



CHAPTER 1

Marketing in Today's Economy

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Chapter outline

- Introduction
- The challenges and opportunities of marketing in today's economy
- Basic marketing concepts
- Major marketing activities and decisions
- Taking on the challenges of marketing strategy

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Introduction

- All organizations – both for-profit and nonprofit – require effective planning and a sound marketing strategy to achieve their goals and objectives.
- Today's economy is characterized by rapid technological change, economic/financial anxiety, and increasing consumer skepticism.

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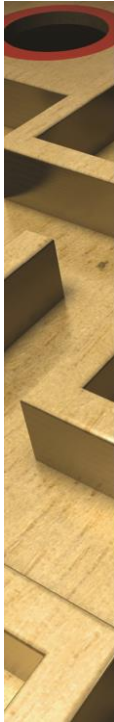


The Challenges and Opportunities of Marketing in Today's Economy

- Power shift to customers
- Massive increase in product selection
- Audience and media fragmentation
- Changing value propositions
- Shifting demand patterns
- Privacy, security, and ethical concerns
- Unclear legal jurisdiction

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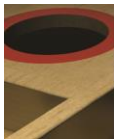
Change in Daily Media Usage by U.S. Adults, 2008-2011 (Exhibit 1.1)

	Percent Change (%)
Television and Video	7.9
Internet	21.9
Radio	-7.8
Mobile	103.1
Newspapers	-31.8
Magazines	-28.0
Other	0.0

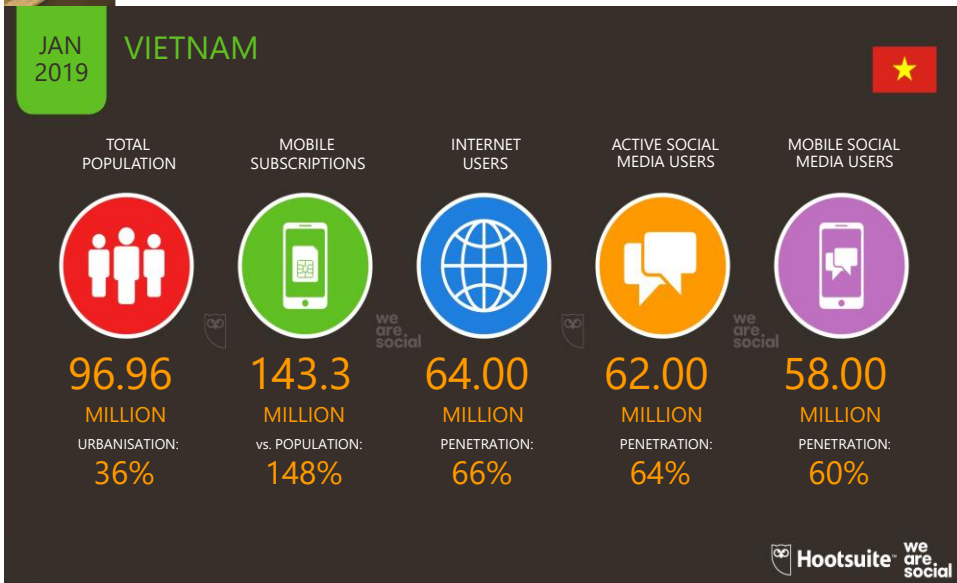
Source: Media Literacy Clearinghouse, "Media Use Statistics," <http://www.frankwbaker.com/mediause.htm>, accessed July 18, 2012.

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Some data in Vietnam





Increasing customer power is a continuing challenge to marketers in today's economy. In what ways have you personally experienced this shift in power; either as a customer or as a business person? Is this power shift uniform across industries and markets? How so?

DISCUSSION QUESTIONS



Basic Marketing Concepts: Marketing Defined

■ Marketing (2005 AMA definition)

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

■ Marketing (2007 AMA definition)

- *“... the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”*

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Basic Marketing Concepts: Marketing Defined



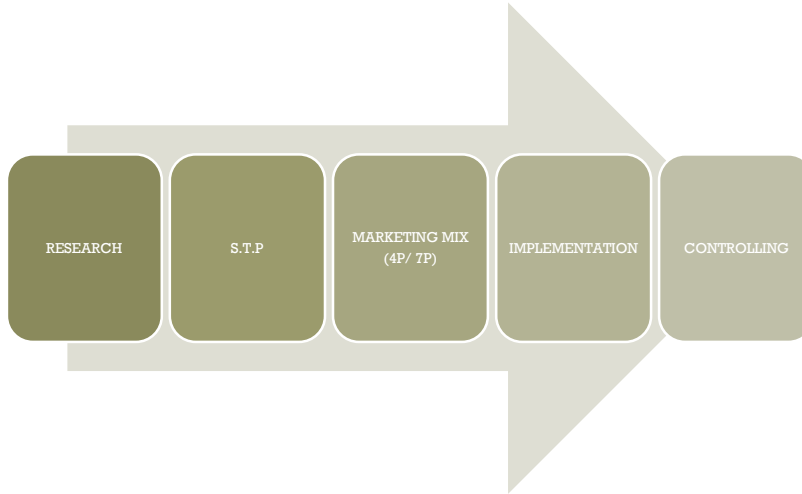
Nguồn: Kotler & Armstrong, 2012

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Basic Marketing Concepts: Marketing Defined



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Basic Marketing Concepts: Marketing Defined

