

# Understanding Marketing Management

Marketing Management (MKT600)

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**MBA**



# Learning Objectives - I

- *Knowledge and Understanding*
  - concepts, paradigms and processes of marketing
  - strategic marketing theories, models and concepts
  - organisation-wide nature of marketing
  - strategic marketing planning process and techniques in the context of
    - globalisation
    - information technology.
  - trends

# Learning Objectives - II

- *Cognitive and Intellectual skills*
  - Think critically
  - Gather, analyse and utilize research and marketing information
- *Practical/Professional Skills*
  - Research, interpret and evaluate current marketing theories and apply in an organisational setting
  - Be aware of the importance of marketing in creating customer and shareholder value
  - Be aware of how exogenous factors influence marketing strategy
- *Key Transferable Skills*
  - Operate effectively when critically evaluating knowledge and applying it to marketing issues
  - Demonstrate the ability to influence key decision-makers
  - Apply marketing theory in an organisational setting

# Methods for achieving objectives

## **individual responsibilities**

- study of theory
- examination of business practice
- participation in learning tasks

## **group processes**

- exchange of opinions
- sharing of experiences

## **necessary attitudes**

- creativity
- curiosity
- willingness to communicate

# Course perspective: student-centred, self-directed learning

Your role

## *Adult learner*

- ⊕ thorough preparation
- ⊕ applying critical and creative thinking
- ⊕ working consistently

My role

## *Facilitator*

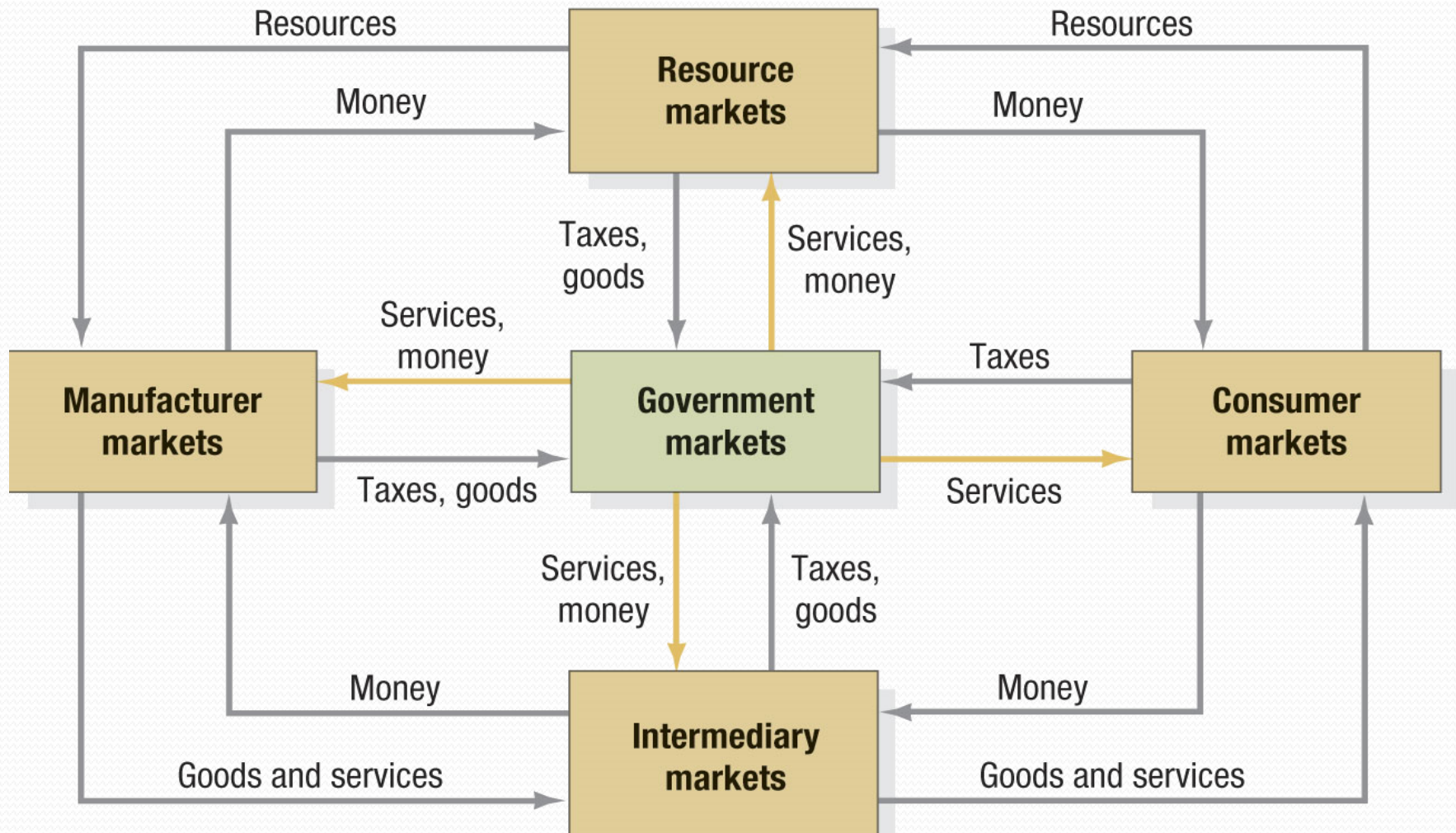
- for meeting
  - personal and
  - career development objectives
- advisor
- basic content provider
- gatekeeper
  - course flexibility
  - the profession

