Chapter 1

To consolidate your learning, the key points from this chapter are summarized here:

■ Define the concept of marketing.

Marketing is the process by which organizations anticipate and satisfy their customers’ needs to both parties’ benefit. It involves mutual exchange. Over the last 25 years, the marketing concept has changed to recognize the importance of long-term customer relationships to organizations. In addition, most definitions of marketing recognize the importance of marketing’s impacts on society and the need to curtail these where they are negative.

■ Explain how marketing has developed over the twentieth century and into the twenty-first century.

Whereas some writers have suggested a simple timeline from production era, through sales era, to marketing era over the twentieth century, others recognize that marketing has existed in different forms in different countries at different times. Nevertheless, there is increasing recognition that marketing is a more systematic organizational activity, as a result of market research and sophisticated promotional activity, than before. There is also a move to recognize the need for companies and organizations to behave responsibly in relation to society.

■ Understand the concepts of exchange in marketing and marketing mix.

The concept of exchange is important and has been considered by some to be the key to uncovering the elusive ‘general theory of marketing’. Empathizing with customers to understand what they want and determining how sellers seek to provide what buyers want is a central concept in marketing. The means by which organizations deploy their marketing programmes is via the marketing mix, which comprises *product* (the offering), *place* (the distribution mechanism), *price* (the value placed on the offering), and *promotion* (how the company communicates that value). For services marketing, because of the intangible nature of the service, marketers consider an extra 3Ps, including *physical evidence* (how cues are developed for customers to recognize quality), *process* (how the experience is designed to meet customers’ needs), and *people* (the training and development of those delivering the customer experience).

■ Describe the three major contexts of marketing application—that is, consumer goods, business-tobusiness, and services marketing.

Marketing activity divides into three types, recognizing that marketing activities are designed based on the context in which an organization operates. The consumer goods marketing approach has been dominant, stressing the 4Ps and the marketing mix. Business-to-business marketing focuses on the principles of relationship marketing—particularly those required in coordinating supply chain members. Services marketing stresses the intangible nature of an offering, including the need to manage customer expectations levels of service quality and customer experience.

■ Understand the positive contribution that marketing makes to society.

The aggregate marketing system delivers to us a wide array of offerings, either directly or indirectly, through business markets, to serve our wants and needs. There is much that is positive about the aggregate marketing system and it has served to improve the standard of living for many people around the world.