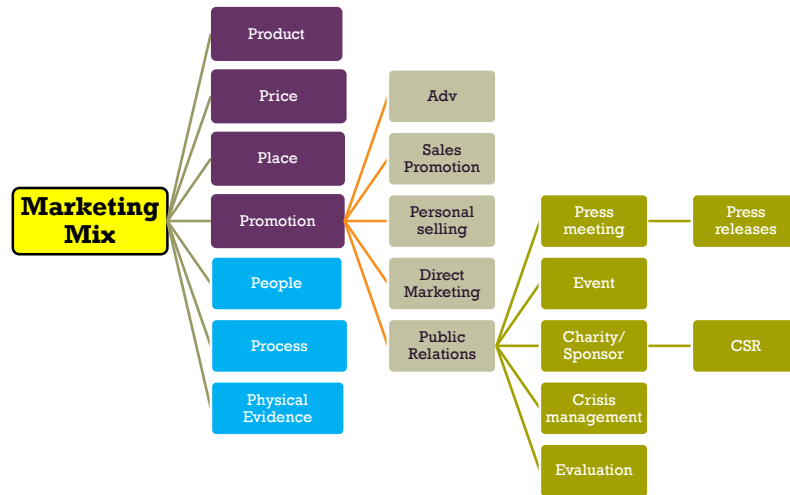


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Basic Marketing Concepts: Marketing Defined



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Basic Marketing Concepts: What is a Market?

- **Market**
 - *A collection of buyers and sellers; a group of individuals or institutions that have similar needs*
- **Marketspace**
 - *Electronic marketplaces unbound by time or space*
- **Metamarket**
 - *A cluster of closely related goods and services that center around a specific consumption activity*
- **Metamediary**
 - *Provides a single access point where buyers can locate and contact many different sellers in the metamarket*

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Common Metamarkets and Participants (Exhibit 1.3)

	Metamarkets		
	Automotive	Home Ownership	Parenting
Metamediaries	www.edmunds.com http://autos.msn.com www.carsdirect.com www.kbb.com	www.realtor.com http://realestate.msn.com www.bhg.com	www.ivillage.com/pregnancy-parenting www.parenting.com
Metamarket Participants	Buyers Manufacturers Car dealerships Banks Credit unions Credit reporting services Insurance firms Rating services Magazines Television programs Aftermarket parts/accessories Repair services Car rental firms Auction houses	Homeowners Builders Real estate agents Mortgage companies Insurance companies Home inspectors and appraisers Pest control services Magazines Television programs Retailers	Parents Doctors Retailers Baby supply manufacturers Insurance firms Financial planners Educational providers Toy manufacturers Television programs Movies

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Major Marketing Activities and Decisions

■ Strategic Planning

- *Strategy – the organization's game plan for success*
- *Tactical planning – specific markets/segments and the marketing programs that will meet their needs/wants*
- *Marketing plan – the outline of the marketing program*

■ Research and Analysis

- *Internal analysis – analyzing the firm's current strategy and performance*
- *Competitive intelligence – analyzing competing businesses*
- *Environmental scanning – analyzing the external environment*
- *Situation analysis – combination of all three analyses*

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How concerned are you about privacy and security in today's economy? Why do so many people, particularly younger people, seem to be unconcerned about privacy? Will these issues still be important in 10 years? Explain.

DISCUSSION QUESTIONS

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Major Marketing Activities and Decisions *(continued)*

- **Developing Competitive Advantage**
 - *Competitive advantage – something the firm does better than competing firms*
 - *SWOT analysis – strengths, weaknesses, opportunities, threats*
- **Marketing Strategy Decisions**
 - *Market segmentation and target marketing*
 - *Marketing program decisions (the marketing mix)*
 - *Branding and positioning*

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Major Marketing Activities and Decisions *(continued)*

■ Social Responsibility and Ethics

- *Social responsibility – maximizing positive impact on society, while minimizing negative impact*
- *Marketing ethics – principles/standards that define acceptable conduct in marketing activities*

■ Implementation and Control

- *Process of executing the marketing plan*
- *Marketing activities must be controlled to ensure that the strategy stays on course.*

■ Developing and Maintaining Customer Relationships

- *Transactional marketing*
- *Relationship marketing*

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Transactional and Relationship Marketing (Exhibit 1.4)

	Transactional Marketing	Relationship Marketing
Marketing Focus	Customer Acquisition	Customer Retention
Time Orientation	Short-Term	Long-Term
Marketing Goal	Make the Sale	Mutual Satisfaction
Relationship Focus	Create Exchanges	Create Value
Customer Service Priority	Low	High
Customer Contact	Low to Moderate	Frequent
Commitment to Customers	Low	High
Characteristics of the Interaction	Adversarial, Manipulation, Conflict Resolution	Cooperation, Trust, Mutual Respect, Confidence
Source of Competitive Advantage	Production, Marketing	Relationship Commitment

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The Challenges of Marketing Strategy

- Unending Change
- People-Driven Nature of Marketing
- Lack of Rules for Choosing Marketing Activities
- Increasing Customer Expectations
- Declining Customer Satisfaction and Brand Loyalty
- Competing in Mature Markets
 - *Increasing commoditization*
 - *Little real differentiation among product offerings*
- Aggressive Cost-Cutting Measures

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The text argues that marketing possesses very few rules for choosing the appropriate marketing activities. Can you describe any universal rules of marketing that might be applied to most products, markets, customers, and situations?

DISCUSSION QUESTIONS

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