# Defining Marketing for the 21<sup>st</sup> Century

# Key Questions

- Why is marketing important?
- What is the scope of marketing?
- What are some fundamental marketing concepts?
- How is marketing management changing?

# Structure of Flows in a Modern Exchange Economy







## *Exchange is the focus*

- Exchanges are carried out by business firms, and also by non business organisations and even individuals.
- Four conditions must exist for an exchange to be able to occur:
  - Two or more people or organisations must be involved
  - The parties must be involved voluntarily
  - Each party must have something of value to exchange, and the parties must believe they will each benefit from the exchange
  - The parties must communicate with each other

# A Simple Marketing System



# What is Marketing?

**Marketing** is an

- organizational 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.

# What is Marketing Management?

**Marketing management** is the  
*art and science*

- of choosing target markets and
  - getting,
  - keeping, and
  - growing
- customers through
- creating,
- delivering, and
- communicating superior customer value.

# Key constructs

# the PRODUCT concept



A set of basic **real (tangible)** and **symbolic (intangible)** attributes assembled in an

**identifiable**

**form**

which can be

- offered
- obtained and
- consumed

in order to satisfy **wants or/and needs**

- **size**
- **price**
- **appearance**
- **performance ...**

- **object**
- **service**
- **place**
- **person**
- **idea**





# What is Marketed?

Goods

Services

Events & Experiences

Persons

Places & Properties

Organizations

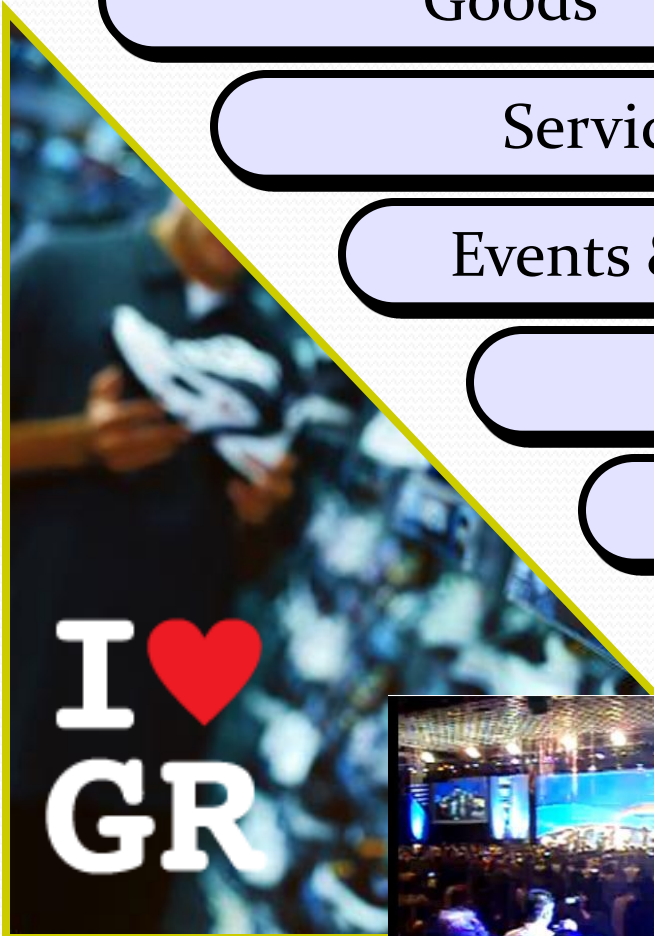
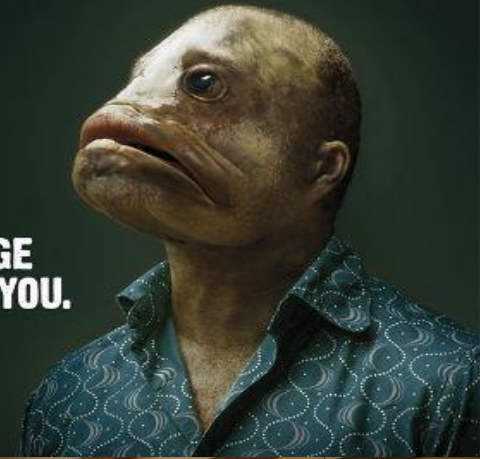
Information

