



# **Marketing -introduction**

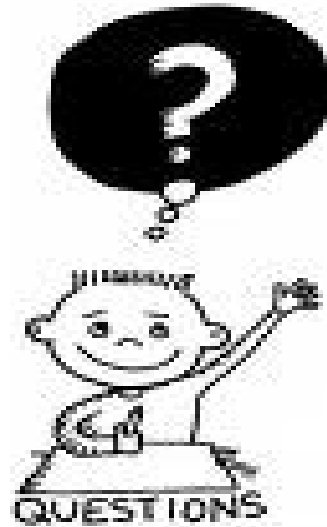
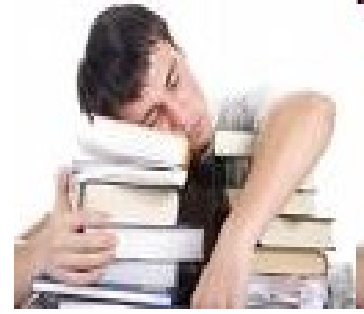
**Alena Klapalová**  
**albra@seznam.cz**

# Information about the course



- **4 teachers:** Klapalová, Doležal, ???
- **12-13 lectures:** The foundations of marketing, Marketing environment, Marketing planning and forecasting, Marketing research, Consumer/Buying behaviour, Market segmentation, Analysis of competition, Product, Price, Place, Promotion, Marketing of services/or ???.
- **Exam** – test (20 closed question) – 11 points is the minimum level of total 20 points
- **seminar work:** any topic concerning the course – Power Point Presentation (presentation for cca 15 minutes during the course – plus 2 points to the total sum of points, only in Word without presentation – cca 4-6 pages of text – plus 2 points to the total sum of points)
- **PPT presentation must be put into the Information system!**

# Any questions?



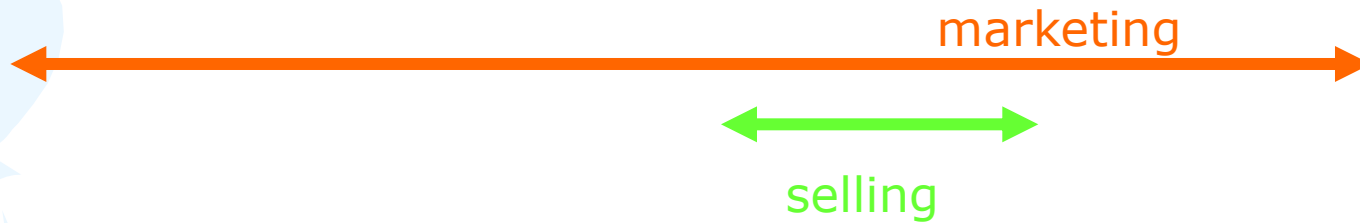
# Foundations of marketing – what do we learn today?

- What is marketing
- History of marketing and marketing theory
- School of thoughts and „types“ of marketing
- What is marketing – **ONCE MORE**
- Definitions of marketing
- Basic concepts of marketing
- Marketing management – „Ps“ of marketing management

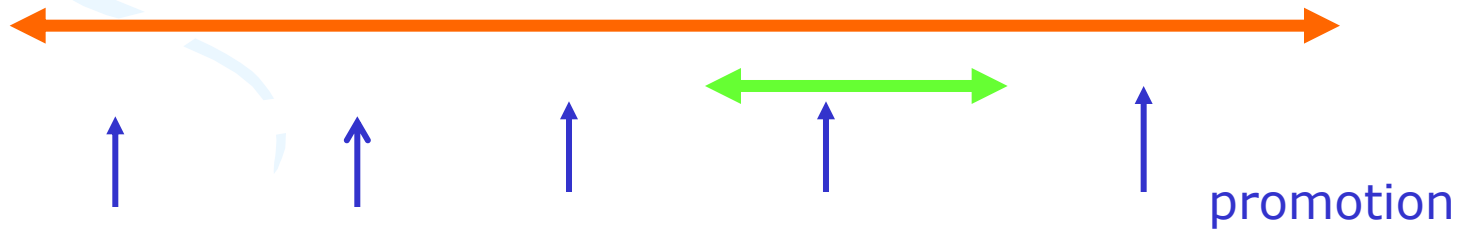
# What is marketing?

