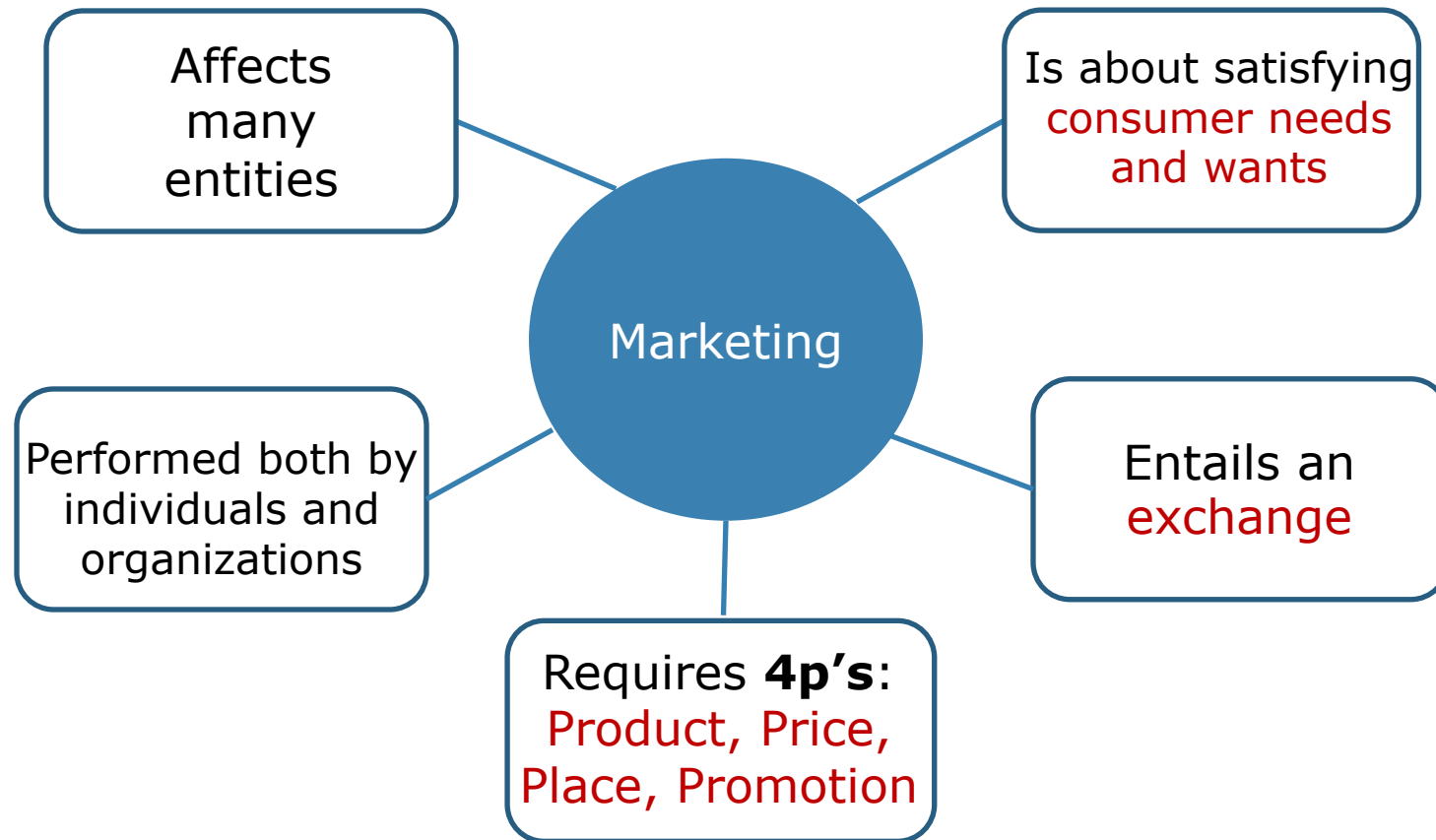


# Chapter 1

## **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



# 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 Mix (4P's of Marketing)**

**PRODUCT**

**PRICE**

**PLACE**

**PROMOTION**

## Marketing Mix (4P's of Marketing)





# 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



# Price: Capturing value

## Suppose

- Price is the same
- Quality is the same
- But "Pizza Place" is 10 miles from you house while "Home Slice" is 5 miles