Ideas

**STOP CLIMATE CHANGE  
BEFORE IT CHANGES YOU.**



for a living planet<sup>®</sup>  
wwf.be



# the BRAND concept

## BusinessWeek



HOME INVESTING COMPANIES TECH LIFESTYLE **INNOVATION** SMALL BIZ B-SCHOOLS MANAGING ASIA

## Top 100 Global Brands Scoreboard

Search the interactive rankings of this year's featured brands

[Best Brands Special Report](#)  
[Methodology](#)

Click column heading once to reorder from highest to lowest. Click twice to reorder from lowest to highest.

2007 Brand Rank	2006 Brand Rank	Change in Rank	Brand Name	2007 Brand Value \$m	2006 Brand Value	Change in Value From Prev Year (in %)	Parent Company	Country
1	1	0	Coca-Cola	65,324	67,000	-3	Coca-Cola	U.S.
2	2	0	Microsoft	58,709	56,926	3	Microsoft	U.S.
3	3	0	IBM	57,091	56,201	2	IBM	U.S.
4	4	0	GE	51,569	48,907	5	GE	U.S.
5	6	1	Nokia	33,696	30,131	12	Nokia	FINLAND
6	7	1	Toyota	32,070	27,941	15	Toyota	JAPAN
7	5	-2	Intel	30,954	32,319	-4	Intel	U.S.
8	9	1	McDonald's	29,398	27,501	7	McDonald's	U.S.
9	8	-1	Disney	29,210	27,848	5	Walt Disney	U.S.
10	10	0	Mercedes-Benz	23,568	21,795	8	DaimlerChrysler	GERMANY

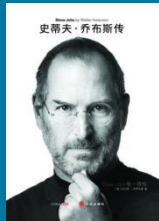


# Interbrand Top 10 brands 2012

*tangible* Product – Service continuum *intangible*

1. Coca-Cola

2. Apple (+129%)



3. IBM

4. Google

5. Microsoft

6. GE

7. McDonald's

8. Intel

9. Samsung

10. Toyota

# Brand



A name and/or a mark intended to identify the product of one seller or group of sellers and differentiate it from competing products

