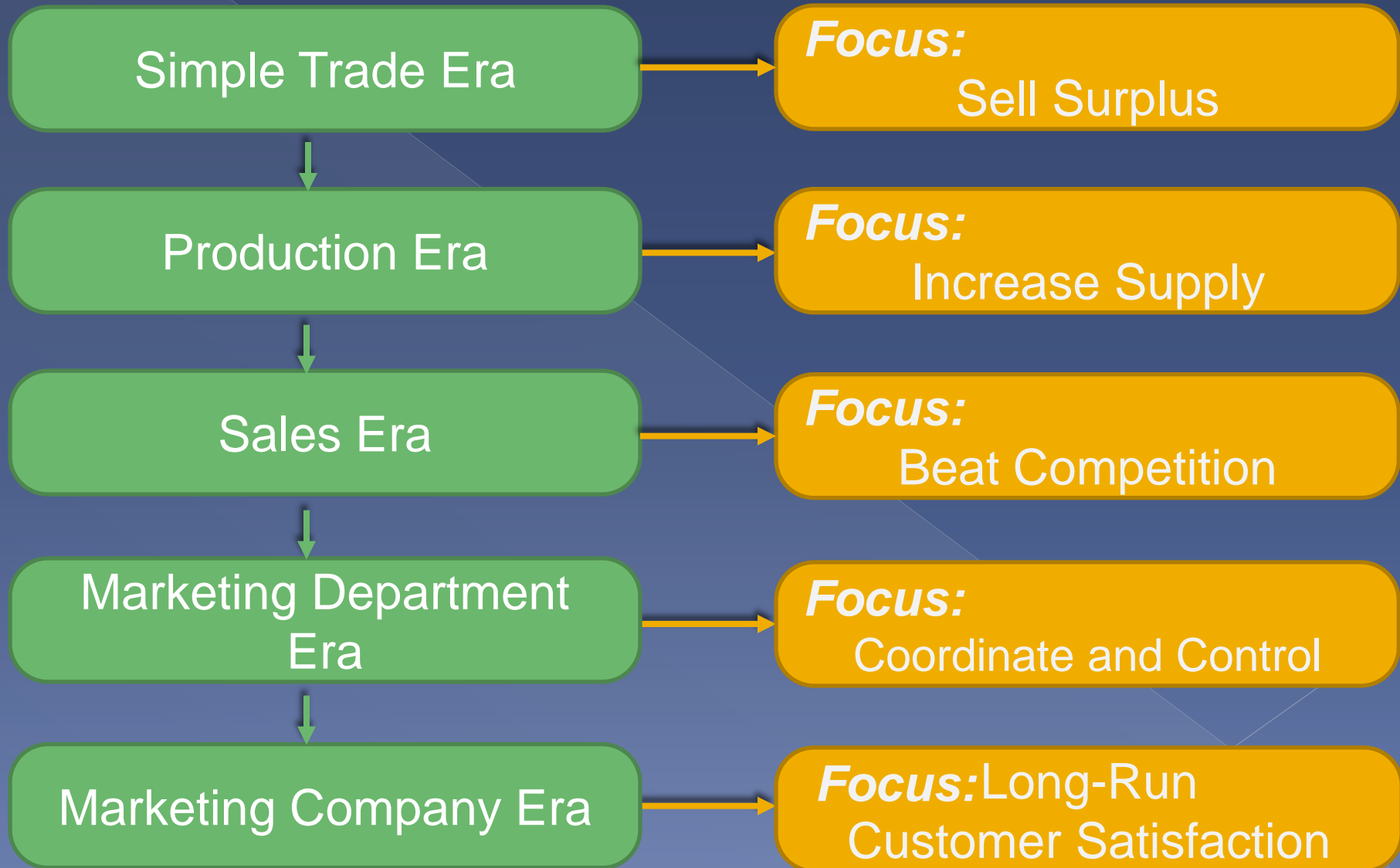
Market-Directed Economy

- Adjusts itself
- Price is value measure
- Freedom of choice
- Government's role limited
- Public Interest Groups

