

## MARKETING

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# LU 1: Introduction



# Objectives

- At the end of this learning units, you should be able to:
  - Understand the definition of marketing
  - appreciate how marketers address and classify market
  - Understand the customer driven marketing strategy
  - Appreciate the changes of marketing landscape



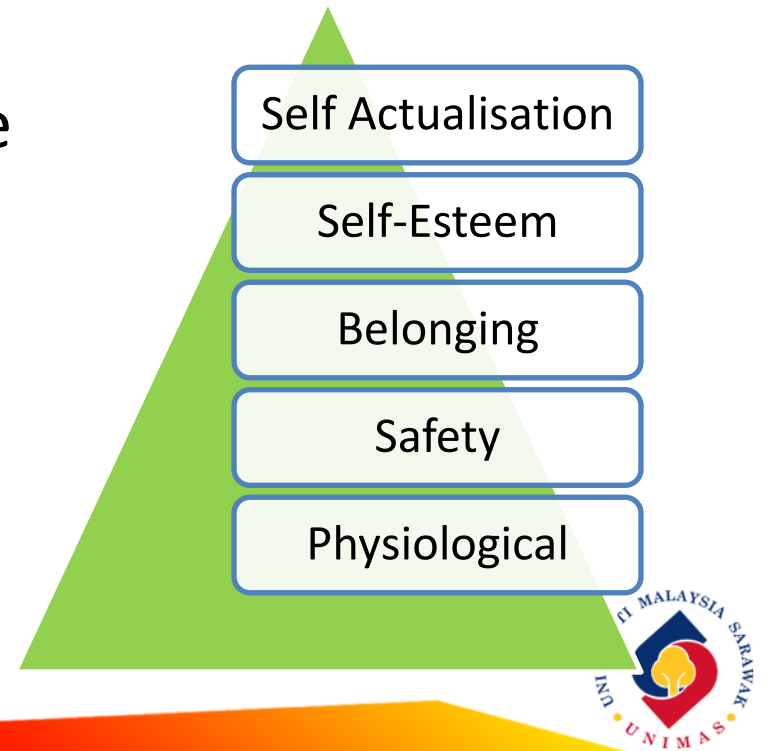
# Introduction

- Marketing define:
  - A process by which companies create value for customers and build strong customer relationships to capture value from customers in return (Kotler and Amstrong, 2014)



# Introduction

- Marketing is related closely with the Marslow Hierarchy of Needs
  - Identify and differentiate the customer's needs, wants and demand.
  - Fulfill the lower level before fulfilling the upper level



# Customer Value and Satisfaction

- Offering products / services that satisfied customers' need
  - 'value' does not always mean cheap or low prices
  - How customer accept the product or services
    - Product / services that matched the price, perceptions on quality and performance
- Satisfied customers → actual perceived performance = actual perceived expectation.



# Customer Value and Satisfaction

- Satisfied customers will stay (customer retention)
  - Loyal → spread good news about a company/ brand.
  - Desired by the company since it will reduce the cost of customer acquisition
- Not satisfied customer
  - Moving away from our company / brand
  - Switch to competitors' product / services → spread negatives expressions about a company/ brand.



