Chapter 1

Overview of marketing
Marketing is about creating value for consumers.
Satisfying customers needs

• Identify the customer segment potentially interested in the product
• Create a marketing strategy to target such segment
Satisfying customers needs

- Identify the customer segment potentially interested in the product
- Create a marketing strategy to target such segment

How does apple create value for consumers?
What group of people is Apple targeting with this ad?
What benefits Apple is advertising?
Marketing entails an exchange

Communication and delivery

Money and information
Marketing entails an exchange

Communication and delivery

Money and information
Marketing requires product, price, place, and promotion decisions

Marketing Mix (4P’s of Marketing)

- PRODUCT
- PRICE
- PLACE
- PROMOTION
The fundamental purpose of Marketing is to create value by developing a variety of offerings, including goods, services, and ideas, to satisfy customer needs.
Price is everything a buyer gives up (money, time, energy) in exchange for the product.

The key to determining prices is figuring out how much customers are willing to pay and assessing whether a profit can be made at that point.
Why Buyers Buy

Why should I buy a particular product or service?

- Relevant (satisfy a need)
- **Uniquely differentiated**
- Benefits relative to price, *as far as your target market is concerned!*

\[
\text{Value to the target market} = \text{Benefits to the target market} \quad \text{Relative to} \quad \text{Price to the target market}
\]
Place: Delivering the value proposition

**Place**

Describes all activities necessary to get the product to the right customer when the customer wants it.
Place: Delivering the value proposition

Place

Describes all activities necessary to get the product to the right customer when the customer wants it.

Where would you find this product?
Promotion: Communicating the value proposition

Promotion
A form of communication by a marketer that informs, persuades, and reminds potential buyers about a product or service to influence their opinions or elicit a response.
What element of Marketing is this?
B2B, B2C, and C2C (or P2P)

Marketing is performed both by individuals and organizations
Marketing affects many entities
Value-based marketing means implementing a marketing strategy according to what customers value – Relationship of benefits to costs

A firm goal is to give greater value than the competition
How do firms become value driven?

– Marketing analytics (Netflix, Amazon, etc.)

– Analyze consumer information to balance product/service benefit with costs
  • Ikea

– Building relationships with customers
  • **Lifetime profitability** (e.g., Apple)
  • **CRM**: Customer Relationship Management
    – Set of strategies to build loyalty among a firm’s most valuable customers

– Connecting with customers using Social and Mobile Media
Examples of great value-driven firms
Examples of great value-driven firms

**Category redefinition**
- Focused on the coffee experience and redefined the category

**Category creation**
- Create a new category based upon observables consumer needs

**Innovation**
- Delivered a simplified user experience and elegant products

**Segmentation**
- Targeted a market segment with a desired solution
Here's how marketers can create value for users

Questions
1. How does Disney+ add create value for consumers?
2. How is it different from Netflix?
   • Think about the marketing mix (4Ps: product, price, place, promotion)

https://www.youtube.com/watch?v=syYMRrosGgY
Questions

1. How did the founders of Warby Parker come up with their idea to sell affordable glasses? Based on why they decided to form the company, how would you define the purpose of marketing?

2. How did listening to customer feedback enhance Warby Parker’s business model?

3. Do you believe the company’s platform to donate a pair to someone in need for every purchase adds value to the brand? Why or why not?