**COMSATS University Islamabad, Virtual Campus**

**MGT210 Principles of Marketing**

**Lecture 01 Handouts**

**Marketing: Creating and Capturing Customer Value (A)**

**Defining Marketing**

Marketing can be defined as the process by which companies create value for customers and build strong customer relationships to capture value from customers in return. Marketing is managing profitable relationships, by attracting new customers by superior value and keeping current customers by delivering satisfaction. Marketing must be understood in the sense of satisfying customer needs. This lecture discusses a basic marketing model.

**Marketing process**

Following are the steps included in marketing process

* Step 1: Understanding the marketplace and customer needs and wants
* Step 2: Design a customer Driven Marketing Strategy
* Step 3: Construct an integrated marketing program that delivers superior value
* Step 4: Build profitable relationships and create customer delight
* Step 5: Capture value from customers to create profits and customer equity

**Step 1: Understanding the marketplace and customer needs**

There are five different core customer and marketplace concepts.

* **Customer needs, wants and demands.** Human needs are states of felt deprivation and can include physical, social and individual needs. Wants are the form human needs take as they are shaped by culture and individual personality. Demands are human wants that are backed by buying power.
* **Market offerings** are a combinations of products, services and experiences offered to a market to satisfy a need or want. These can be physical products, but also services – activities that are essentially intangible. The phenomenon of marketing myopia is paying more attention to company products, than to the underlying needs of consumers.
* Value and satisfaction are key building blocks for customer relationships.
* Exchanges are the acts of obtaining a desired object form someone by offering something in return. Marketing consists of actions trying to build an exchange relationship with an audience.
* A market is the set of all actual and potential buyers of a product or service. Marketing involves serving a market of final consumers in the face of competitors.

**Step 2: Designing a customer-driven marketing strategy**

Marketing management is the art and science of choosing target markets and building profitable relationships with them. The aim is to find, attract, keep and grow the targeted customers by creating and delivering superior customer value. The target audience can be selected by dividing the market into customer segments (market segmentation) and selecting which segments to go after (target marketing). A company must also decide how to serve the targeted audience, by offering a value proposition. A value proposition is the set of benefits or values a company promises to deliver.

**Philosophies for designing Marketing Strategy**

Philosophies for designing Marketing Strategy include the following (Discussed in lecture 2)

* Production concept
* Product concept
* Selling concept
* Marketing concept
* Societal concept