- Selling? Promotion (advertising)?

## Marketing vs selling



## Marketing vs promotion



# Wikipedia and history of marketing

- 1450: Gutenberg's metal movable type, leading eventually to mass-production of flyers and brochures
- 1730s: emergence of magazines (a future vector of niche marketing)
- 1836: first paid advertising in a newspaper (in France)
- 1864: earliest recorded use of the telegraph for mass unsolicited spam
- 1867: earliest recorded billboard rentals
- 1880s: early examples of trademarks as branding
- 1905: the University of Pennsylvania offered a course in "The Marketing of Products"
- 1908: Harvard Business School opens
- 1922: radio advertising commences
- 1941: first recorded use of television advertising
- 1950s: systematization of telemarketing
- 1970s: E-commerce invented
- 1980s: emergence of relationship marketing
- 1980s: emergence of computer-oriented spam
- 1984: introduction of guerilla marketing
- 1996: identification of viral marketing



# Robert Bartels History of marketing thoughts (1976)

<http://www.faculty.missouristate.edu/c/ChuckHermans/Bartels.htm>

- Early courses at the Ohio state University:

- 1905 **Distribution of Products.**
- **1909-1910 Commercial Credit.**
- 1916-1917 **Salesmanship**

1905 University of Pennsylvania offered a course entitled **The Marketing of Products.**  
1910 University of Wisconsin offered a course entitled **Marketing Methods**

- 1921 The curriculum consisted of the following courses:

- Business communications
- Marketing
- Marketing Problems
- Wholesaling
- Retailing
- Credits and collections
- Salesmanship
- Advertising
- Advertising Practice
- Exporting and Importing
- Research in Marketing.

- 1925 **Sales Management** was combined with **Salesmanship.**
- 1927 **Marketing Problems** was omitted.
- 1940 **Business Research** and **Market Research** became two courses. Recognition that the subject marketing became accepted in both course and book titles, as indicated by the following.

# Bartel 's developmental stages

- **1900-1910 Period of Discovery.** Initial **teachers of marketing sought facts about the distributive trades.** Theory was borrowed from economics relating to distribution, world trade, and commodity markets. The conception of marketing occurred and a name was given to it.
- 
- **1910-1920 Period of Conceptualization.** Many **marketing concepts were initially developed.** Concepts were classified, and terms were defined.
- 
- **Period of Integration.** **Principles of marketing were postulated,** and the general body of thought was integrated for the first time.
- 
- **1930-1940 Period of Development.** **Specialized areas of marketing** continued to be developed, hypothetical assumptions were verified and quantified, and some **new approaches** to the explanation of marketing were undertaken.
- 
- **1940-1950 Period of Reappraisal.** The concept and **traditional explanation of marketing was re-appraised** in terms of new needs for marketing knowledge. The scientific aspects of the subject were considered.
- 
- **1950-1960 Period of Reconception.** Traditional approaches to the study of marketing were supplemented by increasing **emphasis upon managerial decision making,** the **societal aspects of marketing,** and **quantitative marketing analysis.** Many **new concepts,** some borrowed from the field of management and from other social sciences, were introduced into marketing.
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- **1960-1970 Period of Differentiation.** As marketing thought became expanded, **new concepts** took on substantial identity as significant components of the total structure of thought. Among them were such elements as **managerialism, holism, environmentalism, systems, and internationalism.**
- 
- **1970 Period of Socialization.** Social issues and marketing became much more important, as the **influence** not of society upon marketing, but **of marketing upon society** became a focus of interest.



# Paradigm and power shift in marketing

## Paradigm Shift Late 1980s - Present



...And The  
**Seller** Is At  
His Mercy

- "Entrepreneurial Boom"
- Increased Technology
- Increased Competition
- Increased Information
- More Choices

"The  
Confidence  
GAP"

Now The  
**Buyer** Has The  
POWER...



- Identical Marketing Messages
- Increased Resistance
- Longer Buying Cycles
- Price Competition
- Products Are Commodities



1945 - 1980



The **Seller** Had  
The POWER...

- Low Competition
- Fewer Choices
- Low Technology
- Low Education

And the **Buyer** was  
at his mercy.

