

Introduction to Marketing

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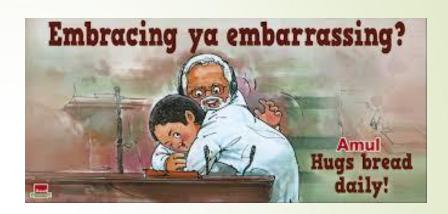
Contents

- Overview: what is this course all about?
- What is marketing?
- What do marketers do?
- What value is created by marketing?

What is market? What is marketing?

Selling? Advertising? Art? Science?









Marketing defined

- Market: people or institutions with sufficient purchasing power, authority, and willingness to buy
- Marketing is...the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, services, organizations, and events to create exchanges that will satisfy individual and organizational objectives. (AMA 1985)
- Marketing is the process of developing, promoting, and distributing products to satisfy customers' needs and wants.
- Managing profitable customer relationships
 - "Serve the customer", "Delight the customer", "Customer is king"
- * Demarketing- resorted to by a company or a government when faced with a very high demand which it cannot meet in short run

Market and Customer

- Customer more enlightened than ever before
- Customer connect
- Marketing and Selling same?

Difference Selling v/s Marketing

-Starts with seller and concerned with their needs

-Starts with buyer and concerned with their needs

-Core -Seller

-Core- buyer

-Business is good producing process

-Customer satisfying process

-Production is central function

-Marketing is the central function

Customer is the last link

-Customer is the very purpose

Career

- Marketing Manager.
- Marketing Research Analyst.
- Advertising or Promotions Manager.
- Social Media Manager.
- Product/Brand Manager.
- Media Planner.
- Sales Manager.
- Public Relations Specialist.
- Masters and PhD in Marketing

EXPERTS IN MARKETING

- 1. Neil Patel
- 2. Gary Vaynerchuck
- <u>3. Tim Ferriss</u>
- 4. Ann Handley
- <u>5. Seth Godin</u>
- 6. Guy/Kawasaki
- 7. Shama Hyder
- 8. Philip Kotler
- 9.Jagadish Shet

Marketing Segmentation

Market Segmentation: division of the total market into smaller, relatively homogeneous groups

Levels – Mass, Segment, and Niche

- Markets have a variety of product needs and preferences.
- Marketers can better define customer needs.
- Decision makers can define objectives and allocate resources more accurately.

Segmentation

- Marketers follow two methods to determine the bases on which to identify markets:
 - Segments are <u>predefined by managers</u> based on their observation of the behavioral and demographic characteristics of likely users
 - Segments are defined by asking customers which attributes are important and then clustering the responses

Geography

Demographics

Psychographics

Benefits Sought

Usage Rate

Positioning

- Positioning means the activity of making position or image in the minds of customers.
- Positioning is the process of portraying a picture of company's product and its customer relation in the minds of customers.
- "Positioning is the act of designing the company's offering and image to occupy a distinct place in the target's mind." --Philip Kotler WHY POSITIONING
- 1.To create a distinct place of product service or corporate in the minds of customers.
- To provide a competitive edge to a product or an attempt to convey attractiveness of the product to the target market.
 - 3 To give the target market reason of buying our product/service and then formulation of all strategies according to the customer perception.

The 4 P's of Marketing explained

Product	Promotion	Place	Price
 Is there a demand for the product or service? How to make the product appeal to consumer Packaging—includes the design, color, size, and brand names 	 Making customers aware of a product Advertising Coupons Rebates Sales Free give aways Publicity 	 Distribution is getting the right product to the right place at the right amount and in the right condition Storage Warehousing Transporting 	 How much are customers willing to pay? Is the price competitive with other products? Can the company make a profit?

Positioning Strategies

- 1.Attribute Positioning: A company position itself on the basis of an attribute which creates their separate identity such as size, no. of years of existence etc. e.g: "Raymonds Since 1925"
- 2.Benefit Positioning: Corporate may position itself as a leader in a certain benefit which they provides to their customers. e.g: "Maruti---Service Station"
- 3.Use or Application Positioning: Positioning can be done on the basis of use or application of the product. Corporate position their product as best for some use like café coffee day position itself for discussion & meeting point. e.g: "Café Coffe Day—a lot can happen over a coffee"

Positioning Continued

- 4.User Positioning: When firm position itself and its products as best suited for a particular user class is called user positioning e.g: "Johnson & Johnson----for babies"
- 5.Competitor Positioning: In this category firm claims to be better in some product or service than a well-known competitor. e.g: "Thums up against Pepsi"
- 6) Value Positioning: This strategy focuses on company's positioning as offering the best product at lower price or we can say best valued product. e.g: "McDonald Burger @ Rs 25 only/

Positioning

- Positioning How do you differentiate your product from competitors
 Differentiation, which is
- Important
- Distinctive
- Superior
- Not easily copied or Unique.
- Affordøble
- Profitable

Positioning Continued..

- What to avoid
- 1. Under positioning
- -Seen as just another entry in a crowded market.
- -Pepsi introduces its clear crystal Pepsi 1993
- -Customer not impressed
- -"Clarity" not seen as an important benefit.
- 2. Over positioning
- -Narrow image of the brand
- Trying to widen
- Customer do not accept this
- -Maruti Baleno Customers think Maruti can make cars up to 5 lacs
- Not higher end Image issue Poor sales

Positioning Continued..

