

MARKETING CONCEPTS AND STRATEGIES

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8TH EDITION





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Preface

The traditional view of marketing is of a team of managers inside an organization responsible for surveying customers, communicating the brand, managing advertising and developing campaigns. Perhaps this rather constrained remit was true many decades ago and certainly there are still organizations yet to recognize its full potential, but the reality is that marketing is responsible for so much more:

- Understanding markets, developing market insights and being the ‘eyes and ears’ for an organization, in terms of identifying threats and new business opportunities, tracking competition and staying on top of changing customer expectations.
- Shaping an organization’s strategy in terms of the selection of which opportunities to pursue, product portfolios to sustain, target market decisions and competitive positioning.
- Managing brands and creating compelling value propositions intended to excite customers, attract new ones, retain those already buying from the organization and to make life awkward for competitors.
- Managing customers’ experience in order to maximise revenue, retain lucrative customers and combat competitors’ actions.

Campaigns, advertising, brand strategy and marketing research are indeed part of the remit for Marketing, but there is so much more required for marketers to understand as they add value to their organizations.

The associated set of necessary capabilities is extensive, including market insight and analytics, strategic thinking and planning, creativity and programme development, project execution and performance evaluation. All occurring in hugely dynamic environments, in which market conditions are always evolving, strategies must be re-thought so as to remain pertinent, and marketing programmes kept fresh and relevant to these challenges. Here lies the excitement for most marketers, who relish this challenging and ever-changing life.

Marketing: Concepts and Strategies explores the scope and activities of marketing, providing the frameworks and toolkit required for marketers to deliver benefits for their organizations.

Whether for products or services; in consumer, business-to-business or public sector markets; for profit or non-profit making, the marketing function is a major part of an organization’s overall resourcing and is responsible for a huge array of outputs. There is much more involved than merely surveying, developing a brand strapline and creating a new advertising campaign, as depicted in TV’s 1960s-set *Mad Men*.

Marketing affects everyone. We are all consumers. Most businesses depend on marketing to provide an understanding of the marketplace, to identify opportunities, and to ensure that their products and services satisfy the needs of customers and that they are competing effectively. There is little doubt that marketing is an important part of today’s society and commerce. Marketing matters! Therefore, it is important that marketers are well trained and are equipped with the skills required.

The first edition of *Marketing: Concepts and Strategies* appeared in 1991, just after Sally and Lyndon joined the fast-growing Warwick Business School and were introduced to American co-authors Bill Pride and ‘OC’ Ferrell. Since then, this text has become the leader in its market. Whether for undergraduates seeking a comprehensive introduction to marketing, MBAs requiring a grounding in marketing analysis or marketing management, or students in colleges wishing to pass degrees and CIM diplomas, *Marketing: Concepts and Strategies* is used by lecturers and teaching staff to provide an accessible, topical and enlightening insight into the world of marketing. *Marketing: Concepts and Strategies* is also recommended by the Chartered Institute of Marketing.

This edition has been totally revised to reflect the current core themes of marketing in terms of academic content, but also – given the authors’ wide-ranging consultancy and research experience outside of the lecture theatre – from a practitioner’s perspective. In particular, the world for marketers has gone digital, consumers communicate readily with each other via social media; there are new regulations impacting how marketers operate, especially regarding data compliance and privacy; marketing has become more aligned to ethical, responsible and sustainability issues; and Marketing as an academic discipline has become more critical and reflective – all of which are developments underpinning this new edition. These developments have steered this re-write of *Marketing: Concepts and Strategies*.

As ever, *Marketing: Concepts and Strategies* is supported by comprehensive indexing, a full glossary of important terms appearing in the margins of the relevant chapters and cross-referenced in the subject index, questions for discussion, web exercises and classroom tasks and full listing of the key terms and jargon detailed chapter-by-chapter.

The Running Order of *Marketing: Concepts and Strategies*, 8th Edition

- PART ONE** Marketing defined and marketing in context – An introduction to the nature and scope of marketing and the marketing process, marketing strategy and competitive forces, the composition of the marketing environment and the importance of global marketing.
- PART TWO** Understanding and targeting customers – Consumer and business-to-business buying behaviour, target market strategy and brand positioning, customer value propositions, customer relationship management and marketing research.
- PART THREE** Marketing programmes – Products and services, brands, place and channels, promotion and marketing communications, digital marketing and pricing in consumer, business and non-profit markets.
- PART FOUR** Marketing management – Marketing planning and sales forecasting; implementing strategies, internal marketing relationships and measuring performance; ethics, and social responsibility in modern marketing, and social marketing applications.