- Low Information
- Low Resistance
- Easier to make a  
buying decision

# How was it in the beginning?...

Jagdish N. Sheth, David M. Gardner: History of Marketing Thought: an Update, 1982

## **Traditional marketing** – 2 axioms:

- Marketing is an economic activity and is a subset discipline of economics = MKT concepts (institutions, functions, products, managerial and environmental perspectives) are restricted to economic behaviour of people – „no marketing of places, no marketing of ideas, no marketing of celebrities.....“
- The initiator of marketing activities and programs is the marketer and not customer = marketer can influence, manipulate and control market behaviour through marketing skills and organization

- <http://www.jagsheth.net/docs/History%20of%20Marketing%20Thought-An%20Update.pdf>

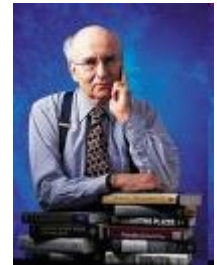
# School of thoughts which has influenced marketing:

- Exchange of value instead pure economic exchange (VALUE IS MORE THAN A GOODS)
- Behavioral perspective instead economic perspective (VOICE OR POWER OF CUSTOMER, „BLACK BOX“)
- MACROMARKETING – macro and/or societal perspective + short term vs long term profit
- CONSUMERISM – developing and protecting the rights of consumer (deceptive advertising, high pressure sales tactics...) – consumer satisfaction....
- SYSTEMS APPROACH – integration of supply and demand factors into holistic theory NETWORK
- BUYER BEHAVIOUR – behavioral theory of buying
- BEHAVIOURAL ORGANIZATION – behavioral aspects of channel members – power, conflict, commitment ...– RELATIONSHIP MARKETING
- STRATEGIC PLANNING – balance of power issues between external and internal environment factors (BCG matrix, GE matrix...)



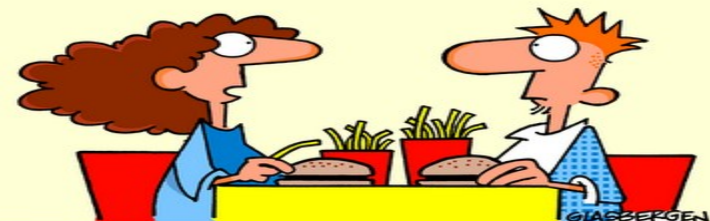
# Marketing school of thoughts

- MANAGERIAL SCHOOL or MARKETING MANAGEMENT – how to manage??? 4 or 5 or 7 „Ps“ (Philip Kotler as a guru) from the late fifties
- CONSUMER/BUYER BEHAVIOUR SCHOOL
- SOCIAL EXCHANGE SCHOOL (focuses on exchange as the fundamental concept of marketing) Emerson and Cook (