- a brand name
- &/or
- a brandmark
- &/or
- a trademark

A set of tangible and intangible attributes

A means of want satisfaction

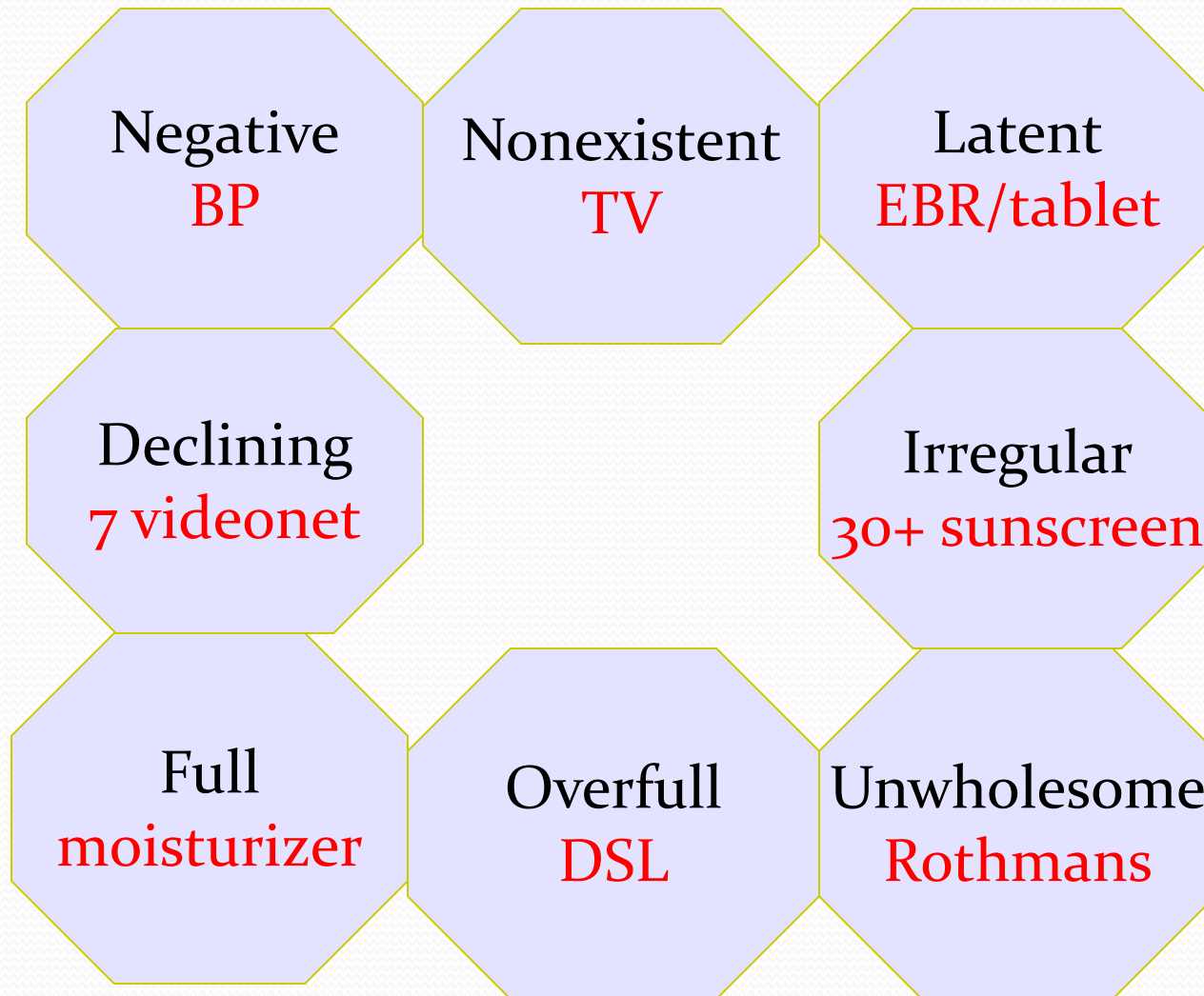
# I want it, I need it...



## Five Types of Needs

1. Stated needs  
“I want an inexpensive car”
2. Real needs  
‘It’s not only the price, I want low running costs as well’
3. Unstated needs  
he’s polite, he listens to me, I trust him
4. Delight needs  
he’s giving me the GPS for free!!!!
5. Secret needs  
wait till my neighbors see this car!