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Sally Dibb and Lyndon Simkin
Kenilworth, 2019

About the authors

Sally Dibb and Lyndon Simkin each spent around 20 years at the leading UK university management centre, Warwick Business School, teaching undergraduates, MBAs and executives the basics of marketing, advanced strategic marketing, marketing management, buyer behaviour, marketing communications and marketing research. Sally then moved to head up Marketing and Research at the innovative Open University Business School as Professor of Marketing, where she also established and co-directed the Institute for Social Marketing. Recently Sally joined the impact-focused Centre for Business in Society at Coventry University as Professor of Marketing and Society, leading the examination of the fast-changing role of data in society. Lyndon left Warwick to join Oxford Brookes Business School as Professor of Strategic Marketing and Research Lead, before joining Henley Business School. He is now at Coventry University as Executive Director of the Centre for Business in Society and Professor of Strategic Marketing in the Faculty of Business and Law.

Sally and Lyndon's research focuses on market segmentation, marketing planning, strategic business planning, social marketing applications, marketing strategy operationalization and teaching methods, in which areas they have published extensively in the academic journals in the UK and USA. They co-chair the Academy of Marketing's SIG in Market Segmentation and have been Associate Editors of the *Journal of Marketing Management*. Sally is a trustee of the research charity Alcohol Research UK and is a member of the REF2021 panel evaluating the research quality of UK universities.

In addition to being joint authors of *Marketing: Concepts and Strategies*, they produced the innovative *The Marketing Casebook: Cases and Concepts* (Thomson), mixing real-world cases with overviews of theory, and *The Market Segmentation Workbook* and *The Marketing Planning Workbook* (both published by Thomson), aimed at assisting marketing practitioners to reassess their target markets and understand the complexities of marketing planning. These workbooks were based on their consultancy experiences with organizations as diverse as ABB, Accenture, AstraZeneca, GalaCoral, Calor, EDF Energy, Eon, Ernst & Young, Fujitsu, Geocell, GfK, IKEA, JCB, Lockheed Martin, McDonald's, Nynas, QinetiQ, Raytheon, Royal SunAlliance, Tilda and Willis. Both *Workbooks* have been translated and published in China and Russia. Sally and Lyndon published the revision aid, *Marketing Briefs* (Elsevier Butterworth – Heinemann). While primarily targeted at students preparing for examinations in marketing, *Marketing Briefs* was also ideal for providing time-pressured managers with concise and topical insights into the core concepts and tools of strategic marketing. The acclaimed *Market Segmentation Success: Making It Happen!* was published by Routledge in America. Cengage published the very popular *Marketing Planning* title, aimed at practicing marketers. *Marketing Essentials* was the little sister to *Marketing: Concepts and Strategies*, targeting college courses introducing the subject of marketing. Sally and Lyndon have both also contributed chapters to many books of collected readings. Lyndon recently co-edited *The Dark Side of CRM* for Routledge and Sally has co-authored *The Private Security State?* for CBS Press.

Bill Pride and O.C. Ferrell first teamed up to produce *Marketing* for Houghton Mifflin in 1977. Since then, the American sister of *Marketing: Concepts and Strategies*, now in its nineteenth edition, has been used by over two million students and has become one of the principal marketing texts in the USA. OC is the James T Pursell, Sr. Eminent Scholar in Ethics and Director of the Center for Ethical Organizational Cultures at Auburn University. He is the President of the Academy of Marketing Science and a former President of the Academic Council for the prestigious American Marketing Association (AMA). OC is the author of many texts, including *Marketing Strategy* (Cengage), *Business Ethics: Ethical Decision Making and Cases* (Cengage) and *Business: A Changing World* (Irwin/McGraw-Hill). Bill Pride is Professor of Marketing at Texas A&M University, where he specializes in marketing communications, strategic marketing planning and business marketing education. Like OC, he has published a large number of journal papers and is widely recognized in the marketing field. Bill is also co-author of *Business* (Cengage).