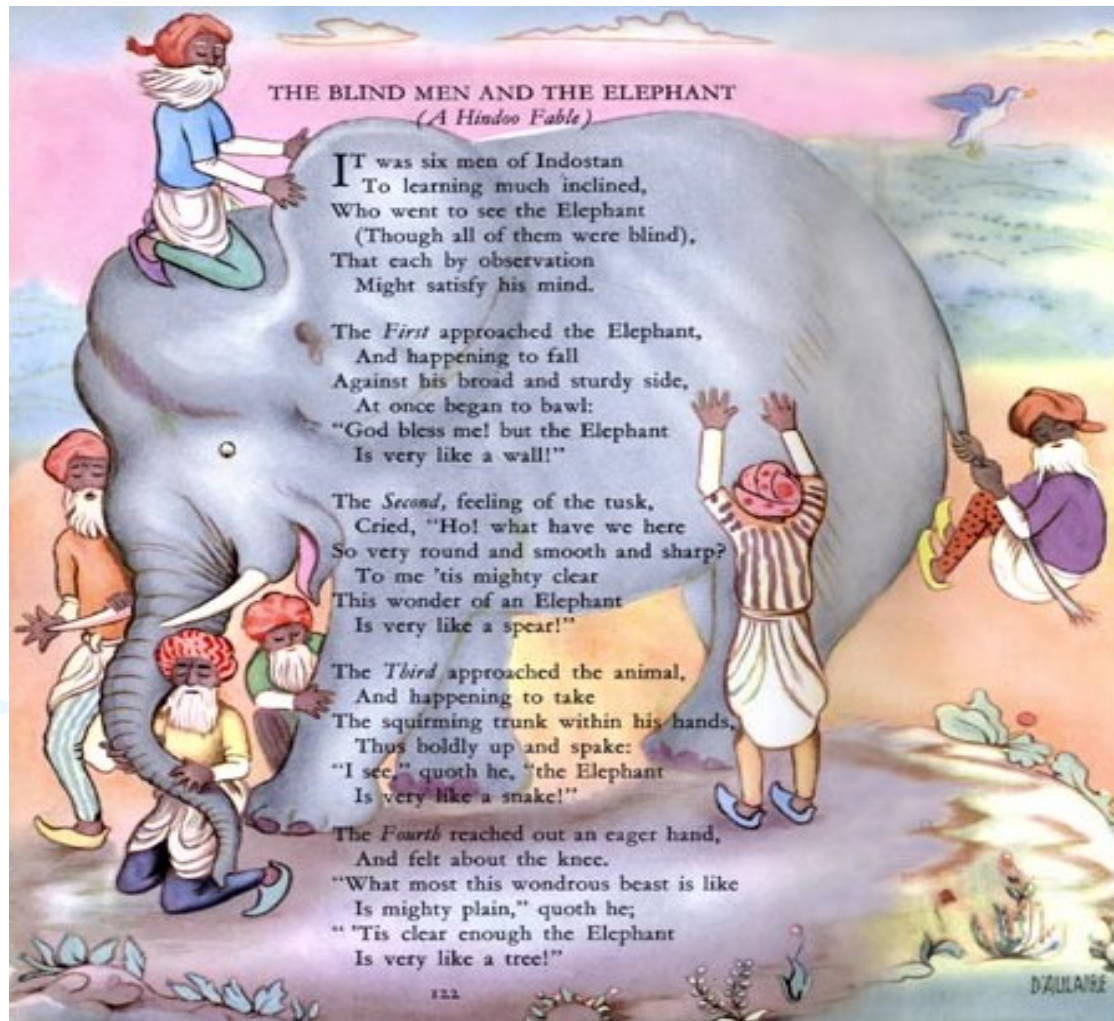
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**“Of course I can accept you for who you are.  
You are someone I need to change.”**

# Philip Kotler's buyer behaviour





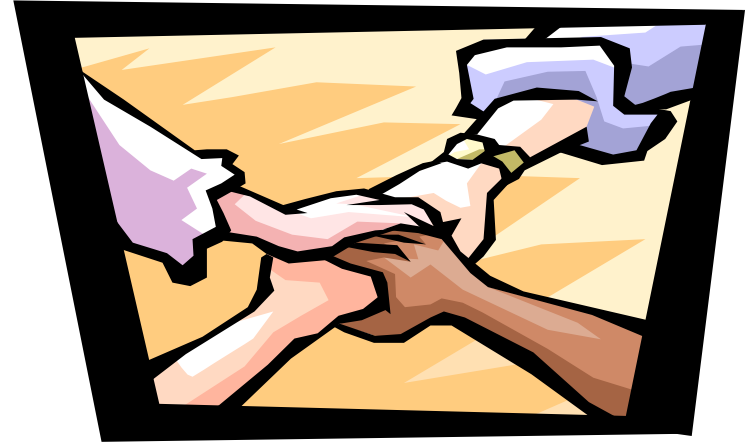
# Some remarks on marketing

Marketing impacts the economy:

- Marketing (broadly conceptualized) is about 50% of retail sales expenses
- The goal of marketing is to facilitate exchanges
- Marketing is very much about adding value through a broadly-defined value proposition
- Value may be created by marketers in many different ways: value is not only about price



# The goal of marketing is to facilitate exchanges



## Requirements for exchange:

- Two or more parties (voluntary involved)
- Parties have unsatisfied wants/needs
- Parties have something of value to exchange
- Each party has something other party wants
- Means of Communication & delivery (marketing!)

# Requirements for Market Exchange

- A “marketplace”
- A medium of exchange
- Specialization of labour
- Marketing management/coordination







# What is Market-Oriented?

“Marketing...is the whole business seen from the point of view of its final result, that is, from the **customer's** point of view.”