## Why consumers buy a product or service?

Because they accept the **value proposition** which expresses why customers should choose a specific product or service and examines the firm's benefits

In other words, consumers buy when:

- Product/service is relevant (satisfy a need)
- Product/service is **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



## DRIVE WITH LYFT

**Set your own hours.  
Earn on your own terms.**

Maybe you're saving up for school. Or keeping flexible hours to spend more time with your family. It's a great time to get in the driver's seat, connect with your community, and earn a little extra cash. Plus, you can tell people you've got the best boss in town: you.

It's not just about riders — Lyft appeals to drivers as well, making it stand out from the crowd.

**What makes it unique:** Lyft addresses the reader directly in nearly every sentence, making it clear that the value is focused on what they can gain from the company.





## Great Writing, Simplified

Compose bold, clear, mistake-free writing with Grammarly's AI-powered writing assistant.

**What makes it unique:** Grammarly reflects its “simplified” value both in its headline and with its simple value proposition. There’s no confusion about what services Grammarly provides.

## 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

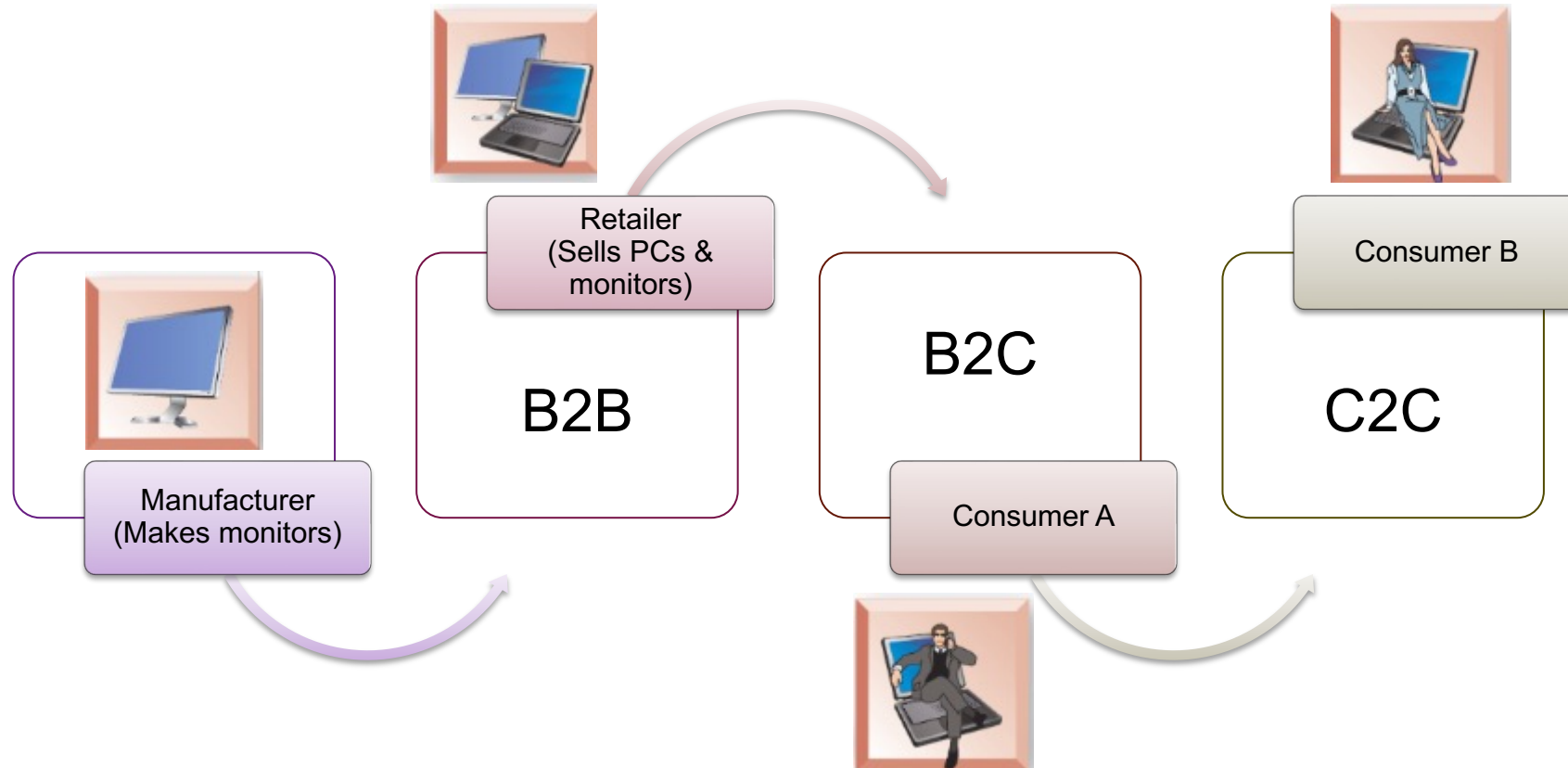
A form of **communication** by a marketer that **informs, persuades, and reminds** potential buyers about a product or service to influence their opinions or elicit a response.



