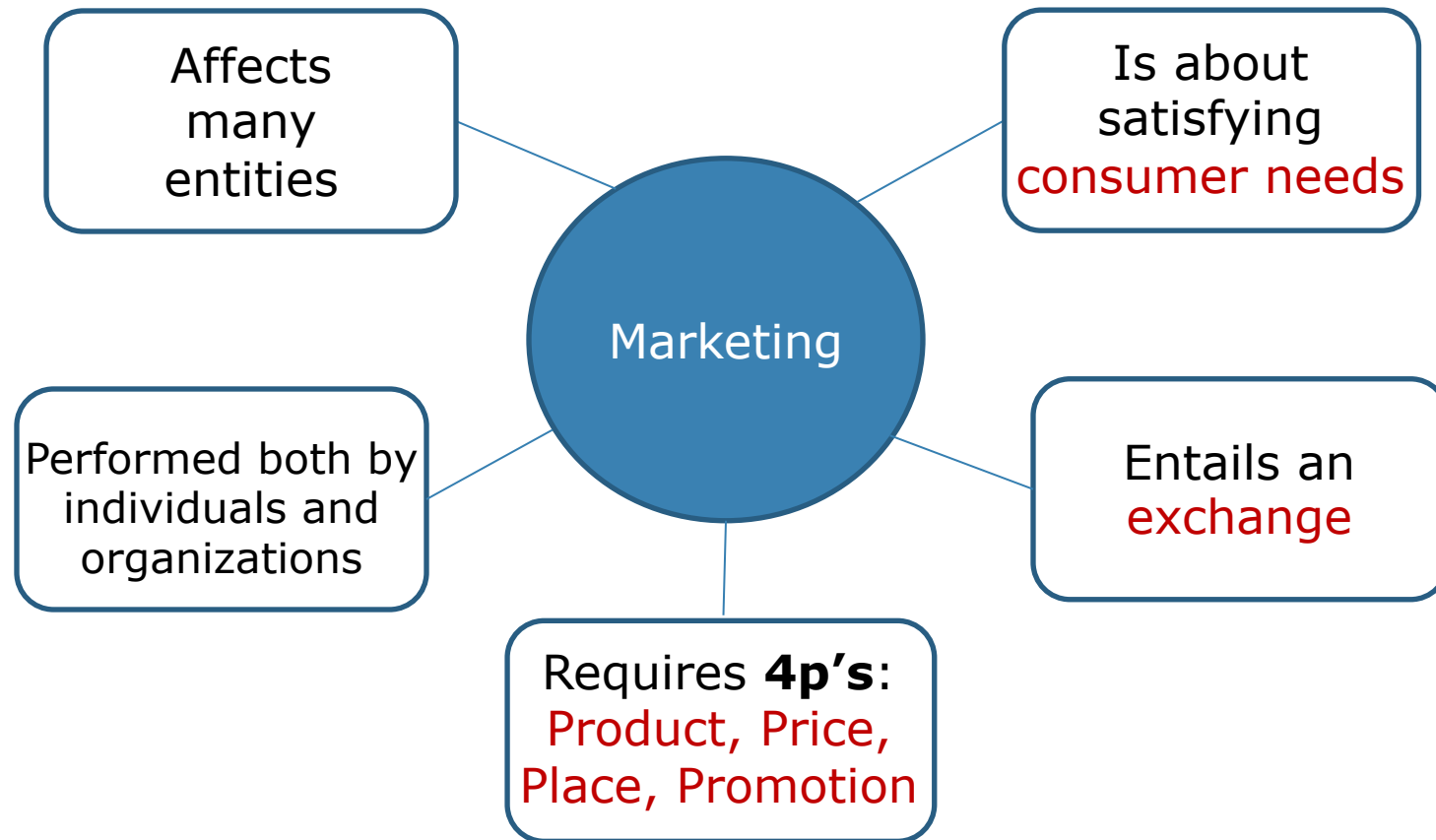


Chapter 1

Overview of marketing

Core aspects 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



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How does apple create value for consuers?
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 Mix (4P's of Marketing)