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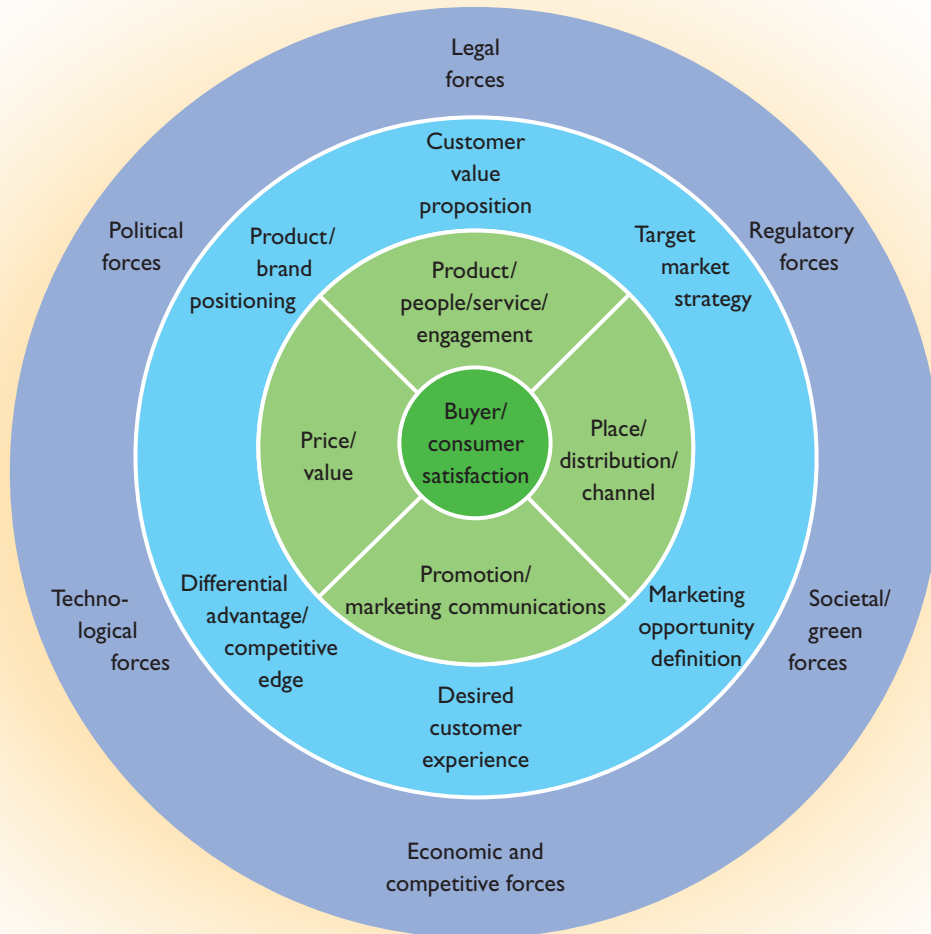
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PART ONE

Marketing defined and marketing in context



Marketing focuses on looking after customers. This involves a set of processes for creating, communicating and delivering value to customers; for managing customer relationships; and for providing strategic direction to an organization based on market insights and understanding of customers. Marketing consists of individual and organizational activities that facilitate and expedite satisfying exchange relationships in a dynamic environment

through the creation, distribution, promotion and pricing of goods, services and ideas.

The simple premise of marketing is that to be successful, any organization must understand its customers' requirements and satisfy them in a manner that gives the organization an edge over its competitors, and by staying abreast of changing market dynamics it will continue to offer compelling propositions to these targeted customers relevant

marketing mix

The tactical 'toolkit' of the marketing programme; product, place/distribution, promotion, price and people variables that an organization can control in order to appeal to the target market and facilitate satisfying exchange.

to their evolving needs and expectations. This involves offering the 'right' **marketing mix** of product, people, service, pricing, promotion and distribution channel. Marketing depends, therefore, on the constant updating of ideas and market knowledge. Customers are often surprisingly fickle and modify their needs and wants; rivals

alter their strategies; and forces in the marketplace regularly change, creating new threats and opportunities. As will be explained, while marketing focuses on understanding customers and delivering ongoing satisfaction, there is much more to marketing than serving customers through marketing programmes.