--*Peter Drucker*

+ *other exchange partners' view*



# Marketing is...



- Research
- Identifying a **real** need and offering a product or service (**VALUE**) to address that need
- Knowing everything about your 'customers(**PARNTERS**)
- Communicating
- Assessing yourselves and your competition
- Building relationships
- Gaining profit.....

# Some definitions of marketing

- the task of creating, promoting, and delivering goods and services to consumers and businesses.



- Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

American Marketing Association 2004

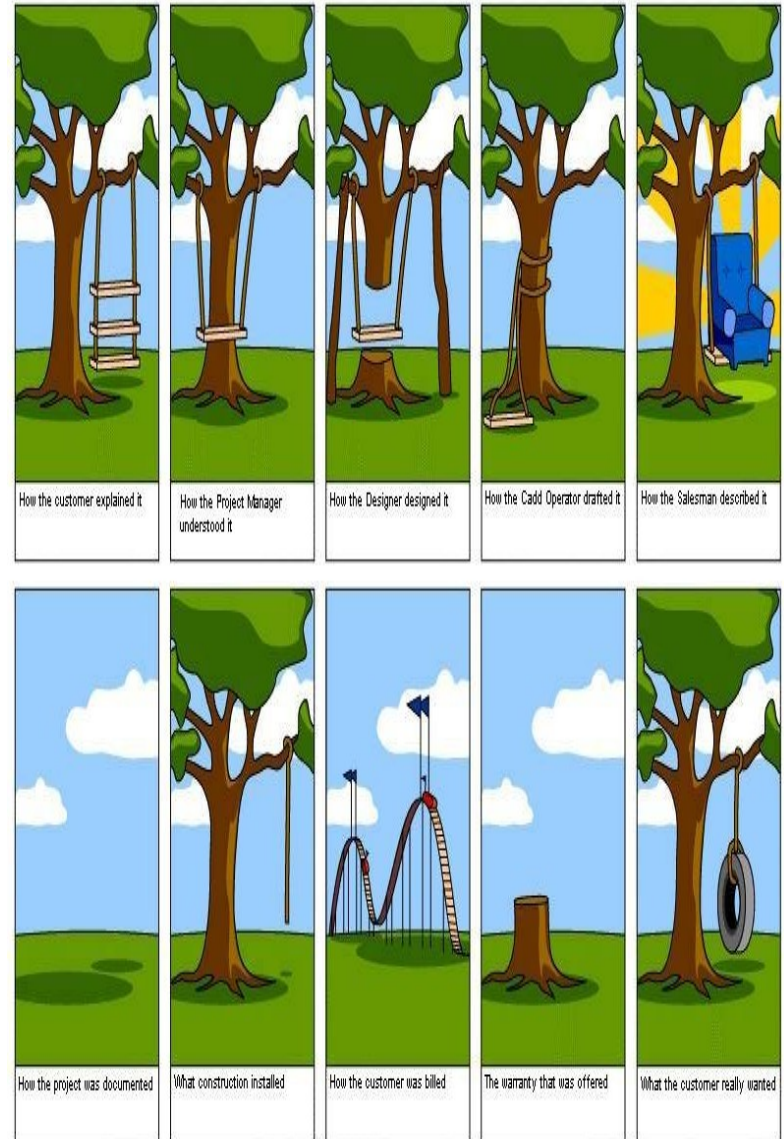


# Other definitions

Marketing is the management process that identifies, anticipates and satisfies customer requirements profitably'

The Chartered Institute of Marketing

- 'Marketing is the human activity directed at satisfying human needs and wants through an exchange process' (Kotler 1980)





