

Cheat Sheet: The Marketing Function

Essential Concepts

The Role of Customers

All marketing centers on creating, delivering, and communicating value to the customer. When developing a marketing strategy, companies choose their company orientation, which can be customer-oriented (marketing concept), product-oriented (product concept), sales-oriented (sales concept), or production-oriented (production concept), with each approach emphasizing different aspects of the business. A value proposition is a clear and succinct statement to the customer of the value being offered by a company's products or services.

Customer relationship management (CRM) is a strategic imperative in modern marketing that focuses on building and maintaining strong customer relationships through technology and personalized experiences to maximize customer lifetime value, reduce business costs, and gain a competitive advantage.

Various factors influence purchasing decisions, including individual characteristics, situational factors, psychological factors, and social factors. The consumer decision-making process involves recognizing a need, conducting information search, evaluating alternatives, making a purchase decision, and experiencing post-purchase behavior, which can be influenced by marketers to reduce cognitive dissonance and ensure customer satisfaction.

Segmentation and Targeting

One of the first steps in effective marketing is identifying and reaching the right customers. Marketers use segmentation and targeting to do this. Market segmentation is the process of splitting buyers into distinct, measurable groups that share similar wants and needs. Common segmentation approaches include geographic, demographic, psychographic, and behavioral criteria. Once different segments are identified, marketers determine which target segments to focus on to support corporate strategy and growth.

The marketing research process involves identifying and defining the problem, developing a research plan, conducting the research, analyzing and reporting the findings, and taking action based on the results to inform decision-making and improve business strategies.

The Marketing Mix

There are multiple factors that can influence someone's thinking and decision about what to buy—a mix of factors. Taken together, these factors are all part of the "marketing mix." The marketing mix, also known as the four Ps, is represented by the four main factors below:

1. Product: the goods and services offered
2. Promotion: communication and information
3. Place: distribution or delivery
4. Price: ensuring fair value in the transaction
5. The major objective of marketing is getting the marketing mix right for the target customer in alignment with corporate goals.

Career Connection: Networking

Networking is the process of building professional relationships to achieve career goals, involving exchanging information and sharing resources such as business cards, resumes, job leads, and knowledge about organizations and fields. Strategies for networking include connecting with professors, alumni, and classmates at college, joining professional organizations, volunteering, getting internships or part-time jobs, attending networking events, conducting informational interviews, utilizing social media platforms, and seeking referrals from family, friends, coworkers, and acquaintances.

Glossary

cognitive dissonance

mental discomfort when there are inconsistencies between their actions (such as a non-routine purchase) and their knowledge, attitudes, beliefs, and values

company orientation

the focus that companies choose for their marketing strategy: customer, product, sales, or production

competitive advantage

an advantage in the marketplace where an organization's offerings provide greater value because of a unique strategy, asset, or approach that the firm uses that other cannot easily copy

competitor

provides the same offering but is accentuating different features and benefits

complex decision making

the steps people undergo when they make a conscious effort to learn about the options and select a product

customer lifetime value

predicts how much profit is associated with a customer during the course of their lifetime relationship with a company

differentiation

the process of identifying and optimizing the elements of an offering that provide unique value to customers

exchange

two parties give something of value to each other to satisfy their respective needs or wants

marketing

a set of activities related to creating, communicating, delivering, and exchanging offerings that have value for others

marketing concept

the use of information to focus on the needs and wants of customers in order to develop marketing strategies that not only satisfy the needs of the customers but also accomplish the goals of the organization

marketing information

fresh insights into what your customers want and how to satisfy them better than the competition

marketing information system

a combination of people, technologies, and processes for managing marketing information, overseeing market research activities, and using customer insights to guide marketing decisions and broader management and strategy decisions

marketing mix

the bundle of tactics a company can use to promote its products or services in the market in order to influence consumers to buy; also known as the 4Ps: product, price, place, and promotion

marketing research

a systematic process for identifying marketing opportunities and solving marketing problems using customer insights that come out of collecting and analyzing marketing information

marketing strategy

defines how the marketing mix can best be used to achieve the corporate strategy and objectives

networking

the process by which people build relationships with one another for the purpose of helping one another achieve professional goals

place

where the product is purchased

price

what the consumer pays in exchange for the product

primary research

information that comes from directly communicating with customers about your research questions

product concept

assuming that a technically superior or less expensive product will sell itself, companies with this orientation invests heavily on technology and innovation

production concept

organizations that are striving for low-production costs, highly efficient processes, and mass distribution

product

the good or service that the company provides

promotion

advertising, sales, and other communication efforts the company utilizes to attract the customer

sales concept

emphasizing the sales process and try to make it as effective as possible

secondary research

analyzes information that has already been collected for another purpose by a third party

segmentation

breaking down a large market into smaller sections

simple decision making

skipping information gathering because of your habit of repurchasing the same or the cheapest product

substitute

viewed by the user an alternative

target market

the section of the overall market that you will focus your marketing efforts on

value proposition

a statement that summarizes why a consumer should buy a product or use a service, convincing a potential consumer that one particular product or service will add more value or better solve a problem than other similar offerings

value

the measure of the benefit gained from a product or service relative to the full cost of the item