Marketing's core focus is indeed the understanding and ongoing satisfaction of targeted customers, but marketers must provide much more for their organizations. Effective marketing should analyze markets in order to be able to maintain customer interest and satisfaction, combat competitors, identify new opportunities and recognize threats. Marketers should be the 'eyes and ears' for their organizations regarding market dynamics. Having determined which opportunities to pursue and having agreed the mix of target

markets to prioritize, marketing should create target customer engagement strategies, establish the 'wow' factor and ensure that there is a robust basis for competing. Marketing programmes should be developed which are appropriate for the successful execution of this strategy. Therefore marketing as a process involves marketing analysis, marketing strategy and marketing management, as explored in *Marketing: Concepts and Strategies*.

The term 'customer' should be treated loosely. While in commercial settings, it means consumers in consumer markets or business customers in business marketing, it is just as important to understand and satisfy those audiences served or represented in the public and voluntary sectors. Such organizations benefit from adopting the marketing concept and process . . . they also must strive to stay ahead of changing environmental conditions, maximize use of their resources to deliver their aims, compete for attention, and seek to understand and satisfy their audiences and stakeholders. Marketing is relevant and prevalent outside commercial brands. For example, Social Marketing is one of the biggest growth areas for the discipline, creating behavioural change in the pursuit of social goals and objectives, often for improved well-being and the greater good of society, with, for example, interventions to reduce smoking, increase fitness or prevent bullying.

Part One of Marketing: Concepts and Strategies introduces the nature and scope of marketing and the marketing process, marketing strategy and competitive forces. The aim of Part One is to define marketing and enable readers to appreciate its context.

Chapter 1, 'The marketing concept', defines marketing; establishes its importance to organizations and to consumers; and outlines the major components of marketing strategy – notably marketing opportunity analysis, target market selection, competitive advantage and the development of marketing programmes designed to implement the marketing strategy. The discussion also examines the concept of marketing orientation within an organization. The chapter establishes the ethos of *Marketing: Concepts and Strategies*, describes the structure of the text and presents an overview of the marketing process. Important concepts presented in Chapters 1 and 2 are deliberately repeated throughout this text. It is important for the reader to understand and accept them before progressing to the following chapters.

Chapter 2, 'Marketing strategy and understanding competitors', presents an overview of marketing strategy and the strategizing process. This chapter aims to highlight which strategic marketing considerations help to ensure that a product or service is marketed for the benefit of the organization as well as its targeted customers. The product or service should be marketed differently enough from competitors' marketing programmes to provide the organization's

product or service with a perceived advantage over these competitors. The chapter first explores what is marketing strategy and the importance of organizational mission, goals and corporate strategy. The discussion next turns to assessing organizational opportunities, capabilities and SWOT (strengths, weaknesses, opportunities and threats) issues, as well as identifying strategic objectives. The chapter addresses the all-important role of identifying market segments, targeting and brand positioning in marketing strategy: the development of clear target market priorities. It then focuses on competitive strategies for marketing: the role of competition, its ramifications for strategy, competitive positions and warfare strategies. The link between marketing objectives and marketing mix programmes is examined, along with implementation and performance monitoring.

Chapter 3, 'The marketing environment', explores the importance to marketers – and organizations – of staying informed by developments and changes around them. These forces of what is known as the 'macro marketing environment' include economic, political, legal, regulatory, societal and technological developments, which inevitably impact on markets, organizations operating in a particular sector, consumers and individual brands. They present opportunities (if observed and addressed) and threats (if unnoticed or ignored) to marketers. An organization's overall strategy must be informed by these forces of the marketing environment. The chapter also explores the concept of environmental scanning and the notion of strategic windows of opportunity. The 'micro marketing environment' consists of competitive forces and rivalry, which tend to have more specific impact on a particular organization or brand. These external competitive forces are also explored in this chapter. Without an appreciation of these forces and how they will impact, it is not possible for the Marketing team to be the eyes and ears for its company, identifying threats and emerging opportunities.

Chapter 4, 'Marketing in international markets', reflects the fact that many organizations and brands trade across national boundaries, requiring additional market insights and some flexibility in terms of marketing strategies and marketing programmes. The marketing environment forces, customer issues, competitor activities and an organization's capabilities differ from country to country and region to region. How marketers should address non-domestic markets is examined in this chapter, including available market entry strategies.

By the conclusion of Part One of *Marketing: Concepts and Strategies*, readers should understand what is meant by the terms *marketing*, *marketing orientation*, *marketing strategy* and *the marketing process*, the forces of the *macro and micro marketing environment*, *environmental scanning* and *strategic windows of opportunity*, as well as *international marketing*. The essential themes in Part One are developed further as the text continues.