# Other definitions

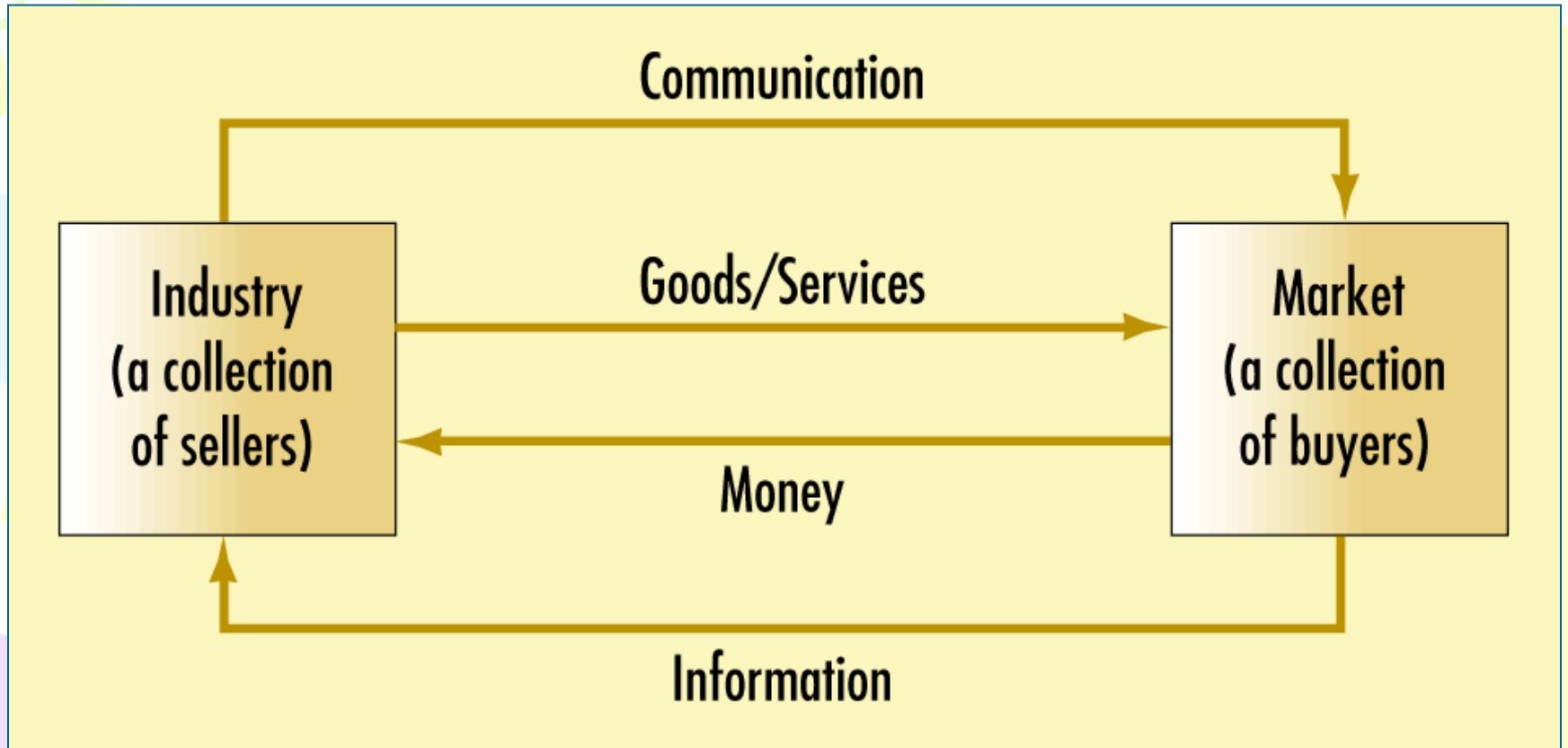
- 'Marketing is a social and managerial process by which **individuals and groups obtain what they want** and need through creating, offering and exchanging products of value with others'  
*Kotler 1991*
- "Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that **satisfy individual and organizational objectives**"  
American Marketing Association

# Scope of marketing

- Places
- Properties
- Organizations
- Information
- Ideas
- Goods
- Services
- Experiences
- Events
- Persons