# 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**

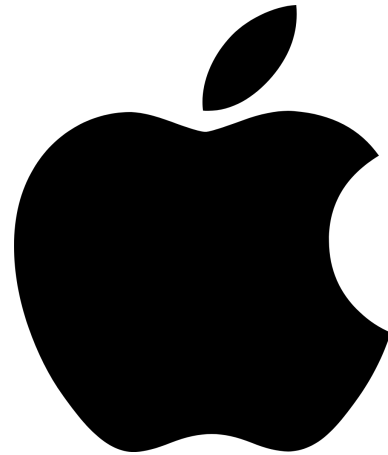
- Relationship of benefits to costs

**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



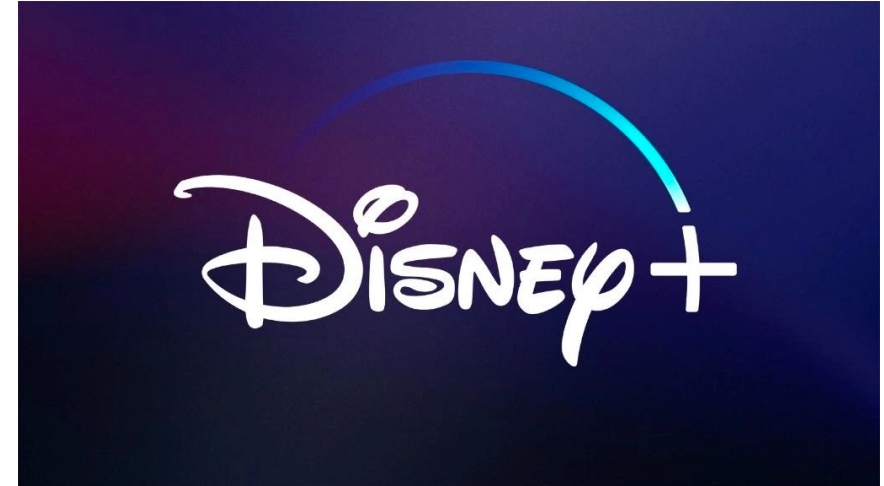
Here's how marketers can create value for users

- <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)
3. How is Netflix responding to Disney+ competition?

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?