CHAPTER 1

The marketing concept

“Satisfying and retaining customers better than rivals”

Objectives

- To define marketing.
- To appreciate the context of marketing and marketing orientation.
- To explain the marketing process.
- To understand the importance of marketing.
- To gain insight into the basic elements of the marketing concept and its implementation.
- To understand how the marketing concept has evolved and some of the current ‘hot’ themes.
- To appreciate the major components of a marketing strategy and the marketing mix.
- To gain a sense of general strategic marketing issues, such as market opportunity analysis, target market selection and marketing mix development.
- To grasp the ethos and structure of this book.

INTRODUCTION

Marketing’s primary aim is the identification of target markets and the satisfaction of these customers, now and in the future. In most organizations, marketing fulfils an analytical function, provides strategic direction and executes a set of tactical activities designed to attract and retain the targeted customers to the organization’s products or services. Marketers should strive to be the ‘radar’ or ‘eyes and ears’ for their organizations in terms of assessing opportunities, identifying threats and preparing their colleagues for the evolving challenges in the marketplace. There is much more to marketing than creating an advertisement, producing an eye-catching price promotion, jazzing up a website or developing a brand.

Organizations with a marketing orientation have more than just a few staff engaged in marketing activities and analytics. Such organizations have a sound awareness of customers’ needs and buying behaviour, competitors’ offerings and strategies, and of market trends. They take steps to ensure they know how these market conditions will evolve. In addition, they orientate their operational practices and coordinate the inter-functional thinking of their organization around these market conditions. Leadership teams have a desire for market insights and to align their thinking around developments in their markets.

Effective marketing involves an analytical process combining marketing analysis, strategizing and the creation of marketing programmes designed to implement a designated marketing strategy. Marketing opportunity analysis is a pivotal part of marketing, involving the determination of emerging and existing market opportunities and the choice of which to address. At the heart of a marketing strategy is the formation of a target market strategy and a basis for competing in order to focus on the opportunities prioritized by the organization.

Most members of the general public think of ‘advertising’, ‘social media use’, ‘marketing research’ or ‘sales persuasion’ when the term ‘marketing’ is mentioned. These brief introductory comments explain that there is, in fact, much more to marketing. This first chapter of *Marketing: Concepts and Strategies* is designed to define marketing and explain its role.

Markets often face disruption . . . a new company, idea or way of providing customers with what they want. Such disruption generally creates casualties, as traditional providers struggle to compete or update their own thinking. Uber is one very popular example of such disruption, creating a new business model and providing a more flexible and cost-effective travel alternative for millions of users. The technology companies such as Waymo and Tesla now rivalling traditional automotive producers with driverless and electric vehicles will prove to be similarly disruptive. However, disruptive or innovative business ideas are only successful if they contain at their heart a business proposition which is compellingly appealing to its targeted consumers. Uber has managed to achieve this desirability. So, too, has another new service . . . Deliveroo.

Deliveroo is a technology company focused on marketing, selling and delivering restaurant meals to the household or office. Deliveroo's technology platform optimizes food ordering and delivery by integrating web and mobile consumers with restaurant tablet-based point-of-sale order management terminals and its logistics optimization algorithm via delivery



Your meals on wheels

driver/rider smartphone software.

How often have you desired a restaurant's dishes or varied menu from which to select, but have not had the freedom, flexibility or time to go

out of your home to enjoy the restaurant experience? Some restaurants and take-aways previously offered home delivery, but the majority did not. If you were not able to go to them to dine or to collect your own take-out meal, there was no other solution. Deliveroo offers a cost-effective solution to this dilemma, which appeals both to restaurants seeking to cater for such consumer demand, as well as consumers needing someone to bring their meals home to them.

The company makes money by charging restaurants a commission fee, as well as by charging customers a fee per order. Deliveroo, founded in London, now operates in two hundred towns and cities in the UK, as well as in the Netherlands, France, Germany, Belgium, Ireland, Spain, Italy, Australia, Hong Kong, Singapore and the United Arab Emirates. Orders are placed through its app or website and then self-employed bicycle or motorcycle couriers transport orders from restaurants to customers. Over 15 000 food couriers now work part-time or full-time for Deliveroo, many working around studying or other commitments. There are well-known rivals also providing such services to hungry consumers and to restaurant owners keen to serve non-dining-in customers. The most well-known include Hungryhouse, Just Eat, UberEATS and Grubhub.