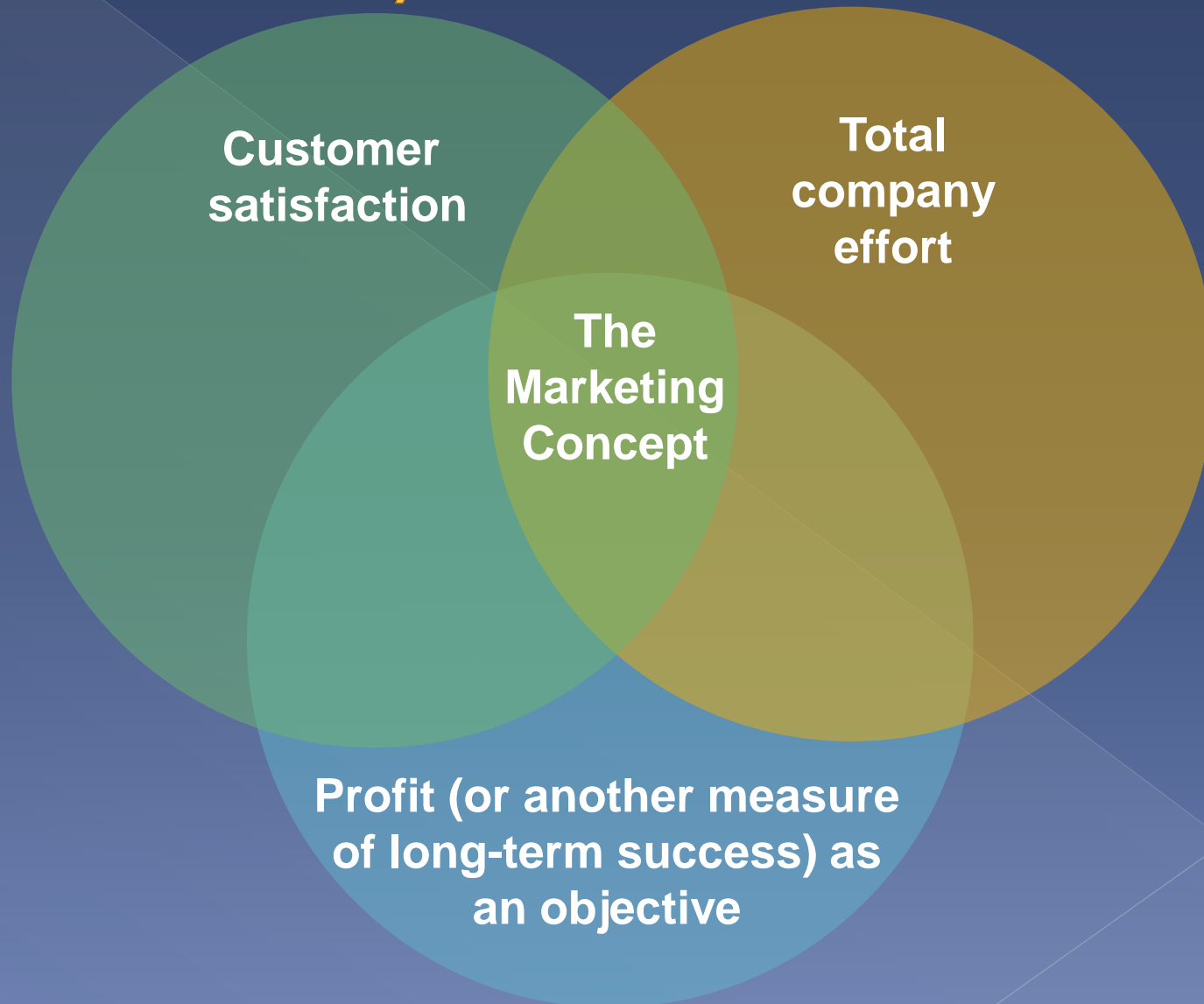
Model of a Market-Directed Macro-Marketing System (Exhibit 1-2)



Marketing's Role Has Changed a Lot Over the Years



The Marketing Concept (Exhibit 1-3)