Figure 1-1: A Simple Marketing System



# This Is a Need

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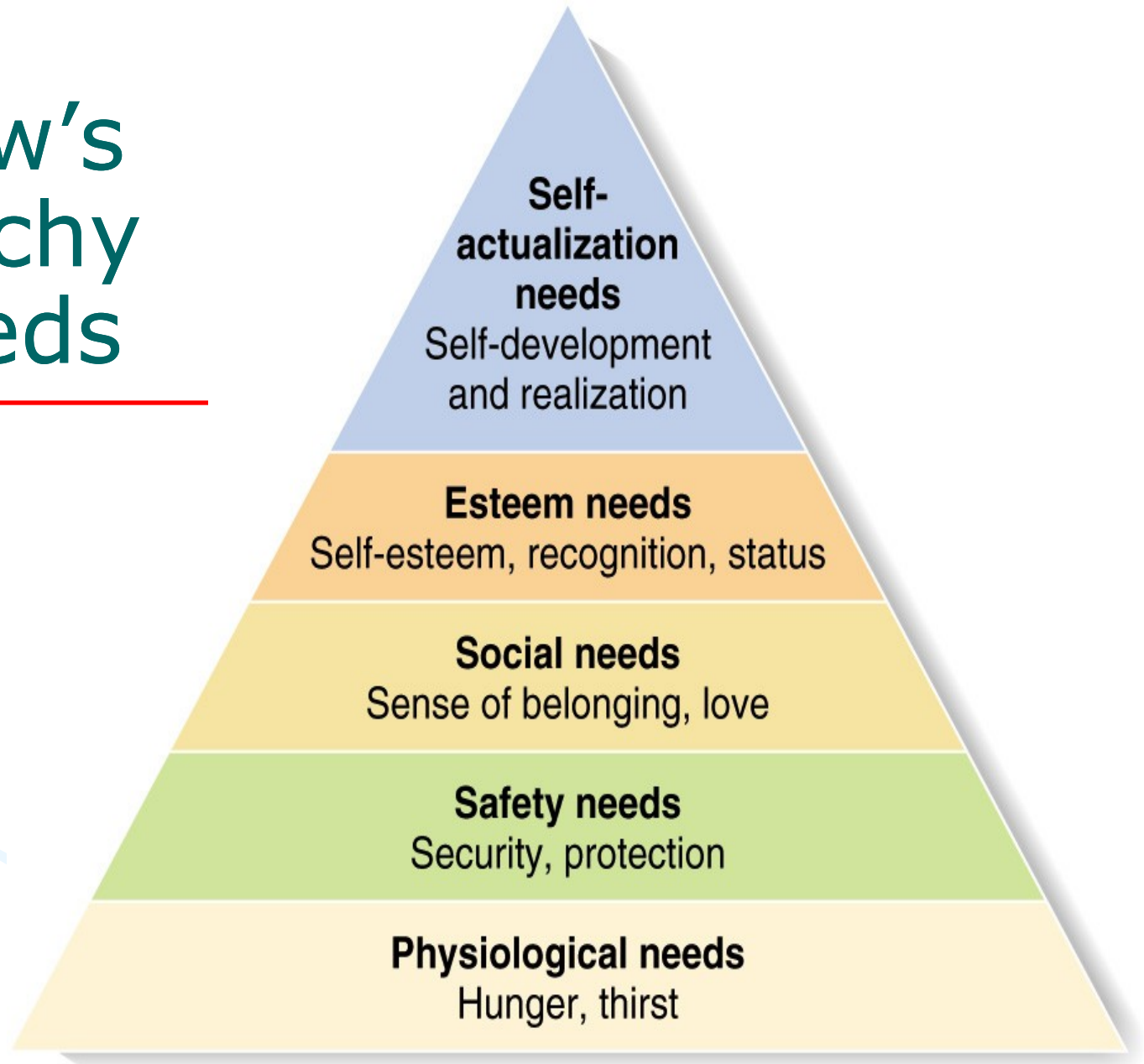


**Needs** - state of felt deprivation including physical, social, and individual needs.



# Maslow's Hierarchy of Needs

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# This Is a Want

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**Wants** - form that a human need takes, as shaped by culture and individual personality.



# Need / Want Fulfillment

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- Needs and Wants are fulfilled through a **Marketing Offer**
  - Some combination of products, services, information, or experiences offered to a market to satisfy a need or want.



# Marketing Myopia

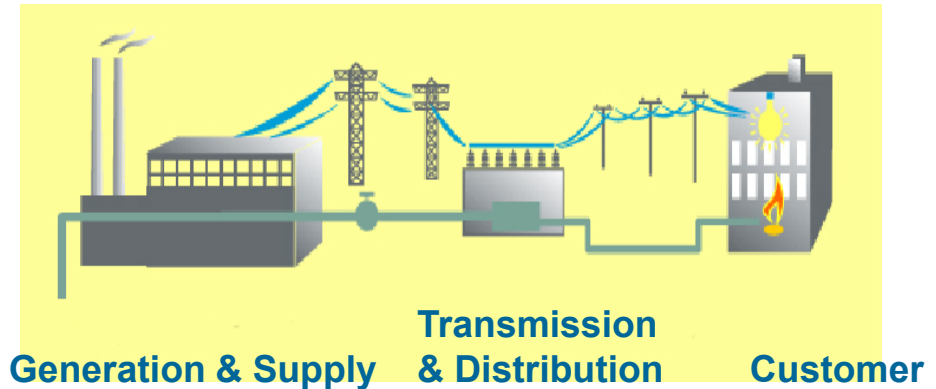
- Sellers pay more attention to the specific products they offer than to the benefits and experiences produced by the products.
- They focus on the “wants” and lose sight of the “needs.”