Some fast food take-aways have dropped their own delivery staff and instead now outsource to Deliveroo. For many restaurants previously unable or unwilling to provide delivery services for their meals, Deliveroo and similar rivals have opened up a whole new market opportunity; one incurring no direct set-up costs in terms of staff recruitment or acquiring delivery vehicles. Even the fast food chains such as McDonald's, Burger King and KFC can now cost-effectively offer delivery of their low-margin meals and still be profitable. The restaurant proprietors, their hungry customers and the thousands of delivery riders now employed in providing a service which a decade ago did not exist, are benefiting. At the heart of the Deliveroo or Hungryhouse digital concept is a proposition which resonates with a large number of hungry consumers.

This chapter first overviews the concept of marketing orientation before developing a definition of marketing. The focus then moves on to consider why people should study marketing and why marketing is important. The chapter proceeds to explore the marketing concept and examines several issues associated with successful implementation. It then explains the importance of an analytical process to effective marketing, from analysis to strategy formulation to the creation of marketing programmes. Deliveroo has a marketing strategy targeting consumers and restaurant operators which is based on an analysis of the restaurant, take-away and in-home dining sectors. How the marketing concept has evolved and topical themes are highlighted. The chapter concludes by discussing the organization and running order of this text book.

The concepts and strategies discussed throughout this text are applicable to consumer goods and services, business-to-business products and services, public sector organizations, as well as to not-for-profit and many social sector organizations. As explained in the Part Opener, the term ‘customer’ in the definitions of marketing should be treated somewhat loosely. While, in commercial settings, it means consumers in consumer markets or business customers in business marketing, the themes explored in *Marketing: Concepts and Strategies* extend beyond such parameters. The understanding and satisfying of audiences served or represented is just as important in the public and voluntary sectors. Such organizations benefit from adopting the marketing concept and process, as they – as with commercial brands – also must strive to stay ahead of changing environmental conditions, maximize use of their resources to deliver their aims, compete for attention, and seek to understand and satisfy their audiences and stakeholders.

Like all the chapters in *Marketing: Concepts and Strategies*, this one contains detailed topical illustrative examples in highlighted boxes, presents cases for discussion, suggests internet exercises at its conclusion, lists at the end all the key terms presented in the chapter, provides discussion and review questions to emphasize the key themes and offers suggested further reading choices. In addition, as the principal definitions are introduced in the text, they are repeated in the margins for ease of understanding, glossary-style. If you have not yet done so, before tackling the chapters you should read the ‘Preface’ to this book in order to understand the perspective, structure and chapter components of *Marketing: Concepts and Strategies*.

Marketing explained and defined

The traditional view of marketing is of a team of managers inside an organization responsible for surveying customers, communicating the brand, managing advertising and developing campaigns. Perhaps this rather constrained remit was true many decades ago and certainly there are still organizations yet to recognize its full potential, but the reality is that marketing is responsible for so much more:

- Understanding markets, developing market insights and being the ‘eyes and ears’ for an organization, in terms of identifying threats and new business opportunities, tracking competition and staying on top of changing customer expectations.
- Shaping an organization’s strategy in terms of the selection of which opportunities to pursue, product portfolios to sustain, target market decisions and competitive positioning.
- Managing brands and creating compelling product propositions intended to excite customers, attract new ones, retain those already buying from the organization and make life awkward for competitors.
- Managing customers’ experience in order to maximize revenue, retain lucrative customers and combat competitors’ actions.

Campaigns, advertising, brand strategy and marketing research – as depicted in TV’s 1960s-set *Mad Men* – are indeed part of the remit for marketing, but there is so much more required for marketers to understand as they add value to their organizations.

The associated set of necessary capabilities is extensive, including market insight and analytics, strategic thinking and planning, creativity and programme development, project execution and performance evaluation. All occurring in hugely dynamic environments, in which market conditions are always evolving, strategies must be re-thought so as to remain pertinent and marketing programmes kept relevant to these challenges. Here lies the excitement for most marketers, who relish this challenging and ever-changing life.

Marketing orientation

marketing orientation

A marketing-oriented organization devotes resources to understanding the needs and buying behaviour of customers, competitors' activities and strategies, and of market trends and external forces – now and as they may shape up in the future; inter-functional coordination across the company ensures that the organization's activities and capabilities are aligned to this marketing intelligence.