PRODUCT

PRICE

PLACE

PROMOTION

Product: Creating value

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!**

Value to the
target market

=

Benefits to the
target market

Relative
to

Price to the
target market

Place

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

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

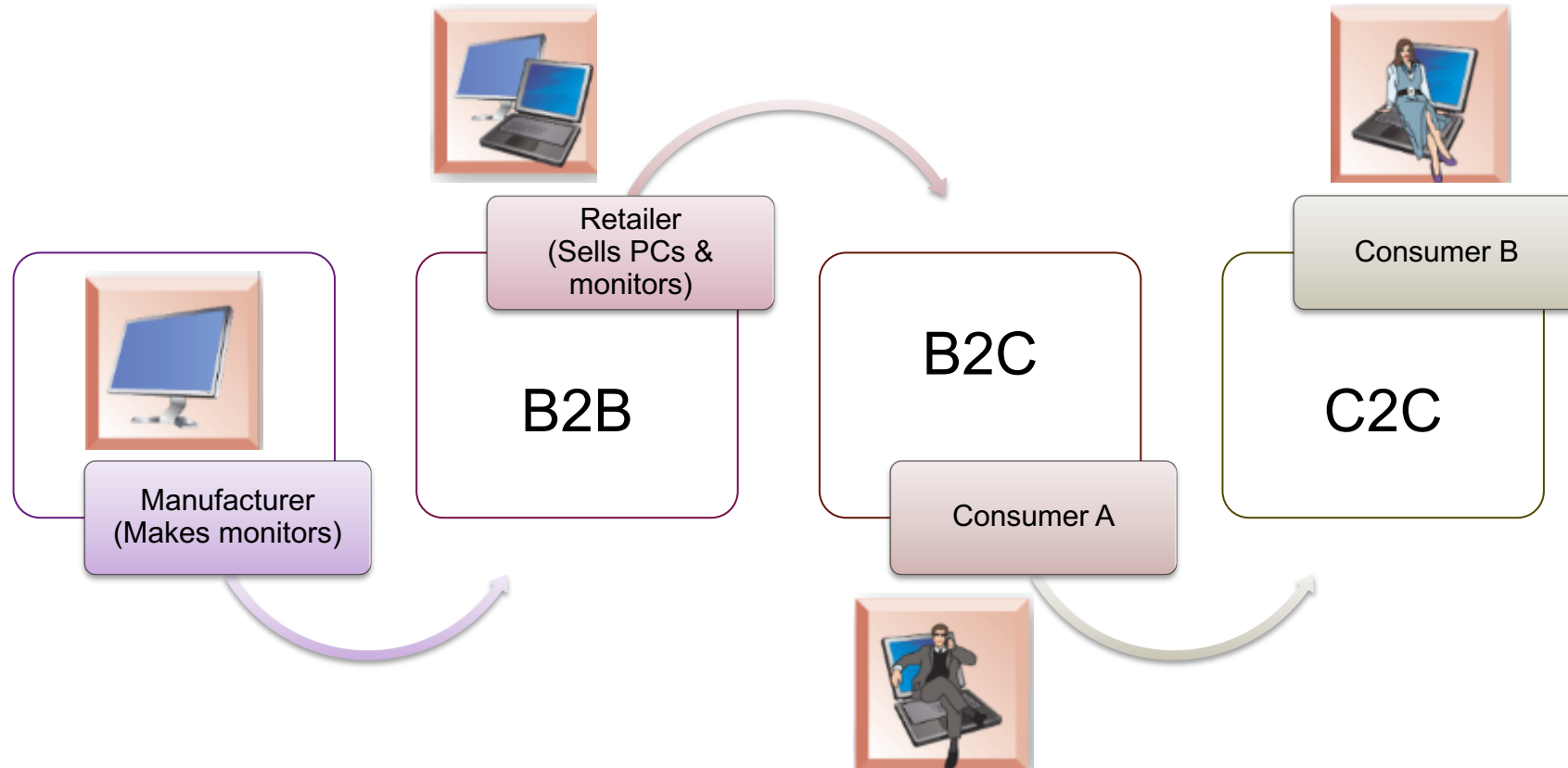
A form of **communication** by a marketer that **informs, persuades, and reminds** potential buyers about a product or service to influence their opinions or elicit a response.



What element of Marketing is this?



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**

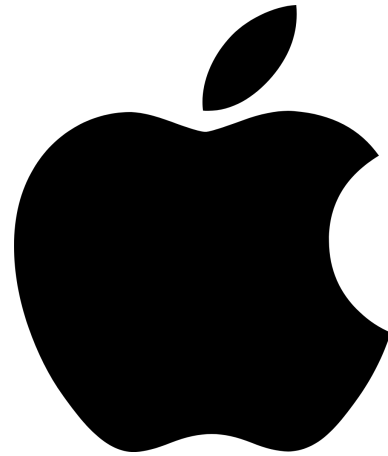
- Relationship of benefits to costs

**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 observable 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

- <http://greenbuzzagency.com/how-to-reach-customers-in-an-age-of-value-based-marketing/>

Netflix vs Disney+



VS



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

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)

WARBY PARKER
eyewear



- <https://www.youtube.com/watch?v=AWRF2wvUDxQ>

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?