# Demand States: AZ case study



# The marketing discipline over time

# Development of the Marketing Concept



**production**

the mousetrap



**selling**

Fridges to the Eskimos

**Marketing**



**Customer  
Relationship  
Marketing &  
Corporate Social  
Responsibility**

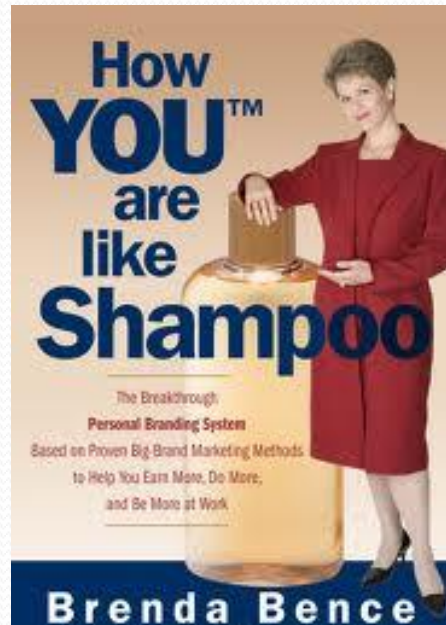
**SERVICE DOMINANT  
LOGIC**



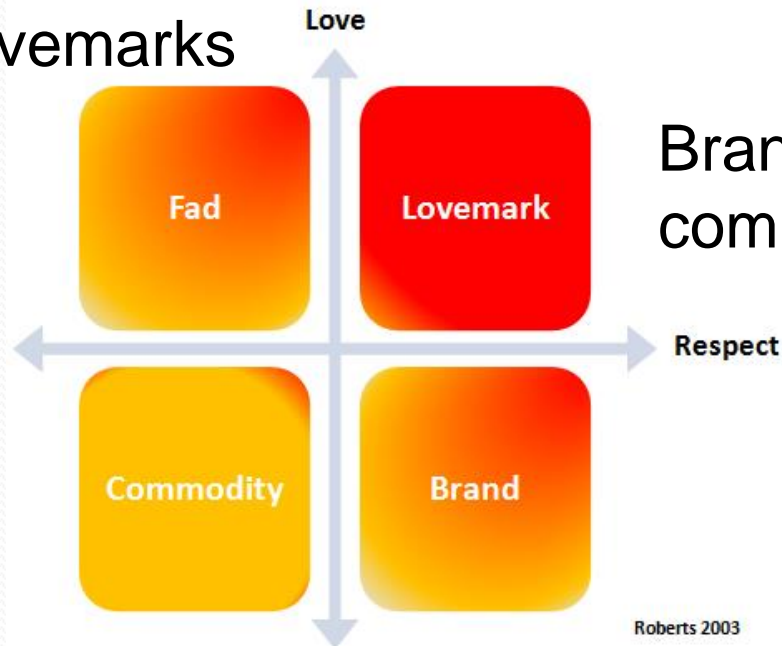
## Personal branding

# Hottest trends

## Luxury brands



## Lovemarks



## Brand communities



Wall

Info

Friend activity (1)

Paris Live Pics

YouTube

Photos

Ustream

Videos

Events

MORE

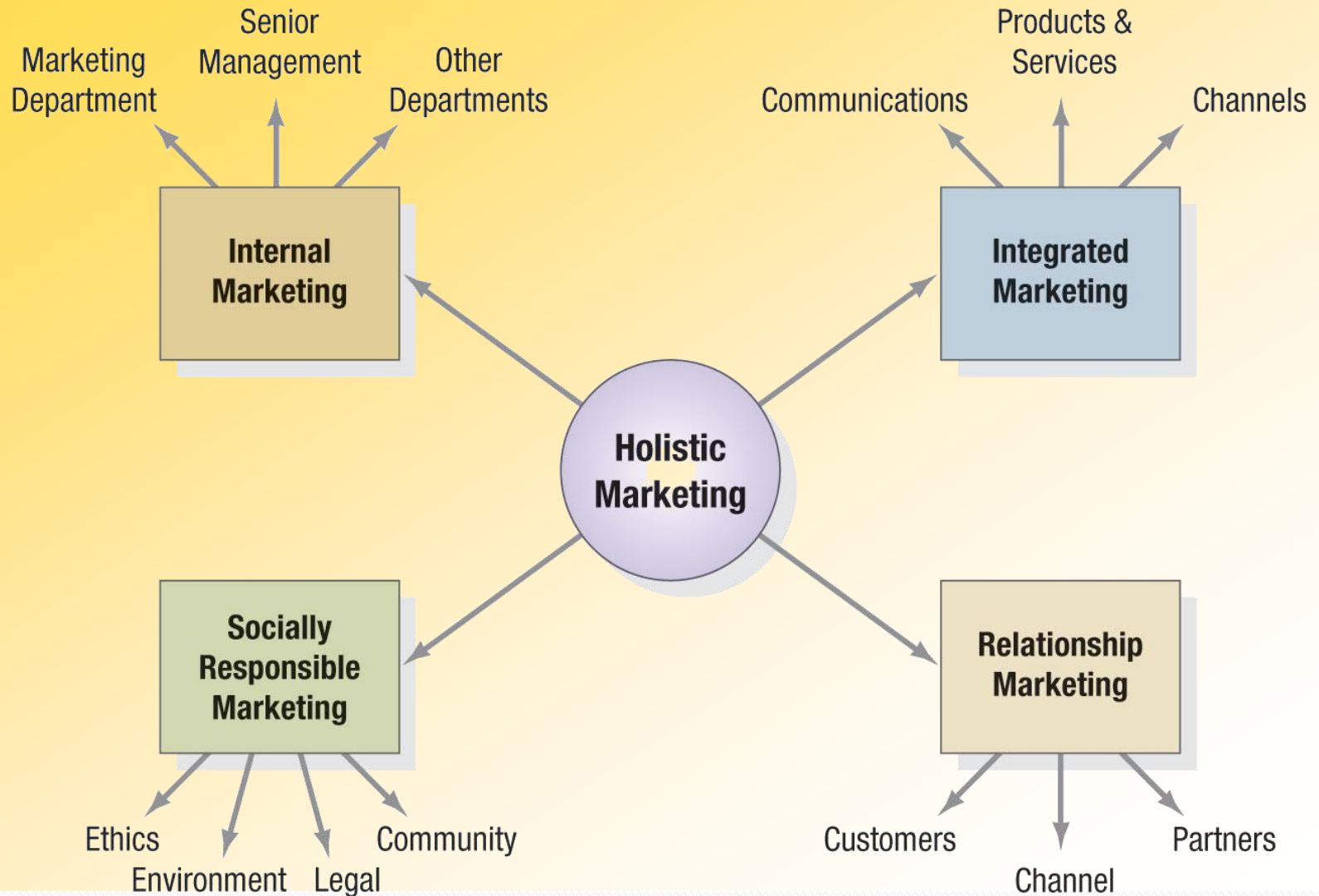
About

Welcome to my official Facebook page. xoxo Paris

1,000,713 like this

11,912 talking about this

# Holistic Marketing Dimensions





# The marketplace isn't what it used to be...



Information technology

Globalization

Deregulation

Privatization

Competition

Convergence

Consumer resistance

Retail transformation



ACTA: who has signed the agreement so far?