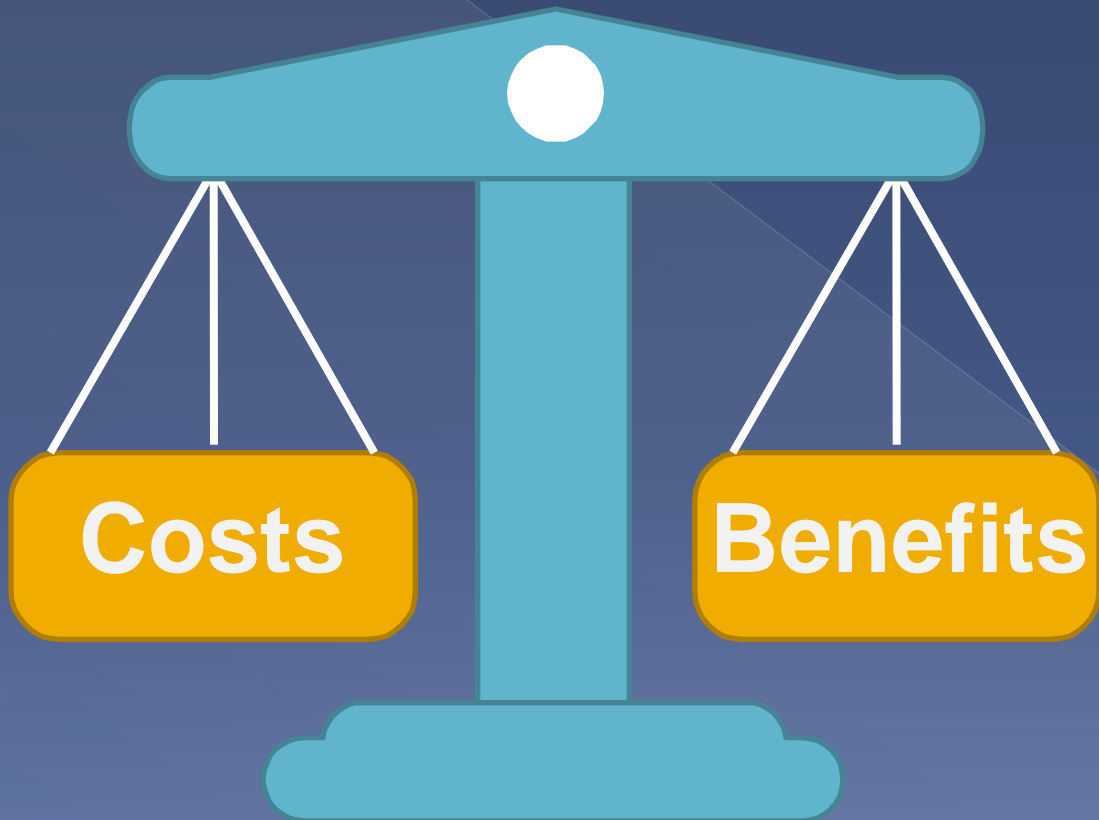
Some Differences in Outlook between Adopters of the Marketing Concept... (Exhibit 1-4)

Topic	Marketing Orientation	Production Orientation
Attitudes toward customers	Customer needs determine company plans.	They should be glad we exist, trying to cut costs and bringing out better products.
Product offering	Company makes what it can sell.	Company sells what it can make.
Role of marketing research	To determine customer needs and how well company is satisfying them.	To determine customer reaction, if used at all.
Interest in innovation	Focus is on locating new opportunities.	Focus is on technology and cost cutting.

Some Differences in Outlook between Adopters of the Marketing Concept... (Exhibit 1-4)

Topic	Marketing Orientation	Production Orientation
Customer service	Satisfy customers after the sale and they'll come back again.	An activity required to reduce consumer complaints.
Focus of advertising	Need-satisfying benefits of goods and services.	Product features and how products are made.
Relationship with customer	Customer satisfaction before and after sale leads to a profitable long-run relationship.	Relationship ends when a sale is made.
Costs	Eliminate costs that do not give value to customer.	Keep costs as low as possible.

