

Principles of Marketing

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Module 1: Orientation + What Marketing Is (and Isn't)

Welcome

Welcome to Module 1! This module sets the “lens” you’ll use for the entire course. If you think marketing is mostly ads, social media, or persuasion, you’re not alone—but that view is incomplete. Marketing is a customer-focused system of decisions that helps an organization create value and earn loyalty over time.

In real life, customers don’t wake up wanting “marketing.” They want solutions: convenience, confidence, better outcomes, lower stress, more fun, fewer hassles, better prices, better quality, better experiences. Marketing is how a business figures out what matters, builds an offer around it, and makes it easy for customers to choose it.

This module also introduces the core idea that marketing is centered on value. Value is not just “cheap” or “expensive.” Value is the total trade-off customers make—what they gain versus what they give up. When customers believe the value is worth the cost, exchange happens. If they don’t, it doesn’t matter how good the advertising is.

Learning Objectives

By the end of this module, you will be able to:

- 1. Define marketing beyond “advertising.”**

You’ll explain marketing as a full decision system (research, strategy, product/service design, pricing, distribution, communications, and relationship-building). You’ll also be able to point to real examples of “marketing” that are not ads—like app design, store layout, service policies, and customer experience choices.

2. Explain the difference between needs, wants, and demand.

You'll clearly distinguish between what humans require (needs), how people choose to satisfy those needs (wants), and when a want becomes "real demand" because people are willing and able to pay (demand). You'll be able to use practical scenarios to show how these concepts play out.

3. Identify value propositions in real examples.

You'll be able to "spot" a value proposition in the real world and evaluate whether it's strong or weak. A strong value proposition is clear about who it's for, what benefit it delivers, why it's better/different, and what makes it believable.

4. Describe the marketing concept (customer orientation).

You'll explain how customer-oriented organizations win by understanding customers deeply and creating superior value—not just trying to sell harder. You'll also understand that customer orientation involves trade-offs: you can't satisfy everyone, so you prioritize what matters most to your target customer.

5. Explain how exchange drives customer decisions.

You'll connect marketing to exchange: the customer gives something up (money, time, effort, attention, data) in return for value. You'll explain why exchange only happens when the customer believes the trade-off is worth it.

Key Concepts

Marketing: The activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Example: Imagine running a campus coffee cart. You decide what drinks to offer, pricing, location, speed of service, cup design, and complaint handling. That whole system is marketing.

Advertising: A paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.

Example: You run a paid Instagram ad: "\$2 Iced Coffee from 8–10 AM." This is a tool to inform or persuade, but it is just one part of the system.

Selling: Direct persuasion at the point of decision, often one-to-one and transactional.

Example: A student hesitates at your cart. You say, "Today's special is cheaper and it's our most popular flavor. Want to try it?" That is selling.

Marketing Concept (Customer Orientation): The philosophy that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do.

Example: Instead of just pushing sales ("Buy our shirts!"), a group asks, "What fabric do students actually like?" and designs a softer shirt. They win by delivering superior value.

Need: A basic human requirement (food, safety, belonging, health, rest). It exists regardless of marketing.

Want: The specific form a need takes, shaped by culture and individual personality.

Demand: A want backed by buying power (willingness and ability to pay).

Value: The customer's evaluation of the difference between all the benefits and all the costs of a marketing offer relative to those of competing offers.

Value = Benefits (functional, emotional) - Costs (monetary, time, energy, psychic).

Value Proposition: The full positioning of a brand—the full mix of benefits on which it is positioned.

"For busy students who want workouts without waiting, we offer 30-minute guided sessions... for one flat monthly fee."

Exchange: The act of obtaining a desired object from someone by offering something in return.

Quick Self-Check

Before moving on, ensure you can:

- **Explain why marketing is broader than advertising:** Ads are just the "megaphone." Marketing is the entire plan including product design, pricing, and distribution.

- **Give a real example of Need, Want, Demand:**
 - Need: Thirst.
 - Want: Specific brand of sparkling water.
 - Demand: Buying it because you have \$3 and it's available.
- **State a simple value proposition:** "For busy students, this meal prep service provides healthy meals in under 3 minutes because the food is pre-portioned and microwave-ready."

Marketing Is a System (Not Just "Ads")



The core message: Marketing encompasses much more than advertising

1. Marketing is bigger than advertising

A common myth is that marketing is "making people want stuff" through persuasion. In reality, marketing starts long before a business posts anything online. It includes decisions that shape:

- **What is being offered:** Features, design, quality.
- **Who it's for:** Target segments.
- **How it's delivered:** Accessibility and convenience.