Situation as of 21 February 2012



FAO/WHO Food Standards

**CODEX** alimentarius

based on 2009 Pearson Education, Inc. Publishing as Prentice Hall

# 21<sup>st</sup> Century 4Ps



- **Personalization** = Amazon.com
- **Participation** = Nike ID / prosumerism-MLM
- **Peer-to-Peer**
- **Predictive modeling** = CRM / big data / data visualization / qualitative data visualization



# Qualitative data visualization

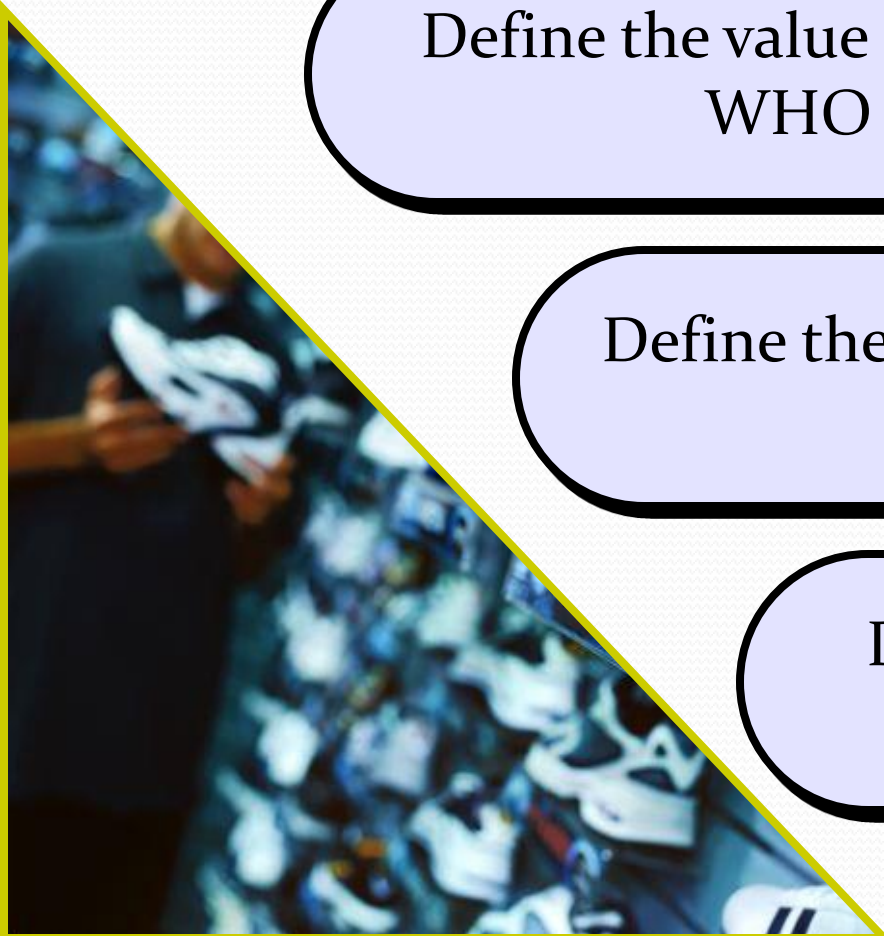
Showing top 35 of 503 possible words

balls (8) batch (3) beef (5) bloody (3) bought (3) buy (3) care (9) contain (6) cows (3) delicious (4) differ (3) dont (3)  
eating (15) fair (3) food (6) freezer (3) furniture (4) going (6) hope (5) horse (25) ikea (27)  
kill (3) love (18) meatballs (21) meet (3) mobile (57) people (5) please (4)  
problem (4) really (3) sale (4) sell (6) stable (3) stop (5) taste (3)

