

## Lesson 01: the fundamentals of marketing

### Course objective

Present the foundations of marketing as it is practiced today in companies and see why and how it emerged in our society at the beginning of the 20th century. At the end of this lesson, the student will know the key concepts of marketing (need, desire, demand, market, product, etc.), its fields of application and its place in the company, as well as the environmental factors that can influence the company and its marketing

### Course Map

1. Introduction
2. What is Marketing?
3. The key concepts of marketing
4. Definition of Marketing
5. Marketing in business
6. The market and the marketing environment
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#### 1. [Introduction](#)

Its objective is to familiarize students with the marketing tools available to managers today to install their offers on the markets.

This course presents the main marketing theories and frameworks for analyzing the position of companies in their markets. Each concept is clearly defined and analyzed then systematically illustrated by practical cases and examples.

#### 2. [What is Marketing?](#)

Management is a young discipline, born in the 20th century. The development of marketing has accompanied and structured its emergence, first in large industrial companies. Thus, the rise of the automotive sector and the advent of large, highly innovative companies in many fields (one thinks, for example, of the new modes of organization resulting from Taylorism and the scientific organization of work) testify to the birth of the marketing, oriented towards exchange and the market. It was the manager Henry Ford, of the automobile factories of the same name, who first "theorized" the practice of marketing.

#### 3. [The key concepts of marketing](#)

**Need** : A requirement born of human nature or social life (limited).

**Desire** : Means favored by the consumer to satisfy a need (unlimited).

**Demand** : Consumption behavior of a product or service to satisfy the desire aimed at satisfying the need supported by purchasing power.

**Value delivered to the customer** : The concept of value first relates to the difference between the overall perceived value (benefit) and the total cost.

**Satisfaction** : Customer satisfaction relates to the state of a customer resulting from a judgment comparing the observed performance of a product and the level of its expectations.

**Quality** : Set of characteristics of a product that affect its ability to satisfy expressed or implied needs.

**Market** :The market is where supply and demand meet.

The offer : the various competitors present , the distributors

**Demand** : It is built on the basis of all buyers (current and future), by users and by prescribers. The same individual can be both a user and a buyer; on the other hand, it happens that three individuals intervene in the consumption process.

#### 4. Definition of marketing :

Marketing is the set of methods available to the company to : adapt its offer according to demand, competitors and resources , build a "symbolic envelope" around the product: the imagination, encourage behavior favorable to achievement of its objectives with a variety of audiences.

#### 5. Marketing in business

What is the place of marketing in the life of the company? The objective of this second part is to introduce you to the role of marketing today in the markets. First, we will see that its role varies according to the sector of activity: BtoC, BtoB , services, etc. In a second step, we will show you how it has evolved over time and we will thus try to determine what horizons are emerging for it today.

##### 1. The fields of application of marketing

We can identify 3 main fields of application of marketing:

##### **Marketing of products and services (Business to consumers ) :**

The marketing of products and the marketing of services constitute what are called BtoC actions: the consumer is an individual, a private individual. This is the case, for example, of consumer products such as yogurts sold by Danone or detergents from Procter & Gamble . In the service sector, tour operators such as Nouvelles Frontières and SFR sell packages for students, for example.

##### **Industrial marketing (Business to Business):**

Industrial marketing focuses on exchanges between professionals / between companies: we talk about BtoB or Business to Business. For example, SFR or Orange have BtoB marketing actions when they target artisans and companies.

##### **Public, political and social marketing:**

Marketing can apply to the public, political and social domain, such as the actions carried out by handicap International, which is very offensive in terms of direct mail and telephone follow-up, or even Doctors Without Borders.

##### 2. The place of marketing in business

What is the place of marketing today in our companies? How to concretely set up a marketing approach? These are the questions we will now attempt to answer.

The marketing approach is based on 4 steps: ANALYZE, DECIDE, ACT and finally CONTROL.

##### 3. Evolution of marketing

If the marketing approach ended up stabilizing quite quickly around the 4 axes that we have just presented, the perspective of the practice of marketing has evolved with the characteristics of the supply and the demand present. That said, the 4 marketing approaches that we are going to present did not follow one another; they more strongly characterize such and such a period in the economic history of industrialized countries, but are more emblematic of the life cycle of a sector of activity. They can therefore coexist.

#### The PRODUCT perspective:

Exemplary of the beginning of the XX<sup>e</sup> century on the automobile market, the situation is characterized by an offer which is limited by rare means of production. Marketing is said to be "PASSIVE" because it essentially consists of administering sales: we are in a PRODUCT perspective. The situation is one of demand exceeding supply.

This is the case, for example, in developing economies or when the product is radically new and is in high demand by consumers while the company's means of production are very limited.

#### SALE optics :

Organizational Marketing also characterizes a situation where the means are limited, but more simply the means of production. We have to manage to distribute and publicize our offer, while consumers are not particularly demanding. The preferred perspective here is that of SALE.

This is the case, for example, when a product is launched by a small company which is little known and has a very limited local distribution network.

#### The MARKETING perspective:

Marketing is said to be active when market saturation is observed. The supply is greater than the demand, there are many competitors. We then speak of OPTICAL MARKETING since we will seek to satisfy the needs of consumers, all different needs that must be known. We are in full implementation of the marketing approach, with study / strategy / action and control. We will try to group together consumers who have similar needs: we SEGMENT. We will then TARGET and POSITION our offer in relation to that of competitors. At the extreme, we arrive at the ONE to One marketing practices presented above. This is the fact of many companies involved in mass consumption, such as L'Oréal or Danone.

#### The SOCIETAL perspective:

Societal Marketing characterizes post-industrial societies where we will not simply consider demand as all consumers, but as individuals who are also citizens. We are in a logic of stakeholders, of economic partners. The societal perspective focuses on the interests of consumers in the long term. We are in an ethical/sustainable development approach . These are the issues of the corporate citizen, of the consumer citizen.

Danone, for example, is in this vein when it helps nurseries and schools to better feed children through its Foundation. Mc Do also has these societal concerns when it creates a foundation to allow parents of hospitalized children to join them.

## 6. The market and the marketing environment

In order to understand the role of marketing, it is essential to understand the environment in which companies operate. This is why, in this third part, we first analyze the characteristics of demand, an essential component of the business market. Then, we provide you with a complete overview

of the factors that can influence the company's performance, by successively analyzing its micro and macro-environment.

### 1. the micro environment

The analysis of the components of the micro-environment makes it possible to propose a diagnosis of the situation on the forces present and to evaluate the opportunities and threats for the company, as well as what is "negotiable" for it.

The micro-environment includes 4 factors that directly influence the company's performance on the market but on which the company is active, on which it can influence: suppliers ( 1), distributors (2), customers (3 ) and competitors (4).

But there are now also transport companies that offer hotel addresses combined with a trip, as with the SNCF. The differentiation of the offer is an essential tool to limit the influence of competitors.

Macro-environmental factors

### 1. the macro environment

The macro-environment brings together the factors that influence the situation of the company on its market by changing its supply and its demand, but exogenously. These are therefore factors on which the company cannot influence, which it cannot manipulate, but which it must anticipate because they are sources of both opportunities and threats. There are 4 types of factors in the macro-environment : The political , economic, social, technological and legal environment

Influence of demand

## 7. Conclusion

We can retain 3 fundamental points:

Marketing is all about adopting a consumer/customer orientation (part 1)

Marketing occupies a wide field: its place in the company evolves and becomes prominent (part 2)

Environmental analysis is the basis of the marketing approach (part 3)

After this general presentation of marketing and its role in the company, we propose to deepen the methods of analysis of the marketing environment of the company in lesson 2