

Marketing Concept

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The Marketing Concept is a **philosophy** of business competition. Marketing Managers need to know what it is, what it assumes, and what it implies.

The Marketing Concept is a Philosophy of Competition

- **It promises** a competitive advantage to the firm that adopts its principles.
- The competitive advantage is to have desirable customers wanting to deal with your firm rather than the firms of your competitors.

The Marketing Concept

- Having an organization-wide customer orientation with the objective of achieving long range profits
- The marketing concept introduces the marketing man at the beginning rather than the end of the production cycle and integrates marketing into each phase of the business.

The Marketing Concept
Kotler's Definition is Best

The Marketing Concept holds that the key to achieving organizational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than the competitors.

Know The Marketing Concept!
As the alternative to other competitive philosophies (i.e., product, production, and selling concepts)
This will be on The Exam!

THE FOUR KEY PARTS OF THE MARKETING CONCEPT ARE

- 1) GOALS OF THE FIRM
- 2) CUSTOMER ORIENTATION
- 3) MARKET FOCUS (TARGET MARKETS)
- 4) INTEGRATED MARKETING EFFORT IN THE SYSTEM

The **Four Pillars** of Marketing Management

- 1) Profit (organization's goals)
- 2) Customer Orientation
- 3) Targeting Specific Market Segments and Audiences
- 4) An Integrated Marketing Mix Throughout the entire organization and supply chain

The Marketing Concept **FIRST PART: PROFIT**

- The Marketing Concept holds that the key to **achieving organizational goals....**
- The goal of business is profit and profits are the result of competitive advantage.



THE FOUR KEY PARTS OF THE MARKETING CONCEPT ARE

- 1) GOALS OF THE FIRM
Sustainable COMPETITIVE ADVANTAGE, **Profit**
- 2) CUSTOMER ORIENTATION
- 3) MARKET FOCUS (TARGET MARKETS)
- 4) INTEGRATED MARKETING EFFORT IN THE SYSTEM

The Marketing Concept **SECOND PART: CUSTOMER ORIENTATION**

- The Marketing Concept holds that the key ... consists in **determining the needs and wants... of customers**

Customer Orientation

- It is necessary to build and sell what the customer wants.
- First understand what the customer wants to buy, then build it and sell it.

MARKETING CONCEPT is About

- “SELLING MORE BY DESIGNING AND BUILDING WHAT PEOPLE WANT TO BUY”.
- IT IS **NOT** ABOUT
- “SELLING MORE OF WHAT YOU LIKE TO BUILD”.

MARKETING CONCEPT HOLDS

- THAT A CUSTOMER ORIENTATION IS KEY TO ACHIEVING A COMPETITIVE ADVANTAGE.
- SERVE THE CUSTOMER BETTER THAN THE COMPETITOR AND YOU WIN THE CUSTOMER’S BUSINESS.

Looking for a Customer Focus
Ask this question!

What Are We Selling?

Customer Focus

~~What Are we Selling?~~



What Benefits Are They Buying?

Customer Focus

We Are Selling Drills



What Benefits Are They Buying?



Customer Focus

~~We Are Selling Drills~~



They Are Buying Holes.

Use a Customer Definition of a Market

A Market is People with needs and wants, money to spend, and the authority to spend it.

It is not the housing market, car market, the stock market.

Is The Customer Orientation a Better Orientation for Competitive Advantage than Other Orientations?

- YES. It is much better than the Product Orientation.
- YES. It is much better than the Production Orientation.
- YES. It is much better than the Sales Orientation.

#1 The Product Orientation or

- The Product Concept as a Philosophy of competition
- Give the buyers the best technology and you will have a competitive advantage.
- Build a better mousetrap and the world will beat a path to your door.

#2 The Production Orientation or

- Production Concept as a Philosophy of Competition
- Build the product with less cost than your competitors and you have a competitive advantage
- Make the same type of product as the competitor and make it cheaper

#3 The Selling Orientation

- The Selling Concept as a Philosophy of Competition
- Have a well trained sales force and you have a competitive advantage.
- Sell surplus inventory,
- Sell surplus production capacity
- Customer will not buy unless you close the sale.

A firm should look to its customers for a sustainable competitive advantage. It should have Customer Orientation... not a Product, Production or Sales Orientation.

The Marketing Concept

- Is a superior philosophy for achieving a sustainable competitive advantage
- It is more successful than
 - A Better Product Wins Philosophy
 - A More Efficient Production Line Wins Philosophy
 - A More Effective Communication and Sales Force strategy wins Philosophy
- Because it Based upon a Customer Orientation

The Marketing Concept

THIRD PART: TARGETED MARKET FOCUS

- The Marketing Concept holds that the key ... consists in determining the needs and wants of target markets...
- Not all people have the same needs and wants.

Target Market



Target Market

- A firm can not make a single offering that will satisfy everybody's different needs and wants.
- A firm must focus on a group of customers that it can PROFITABLY serve better than other sellers.

Target Market

- A firm chooses a target market and designs an offering for that group of customers.
- A firm must accept the fact that it can not be all things to all customers.

The Marketing Concept

Fourth Part: Coordination

- The Marketing Concept holds that the key ... Delivering Benefits... more effectively and efficiently than competitors
- is an integrated and coordinated marketing system.

Integrated and Coordinated Marketing System.

Means Three Things

First

- Having the Four P's of the Marketing Mix coordinated.
 - Price and Other Costs the Customer pays
 - Product and Service
 - Promotion and Communication
 - Place (Distribution Channels and Supply Chain)

Second

- All departments and functional areas of the firm must be coordinated
 - The Marketing Mix and Target Market must be understood and accepted by all departments

Third

- All organizations in the total vertical marketing system or Supply chain from the manufacturer to the retailer must be coordinated with the same target market

THE FOUR KEY PARTS OF THE MARKETING CONCEPT ARE:

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COMPETITIVE ADVANTAGE, PROFIT
- 2) CUSTOMER ORIENTATION
- 3) MARKET FOCUS (TARGET MARKETS)
- 4) INTEGRATED MARKETING EFFORT IN THE SYSTEM

Know The Marketing Concept!
As an alternative to other competitive philosophies (i.e., product, production, selling)

Any question about the definition of

The Marketing Concept holds that the key to achieving **organizational goals** consists in determining the **needs and wants of target markets** and delivering the **desired satisfactions** more **effectively and efficiently than the competitors**.