The Marketing Concept and Customer Value



Take Customer's Point of View

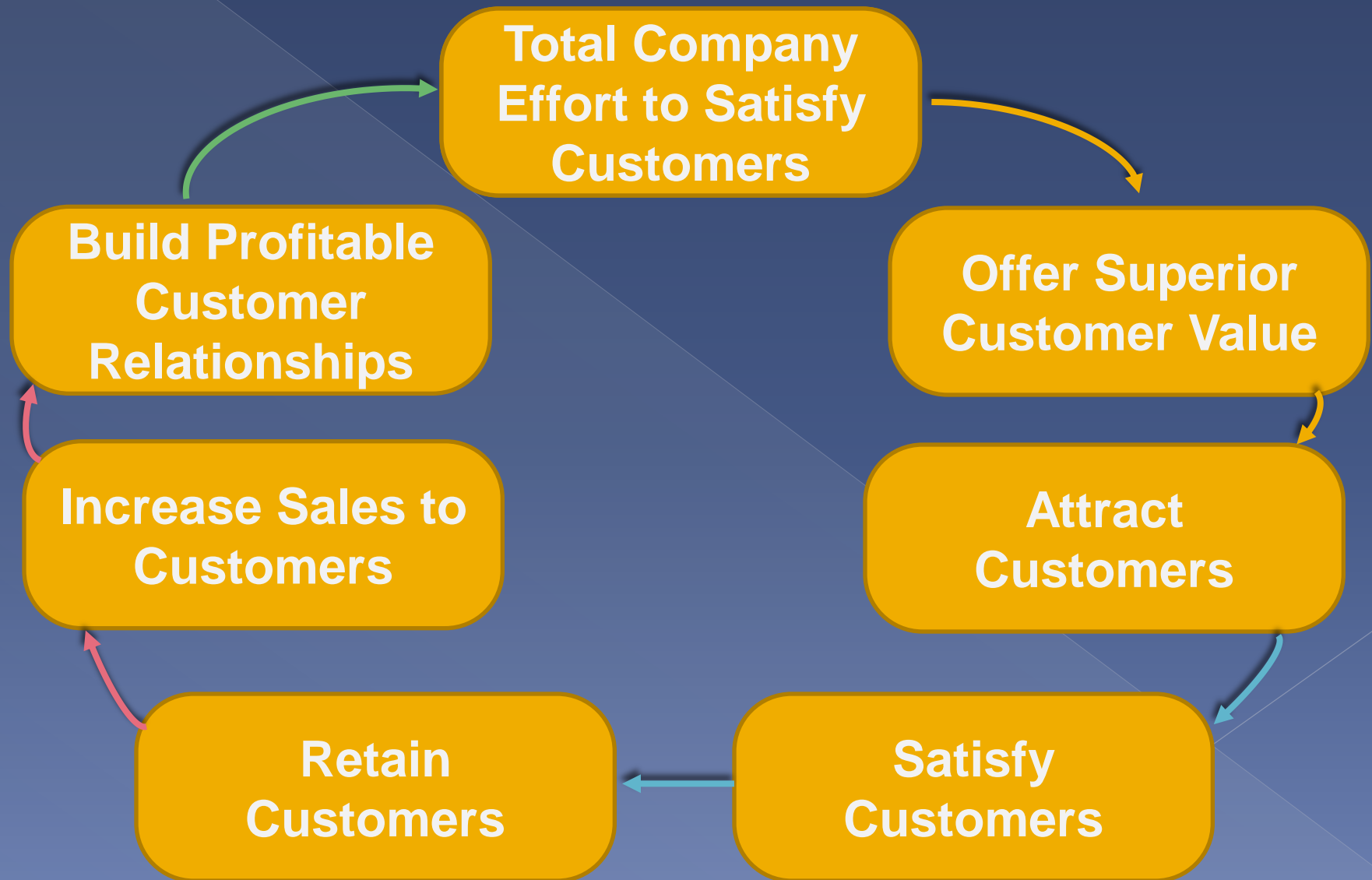
Customer Value Reflects Benefits and Costs

Customer May Not Dwell on Value

Where Does Competition Fit?

Customer Value Builds Relationships

Putting It All Together (Exhibit 1-6)



Government Marketing



In a country
of 250
million, is it *possible*
to have a
personal relationship
with *everyone*?

Whether you want to talk with an audience on a nationwide scale, a microtarget of just hundreds, or anything in between, nothing can match the one-to-one communication power of Direct Mail.

Because Direct Mail lets you speak with each and every one of your best prospects. It lets you establish an ongoing dialogue with them. So you can communicate the very relevant, very individualized benefits of your brand.

