Fundamentals of Marketing

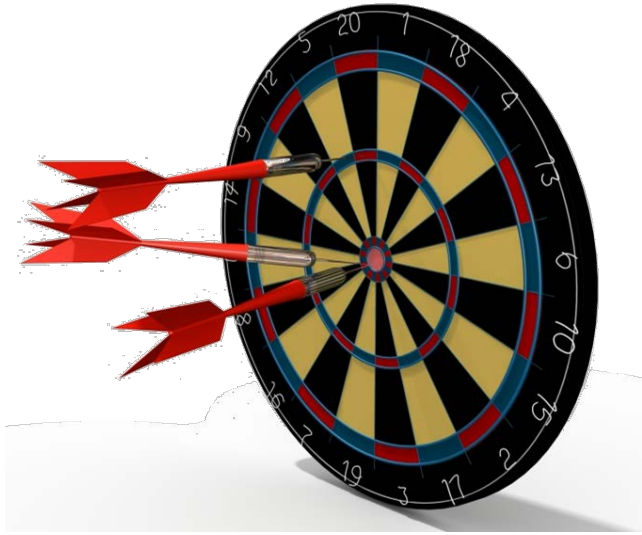
Instructor's Handouts

Chapter 1

The Dimensión of Marketing

Objectives of the Chapter

- To provide a definition of Marketing, establishing the main principles which govern the discipline.
- Introduction to the concept of Marketing, as well as its scope and importance within organizations.
- Elaborating on the different approaches to Marketing and analyzing their relevance.
- Discussing the advantages in the application of Marketing.



1.1 What is Marketing?

- Marketing is as much a philosophy as a technique.
  - As a philosophy, it is a mental stance, an attitude, a way of conceiving relationships in the exchange on the part of the enterprise or entity which offers its products to a market.
  - As a technique, marketing is the specific way of executing or carrying out of the exchange relationship, which consists in identifying, creating, developing and attending a demand.

1.2 Marketing as a Company Function

- Among the many possible meanings the concept of marketing has, it is important to distinguish between two:

  a) as a conception of the company focuses solely on the service to the consumer.

  b) as a function of the company and, as such, its aim is to establish the systematic efforts of the company according to a plan.

1.3 3. Origin and Evolution of the Concept of Marketing

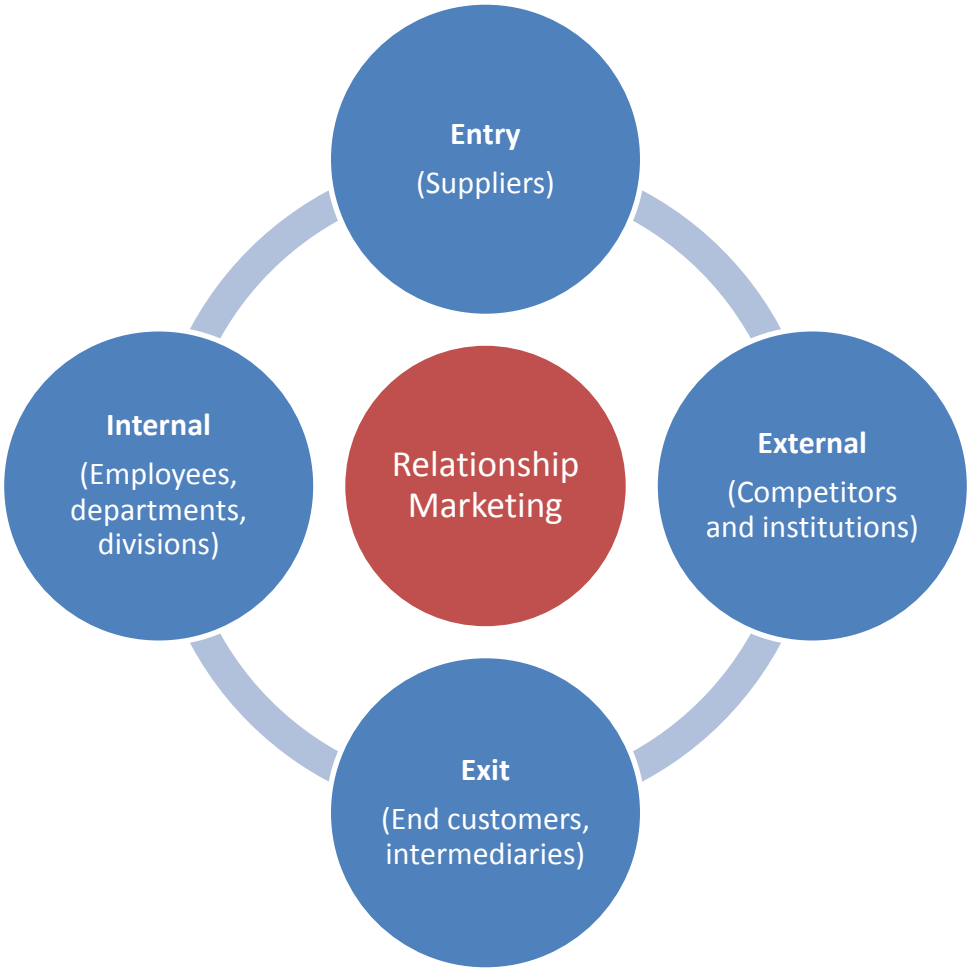
Competition	Orientation	Emphasis
None or minimal Demand is higher than supply	Production	Production and distribution Product availability is what is important. The starting point is that everything that is produced will be sold (because demand is higher than supply).
Increase in competition Greater balance between supply and demand	Product	Product quality It is supposed that if the product has quality it will be in demand, without the need of promotion. But quality alone is not enough.
Strong Supply higher than demand	Sales	Promotion: advertising and sales. One must sell what is produced. It is supposed that consumers can be induced into buying a product, even though it may not satisfy a need. But an unsatisfied customer is equal to an unloyal customer.
Strong Supply higher than demand	Marketing	Long-lasting relationships with the consumer. The consumer's needs must be identified and one must try to satisfy them at a profit. One must produce what is in demand. The social responsibility of the organization offering the market a product must be taken into account.

1.4 4. The Nature and Scope of Marketing

		Positive	Normative
Profit sector	Micro	- What is the individual consumer's shopping behavior - How do companies decide the marketing-mix - Case studies	- How the marketing-mix must be decided - How the marketing activity should be organized and controlled - Optimization models
	Macro	- How the patterns of aggregate consumption are - Description of environment and commercial institutions - Comparative marketing - What is the efficiency of marketing	- How can marketing be more efficient - How much must demand be stimulated - Which laws should govern marketing
Non-profit sector	Micro	- How does the user use public services - How do non-profits organizations determine their marketing-mix - Case studies in marketing application	- How must non-profit organizations establish their marketing-mix - How must the marketing activity be organized and controlled
	Macro	- What is the infrastructure of public services and their efficiency - How do the media and the Internet influence election results	- What is the adequate public service infrastructure? - Can a politician be advertised the same as a detergent? - Must we stimulate the use of public services?

1.5 The Instruments of Marketing

1.6 Relationship Marketing



1.7 Organization of the Marketing Department

- The third stage organization structure allows for different types of specialization:

  a) By products (or homogeneous lines of products); a product manager is needed for each one of them, who will be responsible for the management

  b) By markets, understood to be:
     - Geographical
     - Distribution channels, when selling through middlemen
     - Product consumer or end user groups