# What is a Market?



- The set of actual and potential buyers of a product.



- These people share a need or want that can be satisfied through exchange relationships.



**Wholesalers  
Exporters  
Input suppliers  
Agro processors**





# This Is Demand

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Wants



Buying Power





+

=

“Demand”



# The Marketing Mix

- The conventional view of the marketing mix consisted of four components: ***product, price, distribution and promotion.***
  - Generally acknowledged that this is too narrow today; now includes service, processes, technology...
  - Marketers today are focused on virtually all aspects of the firm's operations that have the potential to affect the ***relationship*** with customers.
- 
- 

1953

# The Marketing Mix

Neil Borden President of AMA –  
concept „recipe“

4 traditional P's:

- Product
- Price
- Promotion
- Place (Distribution)

**E. Jerome McCarthy,**  
1960, book Basic  
Marketing

More „Ps“:

- Preparedness
- Personnel
- Packaging
- People...

- 4 „Cs“: customer solution, customer costs, customer convenience, communication with customer (Kotler)





# Other Marketing concepts

## Production Concept

Efficiency issues

Mass production

narrow product-line(s)

- pricing based on the costs of production and distribution
- research limited to technical product-research
- packaging designed primarily to protect the product
- minimal promotion and advertising, limited to raising awareness of the existence of the product
- consumers more interested in simply obtaining the product, and less in its quality

## Product concept

Assumption : consumers will buy it if it's cheap

Makes sense when little differentiation is demanded

Makes sense for price sensitive segments

•the main focus of the company is on the products being like improving it, adding features to it, making the product superior each time assuming that customers will buy the products because they have greater quality.

•the first thing that is considered is the **function** that the product is going to serve. It is also reviewed as to how many models or sizes or **variants** the product is going to have. This product can be a physical good or a service.

## **Selling concept**

- Company relies on sales talent
- May result in high pressure sales tactics
- Makes more sense when new product's benefits are hard to understand
- Businesses concentrates on ways of selling the products.
- Numerous sales techniques such as closing, probing, and qualifying are used and the sales department has an exalted position in a company's organizational structure.
- Other promotional techniques like advertising, and sales promotions are taken intensively.
- Packaging and labeling is used for promotional purposes more than protective purposes.
- Pricing is usually based on comparisons with competitors (called competitor indexing).

## **Marketing concept**

- **late 1960s and early 1970s**
- **Extensive use of marketing research**
- **Broad product lines**
- **Emphasis on a product's benefits to customers rather than on product attributes**
- **Use of product innovation techniques**
- **The offering of ancillary services like credit availability, delivery, installation, and warranty**

# REVIEW LEARNING OUTCOME

## Orientation

## Focus

**Production**

How can we make it cheaper?

**Sales**

How can we sell more aggressively?

**Marketing**

What do customers want and need?

**Societal**

What do customers want and need, and how can we benefit society?

# Other concepts

- Relationship marketing
- Network marketing
- Social marketing
- Eco-marketing...



# Social Marketing Defined

“...A process for influencing human behavior on a large scale, using marketing principles for the purpose of societal benefit rather than commercial profit.” (*W. Smith, Academy for Educational Development*)





# The New View of Marketing

- The marketing emphasis today is on keeping existing customers as well as getting new ones
- Four principles guide marketing:
  - **retention**: keeping them coming back
  - **referrals**: encourage them to recommend us
  - **relationships**: build an emotional connection
  - **recovery**: solve problems as they arise



# Sources:

- Dr. Mary Wolfinbarger: Marketing principles
- Andrew Ching: Principles of Marketing
- Louise Hitchings: Principles of Marketing
- Wikipedia and other sources introduced in PPT