FB comments on IKEA UK page - horse meat scandal

# Developing Marketing Strategies and Plans

# Three V's Approach to Marketing



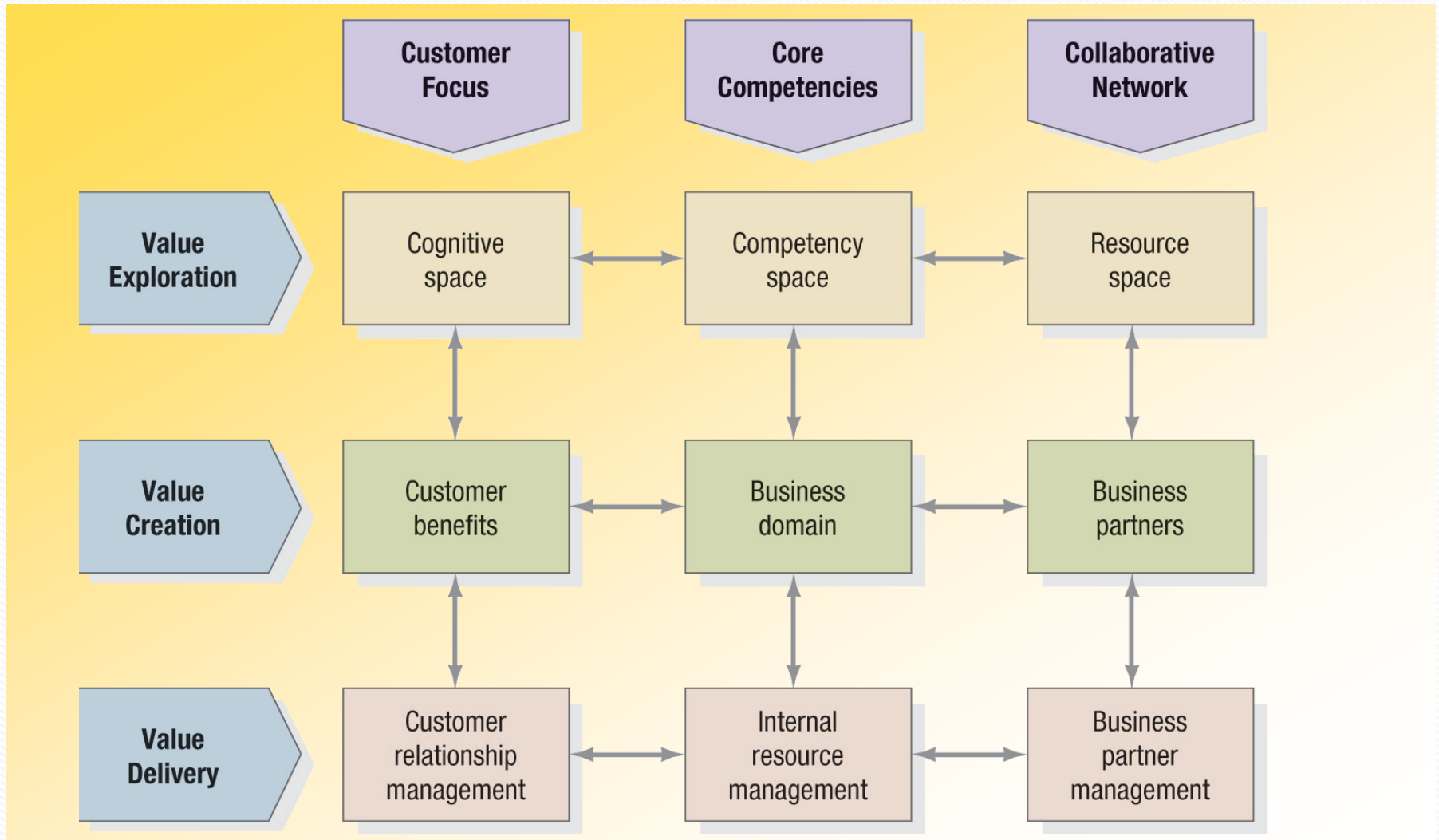
Define the value segment -  
WHO

Define the value proposition -  
WHAT

Define the value network -  
WHERE, HOW



# A Holistic Marketing Framework



# Levels of a Marketing Plan

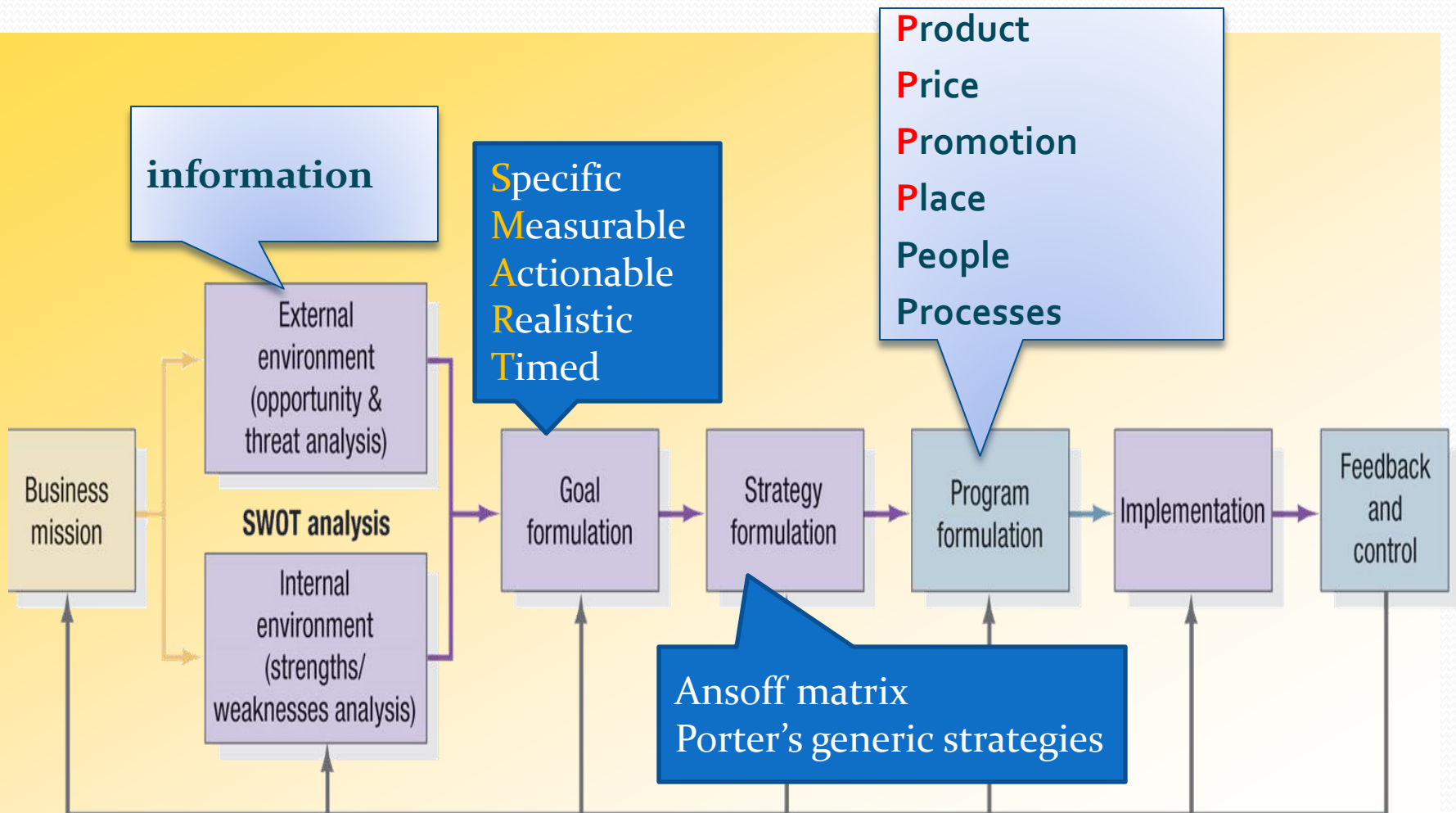
- Strategic

- Target marketing decisions
- Value proposition
- Analysis of marketing opportunities

- Tactical

- Product features
- Promotion
- Merchandising
- Pricing
- Sales channels
- Service

# The Business Unit Strategic Planning Process





# Ansoff's Product-Market Expansion Grid

	Current Products	New Products
Current Markets	1. Market-penetration strategy	3. Product-development strategy
New Markets	2. Market-development strategy	(Diversification strategy)

# Porter's Generic Strategies



## The Five Forces That Shape Industry Competition



from "The Five Competitive Forces That Shape Strategy" by  
Michael E. Porter, *Harvard Business Review*, January 2008

Overall Cost Leadership

Differentiation

Focus

# Examples of organizational strategies

## ▣ Based on competitive advantage

- Cost leadership
- Differentiation



## ▣ Based on value disciplines – *you cannot be all things to all people, hence you must find the unique value that you alone can deliver to a given market*

- operational excellence – *low price and/or hassle free service*
- product leadership
- customer intimacy



# Exercises

to be discussed in class next time we meet

# internet exercise

- visit the corporate web-sites
- look for the mission statement
- look for claims of
  - strengths (investors section) and
  - distinctive competencies (customer sections)
- link them to
  - product lines
  - business units

IBM  
CISCO  
MICROSOFT