# Customer Value and Satisfaction

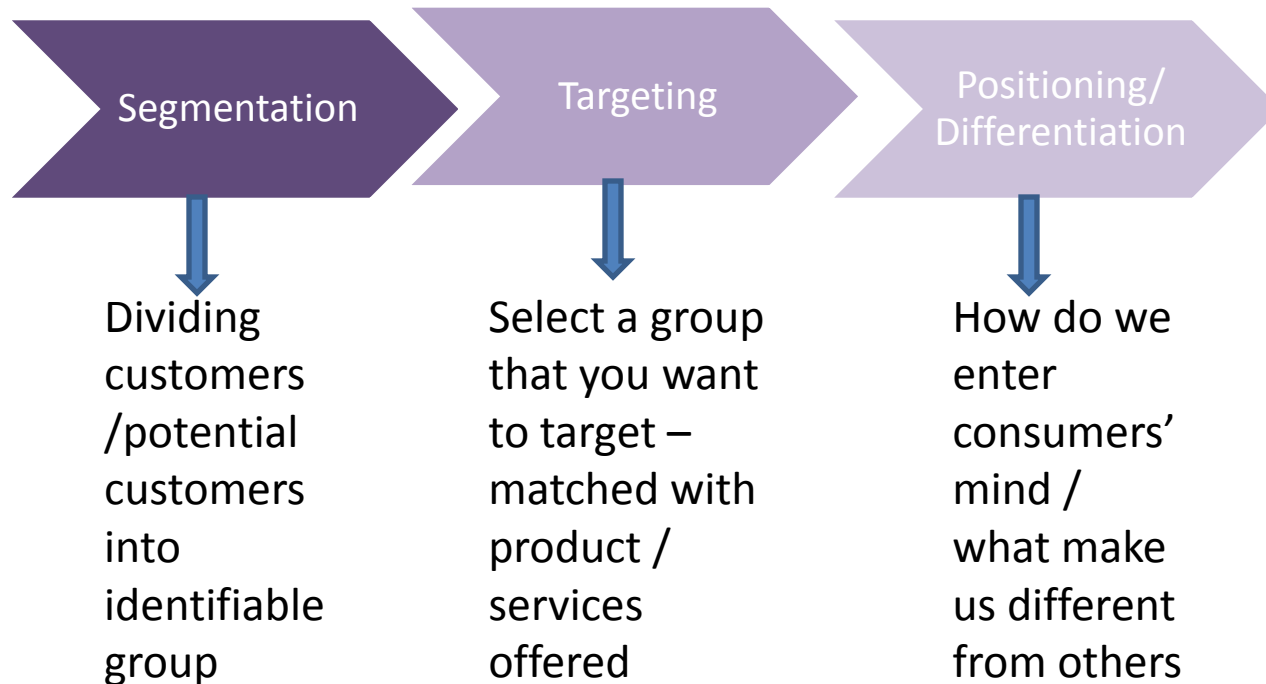
- Golden Rule: Customer is Always Right / Customer is King!
- Measure Loyal customers with Customer Lifetime Value (LTV)
  - Prediction of the amount of revenue / profit that a single customer can generate for a company from the relationship with a customer, over his /her lifetime





# Customer Driven Marketing Strategy

- Select Customer to Serve



# Customer Driven Marketing Strategy

- Value Proposition
  - Related with positioning strategy
  - **What make people buy from us / use our service**
  - Could be achieved through:
    - Superior service / product quality
    - Effectiveness and efficiency of service delivered
    - 'value' for money



- Value propositions sometimes can be expressed/ reflected in company's tagline and people immediately recognize the 'value' proposed, e.g.



## **The Ultimate Driving Machine**

Picture Source:

<http://www.bmwblog.com/2009/11/04/the-ultimate-driving-machine-the-perfect-slogan/>



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# Marketing Management Orientation Choices

## Product Concept

- Consumers prefer product based on quantities, performance and features

## Selling Concept

- Consumers will buy based on larger scale selling and promotion effort

## Marketing Concept

- Understanding the needs, wants of target market and deliver the desired satisfaction to customers

## Societal Concept

- Consider consumer's want, company requirements, long run interest of the society as well as company

# Changing Nature of Marketing Landscape

## 1. Economic Environment

- Increasing number of companies that proposing the ‘value’ in their Value Proposition
  - e.g. Malindo tagline: ‘Not Just Low Cost’; Ryanair: ‘The Low Cost Airline’; Asda : ‘Why Pay More’.

## 2. Technology

- Explosion of digital technology, mobile devices
- Internet & supporting infrastructure
  - Booming of online shopping, online trading, online banking etc.,

## 3. Globalisation



# Changing Nature of Marketing Landscape

4. Growth of Non-Profit Organisations
  - e.g. colleges, hospitals, muziums, other NGO (e.g. Humanitarian: Aman Palestine; Health:WHO; Animal: WWTF, SSPCA)
5. Sustainable Marketing – social responsibility
  - Customers demand for the company o deliver value in a socially and environmentally responsible way



# Main References

- Kotler and Amstrong (2014) Principles of Marketing, 15<sup>th</sup> ed., Person Education Ltd., Essex
- Lamb, Hair, McDaniel, Summmers and Gardiner (2013) Marketing<sup>2</sup>; 2<sup>nd</sup> Asia-Pacific Edition., Cengage Learning Australia Pty.Ltds.