- **How it's priced:** Cost vs. value framing.
- **How relationships are built:** Trust and support.

Think of it this way: Advertising can attract attention. Marketing must deliver the experience that proves the promise.

2. Real Life Scenario: "FuelLab" Campus Snack Bar



FuelLab Campus Snack Bar - A real example of marketing as a system

Imagine you launch **FuelLab**, a campus spot for smoothies and bowls. Marketing is the set of daily choices you make:

- **Target Customer:** You realize you can't serve "everyone." You focus on athletes (protein/recovery) and commuters (grab-and-go).
- **Offer Design:** You build the menu around them—protein add-ons for athletes, portable bowls for commuters.
- **Customer Experience:** You notice students leave if lines are long. You set a standard: "Service under 3 minutes." This operational choice is marketing because it affects value.
- **Pricing Strategy:** To balance cost and volume, you add bundles ("Coffee + Bowl") and a loyalty card.
- **Access:** You add app ordering for busy times and a pop-up cart near the library during finals.

- **Promotion:** You use social posts showing quick menu highlights and referral programs.

When all these decisions fit together, the business "feels" like it was designed for the customer.

3. A Practical Definition

Marketing is the process of creating, communicating, delivering, and exchanging value with customers.

- **Creating Value:** Designing an offer that improves the customer's life.
- **Communicating Value:** Expressing the benefit clearly.
- **Delivering Value:** Making access easy and consistent.
- **Exchanging Value:** Facilitating the trade-off (money/time for benefit).

4. Marketing vs. Advertising vs. Selling

Marketing (The Plan)	Advertising (The Megaphone)	Selling (The Close)
Overall strategy shaping value and relationships. Happens before, during, and after the sale.	Paid tool to communicate value and shape perceptions. Can't fix a bad product.	Direct persuasion at the moment of decision. Often one-to-one.

Needs, Wants, Demand, Value, and Exchange

The Story of Jordan

Picture **Jordan**, a college student on a Thursday night during midterms.

1. Needs (Basic Requirements)

Jordan is exhausted and hungry. No one "created" this feeling. Jordan **needs** food and rest. Needs are basic human requirements.

2. Wants (Specific Preferences)

Jordan's brain chooses how to satisfy the need. "I want comfort food—mac and cheese." Or, "I want a smoothie." These are **wants**—preferences shaped by culture and personality.

3. Demand (Buying Behavior)

Jordan checks their wallet: \$6.40 available. The smoothie is \$9.50. The value meal is \$5.99. Jordan buys the value meal. **Demand** is a want plus the willingness and ability to pay.

Key Insight:

Marketing doesn't create needs, but it can shape wants and help convert wants into demand by increasing perceived value (e.g., offering a student discount so the smoothie becomes affordable).

Value = Benefits minus Costs

Customers don't just compare prices; they compare trade-offs.

- **Benefits:** Convenience, taste, health, status, stress reduction.
- **Costs:** Money, time, effort, risk, social judgment.

Value is subjective. What is "worth it" to one person may not be to another.

Practice Scenarios

Apply these concepts like a marketer:

Scenario A: Campus Gym Drop-off

Analyze why students stop going. Is the *cost* (time, intimidation, crowding) higher than the perceived *benefit*?

Scenario B: The Coffee Cart

Identify non-money costs you can reduce. Can you reduce wait time (time cost)? Can you make the menu simpler (mental effort cost)?

Scenario C: Wellness App

Even if it's free (no money cost), is the "exchange" worth it? The user gives attention and data. If the app is buggy, the cost of frustration is too high.

Key Takeaways

- Marketing is a system of decisions (product, price, place, promotion), not just advertising.
- Needs are basic; wants are learned; demand is what people actually buy based on ability to pay.
- Value is the core of marketing: Benefits minus Costs (including non-monetary costs like time and effort).
- Exchange only happens when the customer believes the trade-off is worth it.

- Customer orientation means organizing the business to deliver superior value to specific customers.

Quiz Prep

You should be ready to:

- Define marketing in your own words.
- Explain the difference between marketing, advertising, and selling.
- Provide an original example of the progression: Need → Want → Demand.
- Describe value using the equation: Benefits - Costs.
- Write a simple value proposition for a real product.