An organization exhibiting a **marketing orientation** is said to have a sound understanding of customer needs, buying behaviour and the issues influencing the purchasing choices of customers. A marketing-oriented organization also has a shrewd appreciation of competitors and external marketing environment forces and trends.¹ In addition to comprehending these customer, competitor and marketing environment issues, a marketing-oriented organization ensures its operations, personnel and capabilities are aligned to reflect these external drivers. A truly marketing-oriented organization understands these current issues, but is also focused on identifying how they will evolve, so ensuring that the organization's strategy and capabilities are modified to reflect not just current market requirements but also future market conditions.

A marketing-oriented organization devotes resources to understanding the needs and buying behaviour of customers, competitors' activities and strategies, and market trends and external forces (now and as they may shape up in the future). Inter-functional coordination across the company ensures that the organization's activities and capabilities are aligned to this marketing intelligence and that strategic choices reflect the changing dynamics of the company's markets.

Not all organizations can claim to have a marketing orientation. For example, some are purely sales-led, concentrating on short-term sales targets, whereas other organizations are production-oriented, choosing to emphasize product development and production efficiency in their business strategy. Few experts would argue against maximizing sales or seeking leading-edge lean production practices, or indeed the adoption of best-practice financial and human resource approaches. Similarly, the adoption of a marketing orientation is highly desirable. A marketing orientation is of significant benefit to an organization, as it facilitates a better understanding of customers and helps a business to prepare for external market developments, threats and opportunities. It is difficult to contemplate a scenario where a marketing orientation would not be beneficial to an organization.

An organization practicing the concepts explained in *Marketing: Concepts and Strategies* is well on the way to having a marketing orientation. However, it is important that inter-functional coordination aligns the activities within the organization and also the leadership team to the marketplace, specifically to customer buying behaviour, competitive pressures and marketing environment forces, and to the evolving nature of these market conditions. The use of some of marketing's concepts and an understanding of the role of marketing in attracting and satisfying customers, are not enough on their own to establish a marketing orientation. However, failure to comprehend the core concepts of marketing will make a marketing orientation impossible to achieve. The focus of this text, therefore, is on explaining the core concepts of marketing which are the entry point requirements for going on to establish a marketing orientation.

It is possible for an organization lacking a full marketing orientation to nevertheless deploy and benefit from aspects of the marketing toolkit as described in the following chapters. For instance, many businesses have an adequate understanding of their customers, but not all have fully grasped their competitors' strategies or the challenges present in the external marketing environment. Obviously, it is better not to operate in ignorance of these external pressures, which may create threats or opportunities. The definition of marketing *per se* is not, therefore, the same as the definition of marketing orientation.

Marketing defined

Asking members of the public to define marketing is an illuminating experience. They will respond with a variety of descriptions, including ‘advertising’, ‘social media messaging’, ‘selling’, ‘hype’, ‘conning people’, ‘spying’, ‘stealing my data’, ‘pestering me’, ‘targeting’ and ‘packaging’. In reality, marketing encompasses many more activities than most people realize and depends on a wealth of formal concepts, processes and models beyond the soundbites just listed. Since it is practiced and studied for many different reasons, marketing has been defined in many different ways, whether for academic, research or applied business purposes. This chapter examines what is meant by the term **marketing**.

marketing

Activities that facilitate and expedite satisfying exchange relationships in a dynamic environment, through the creation, distribution, promotion and pricing of goods, services and ideas. Marketing is a 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.

Marketing consists of individual and organizational activities that facilitate and expedite satisfying exchange relationships in a dynamic environment through the creation, distribution, promotion and pricing of goods, services and ideas.

Dibb, Simkin, Pride and Ferrell in Marketing: Concepts and Strategies

The basic rationale of marketing is that a successful organization requires satisfied and happy customers who return to the organization to provide additional custom. In exchange for something of value, typically payment or a donation, the customers receive a product or service that satisfies their needs. Such a product has an acceptable level of quality, reliability, customer service and support, is available at places convenient for the customer at the ‘right’ price, and is promoted effectively by means of a clear message that is readily comprehended by the customers in question. For example, in return for quenching thirst at affordable prices with a reliable product that is widely available in easy-to-use containers, Coca-Cola receives a great deal of money from customers. Unfortunately for companies and their marketers, customers’ requirements change as their needs alter, marketing messages infiltrate their thinking, friends and colleagues discuss purchases, and competing products are pushed by rival organizations. In the dynamic world of marketing, an effective solution to satisfying customer needs rarely has longevity. Newspapers are no longer adequate for most information-hungry people, who today turn to their smartphones and tablets for up-to-the-minute news and entertainment. Marketers must constantly assess their customers’ requirements and competitors’ propositions, being prepared to modify their marketing activity accordingly. An assessment of marketing opportunities is an ever-evolving process requiring regular revision and updating.

Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.

Chartered Institute of Marketing

Understanding customers and anticipating their requirements is a core theme of effective marketing.² So, too, is understanding general market trends and developments that may affect both customers’ views and the activities of organizations operating in a particular market. These factors may include social trends, technological enhancements, economic patterns and changes in the legal and regulatory arena, as well as political influences. These are often termed the forces of the **marketing environment**. Compared with five years ago, for example, look at how many companies now produce products in ‘environmentally friendly’ packaging in line with the social trend of the ‘green consumer’. Or, owing to recession, consider how many companies now have value ranges.

An organization does not have a marketplace to itself. There are direct competitors, new entrant rivals and substitute products offering alternative solutions to a customer’s specific need. Construction-equipment giant JCB markets trench-digging equipment

marketing environment

External changing forces within the trading environment: laws, regulations, political activities, societal pressures, economic conditions and technological advances.

to construction firms, utilities and local authorities. The growth of subterranean tunnelling robotic 'moles' for pipe laying, requiring no trench digging, is a substitute for the traditional JCB backhoe loader and is a major competitive threat, which JCB's marketers and product ranges must combat. The competitive context is of fundamental importance to marketers of any good or service. The internal resource base of the business which drives its strengths and weaknesses will determine which market opportunities are viable for the organization to pursue, so marketers must be aware of their capabilities. Marketers also must be aware of how the organization is succeeding and failing financially, and thereby which existing and new products and markets are worthwhile. Marketing, therefore, depends on the successful analysis of customers, the marketing environment, competition, internal capabilities and performance.

The aim of marketing is to make selling superfluous. The aim is to know and to understand the customer so well that the product or service fits him/her and sells itself!

US management guru Peter Drucker

With an understanding of these aspects of the marketplace, an organization must then develop a marketing strategy. Even the mighty global organizations such as GM, Apple, IBM, KPMG, Vodafone or Unilever choose not to offer a product for every type of consumer or customer need. Instead, they attempt to identify groups of customers where each separate group – or 'market segment' – has 'similar' needs. Each group of customers may then be offered a specifically-tailored product or service proposition and a 'marketing mix' programme. The Ford Kuga off-roader appeals to a separate group of customers than does the Ford Ka city car, and it is marketed totally differently. In developing unique marketing programmes for individual market segments – groups of customers – an organization must prioritize which particular groups of customers it has the ability to serve and which will provide satisfactory returns. Organizations have limited resources, which restricts the number of segments in a market which can be targeted. In deciding which segments to target, an organization must be clear about the image – or brand *positioning* – it intends to offer to each group of customers. The organization should endeavour to serve those customers it targets in a manner that gives it an edge over its competitors. Knowing how to group customers sensibly into homogeneous market segments, determining which to target, selecting a suitable positioning and seeking superiority over rivals, are some of the core elements of marketing strategy.

The marketing concept holds that the key to achieving organizational goals lies in determining the needs and wants of target markets and delivering the desired satisfaction more efficiently and effectively than the competition.

US marketer Philip Kotler

Once a company has devised a marketing strategy, its attention must switch to marketing mix programmes.³ As consumers of food brands, audio products or banking services, all readers of this text will have experienced the marketing mix programmes of major companies such as Cadbury's, Apple or Barclays. These are the tactical actions of marketing departments, which are designed to implement the desired marketing strategy by attracting, engaging and continuing to serve targeted customers. Companies strive to provide a good customer experience and to build an ongoing relationship with their most lucrative customers, with well-developed customer value propositions and carefully honed marketing programmes. The product or service must be aligned to target customer needs; service levels and guarantees must be determined, pricing and payment issues decided, channels of distribution established to make the product or service available, and promotional strategies devised and executed to communicate with the targeted customers. These tactical aspects of marketing programmes – often referred to as *the marketing mix* – must be well managed, monitored and controlled to ensure their successful execution and performance.