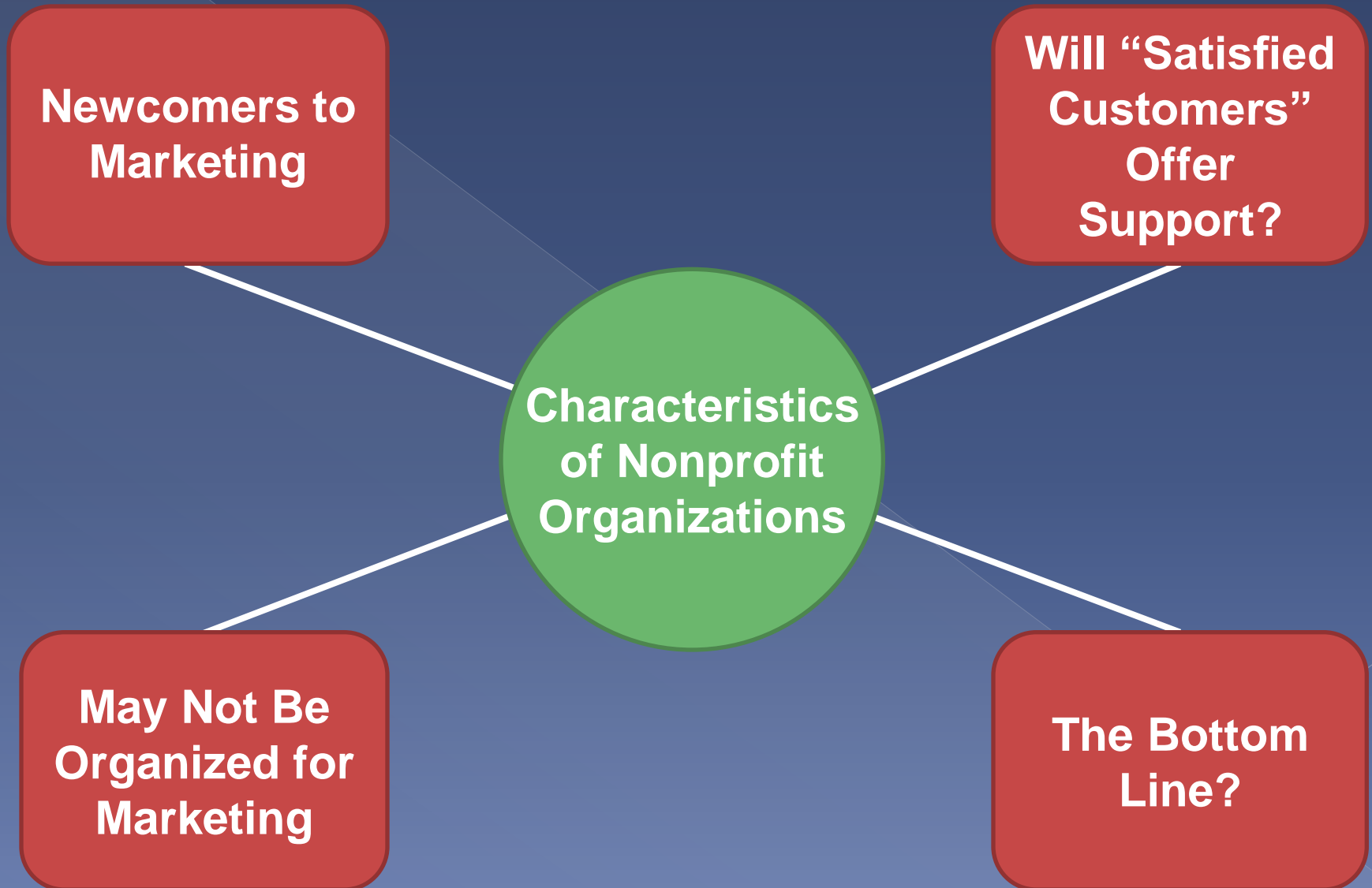
Your customers get to know you, and you can respond to their needs. This special relationship builds loyalty and repeat sales. Bottom line, your bottom line looks even better.

For a free kit to show Direct Mail can help build business, call 1-800-41E-USPS, ext. 2044.

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The Marketing Concept Applies in Nonprofit Organizations



The Marketing Concept, Social Responsibility, and Marketing Ethics

Group Needs



Micro - Macro
Dilemma



Individual Needs



Social
Responsibility

Should All
Consumer
Needs Be
Satisfied?

Do All
Marketers Act
Responsibly?

What if Profits
Suffer?

The Marketing Concept Guides Ethics

Key Terms

1. production
2. customer satisfaction
3. innovation
4. marketing
5. pure subsistence economy
6. macro-marketing
7. economies of scale
8. universal functions of marketing
9. buying function
10. selling function
11. transporting function
12. storing function
13. standardization and grading
14. financing
15. risk taking
16. market information function
17. intermediary
18. collaborators
19. e-commerce
20. economic system

Key Terms

21. command economy
22. market-directed economy
23. simple trade era
24. production era
25. sales era
26. marketing department era
27. marketing company era
28. marketing concept
29. production orientation
30. marketing orientation
31. triple bottom line
32. customer value
33. micro-macro dilemma
34. social responsibility
35. marketing ethics