Marketing Basics

Marketing: The process of creating, communicating, and delivering perceived value to customers.

Creating value	product development
Communicating value	advertising
Delivering value	sales

Value: The practical and emotional benefits that the buyer of a product gets from it. Each **benefit** stems from a specific **feature** of the product.

Perceived value is the value that people *believe* they will receive from a product.

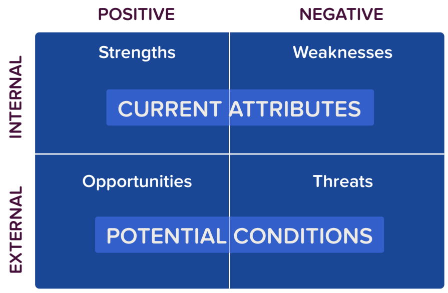
A **product** can be a tangible **good**, such as a pair of shoes, a **service** (e.g., a doctor's check-up), or intellectual property (e.g., song lyrics).

Marketing strategy: A plan of what to sell, whom to sell it to, and how to sell it that is focused on long-term profit, rather than short-term gains.

Conducting a Situation Analysis

Situation analysis: An evaluation of a company's resources and capabilities, its competitors, and general market demand. A situation analysis consists of two tasks:

1. Examining the **four C's**: company, competitors, customers, and collaborators.
2. Interpreting the information gathered in the four C's within the framework of a **SWOT analysis**, which describes the company's strengths, weaknesses, opportunities, and threats.



Segmentation, Targeting, and Positioning

Segmentation, targeting, and positioning (STP): A process used to tailor marketing efforts to relevant audiences and thus ultimately maximize revenue.

Segmentation divides consumers into distinct groups, or **segments**, based on **homogeneity** in certain attributes, **distinction** in these attributes from customers in other segments, and a similar **reaction** to marketing messages.

Targeting is the process of selecting which segment(s) of consumers to focus marketing efforts on—i.e., the target audience.

Positioning defines how a company wants its product to be perceived by consumers it markets to, relative to competing products.

Positioning statement: A statement describing the core benefits that a product offers, used internally to guide product messaging.

B2B: Business-to-business marketing—when the customer is a business.

B2C: Business-to-consumer marketing—when the customer is an individual consumer.

Positioning Statement Template

- For [target customers]
- Who are dissatisfied with [products they have used]
- Our product is a [product type or category]
- That provides [key benefit]
- Unlike [competing products]
- We have [features that competing products don't]

Value Propositions

The **value proposition (VP)** is:

1. The benefits that a product provides to the target audience.
2. A statement describing these benefits.

Unique selling proposition (USP): A type of value proposition statement that communicates the essence of what makes a product unique to the target audience.

The Four P's

The **four P's—product**, **price**, **place**, and **promotion**—constitute the **marketing mix** that a company must consider in order to create a marketing strategy.

These four factors are under the company's control: the company decides what *product* to offer, what *price* to charge for it, where to *place* it for sale, and how to *promote* it.

The marketing mix needs to be adjusted over the course of the **product life cycle** as the types of customers who buy the product and the quantity of demand change.