- 3. Confused Positioning
- -Company making too many claims
- -Milkmaid Started as Tea Whitener
- -Did not click
- -As a topping on pudding
- -Did not click
- -Finally clicked as base for dessert

Positioning Continued..

Doubtful Positioning

Find it to difficult believe in what company claims

Maruti 1000

- -Launches in '89
- -Positioned as 'ultimate in luxury'
- -Only/luxury car Launch of Esteem in '94
- -More Iuxurious than Maruti 1000
- -ls/it now 'Ultimate in luxury
- -Sales dipped
- Customer confused
- Repositioned as 'Affordable luxury'

Key ideas in the definition

- Process involving strategy and tactics
- 4 Ps
- More than goods
- Exchange is central
- Satisfy consumer and organizational needs

What besides goods can we market?

- People
- Places
- Causes
- Events
- Organizations
 - profit
 - nonprofit



What do marketers do?

- Identify needs and wants
- Choose which/whose needs to focus on
- Create and manage products
- Communicate about products
- Price products
- Distribute products
- Follow up

The 'eras' of business

- Production era
- Product Orientation era
- Sales era
- Marketing era
- Relationship era

The production era/concept and product orientation

- "Consumers will buy whatever we produce."
- Often feasible with excess demand (a seller's market)
- approach shifted from production to product and from the quantity to quality

The sales era/concept

- "We need to work at selling what we produce."
- Often motivated by excess supply (a buyer's market)
- Consumers will buy products only if the company promotes/ sells these products

What is marketing myopia?

- A focus on products or processes rather than on customer groups and needs
- Examples:
 - trains and trucks
 - slide rules and calculators
 - natural and artificial fibers

The marketing era/concept

- "We need to understand consumers needs and wants in order to decide what to produce."
- Focus externally: on the market
- Company wide orientation
- shift from production to product and from product to customers later manifested in the Marketing Era which focused on the "needs and wants of the customers"

The marketing relationship era/concept

- Movement away from the single transaction as cornerstone of marketing
- A focus on building long term relationships with customers
- Mhh3
 - cost of getting a new customer
 - cost of keeping an old customer
- Activities that build long term relationships
- marketer focuses on needs/ wants of target markets and aims at delivering superior value. 'Long-term relationships with customers and other partners lead to successes

Terminologies

Bottom of the Funnel

The final stage of the buyer's journey where leads have identified their problem, selected the solution they want to use, and are close to making a purchase decision.

Case Study

An in-depth analysis of work a company completed for a client or customer that highlights the goals, processes, and services used, as well as the results achieved through the services.

Email Marketing

The process of sending a strategic message directly to a contact or group of contacts via email for the purposes of educating, engaging, and/or encouraging them to take a specific, profitable action.

Advertising

Promotion of a product, service, or message by an identified sponsor using paid-for media.

Business to Business (B2B)

Relating to the sale of a product for any use other than personal consumption. The buyer may be a manufacturer, a reseller, a government body, a non-profit-making institution, or any organisation other than an ultimate consumer.

Business to Consumer (B2C)

Relating to the sale of product for personal consumption. The buyer may be an individual, family or other group, buying to use the product themselves, or for end use by another individual.

Buying Behaviour

The process that buyers go through when deciding whether or not to purchase goods or services. Buying behaviour can be influenced by a variety of external factors and motivations, including marketing activity.

- Direct Marketing
 - All activities which make it possible to offer goods or services or to transmit other messages to a segment of the population by post, telephone, e-mail or other direct means.
- ► FMCG

Fast Moving Consumer Goods - such as packaged food, beverages, toiletries, and tobacco.

Field Marketing

The practice of sending representatives or agents to retail outlets with a view to building brand and supporting sales. They may for example conduct in-store promotions, set up point of sale displays, and ensure that products are displayed to best advantage.

Four M's

Money, Material, Machine and Manpower - traditional framework for viewing the resources available to a business, which can be useful when designing a marketing plan.

Franchising

The selling of a licence by the owner (franchisor) to a third party (franchisee) permitting the sale of a product or service for a specified period. In business format franchising the agreement will involve a common brand and marketing format.

Internal Customers

Employees within an organisation viewed as consumers of a product or service provided by another part of the organisation products or services which the employees need to do their own work. For example, the marketing department could be internal customers of the IT department.

Marketing Mix

The combination of marketing inputs that affect customer motivation and behaviour. These inputs traditionally encompass four controllable variables 'the 4 Ps': product, price, promotion and place. The list has subsequently been extended to 7 Ps, the additions being people, process and 'physical evidence'.

Marketing Myopia

Lack of vision on the part of companies, particularly in failing to spot customers' desires through excessive product focus. Term derives from the title of a seminal article by Theodore Levitt published in Harvard Business Review in 1960.

Qualitative Research

Market research that does not use numerical data but relies on interviews, 'focus groups', 'repertory grid', and the like, usually resulting in findings which are more detailed but also more subjective than those of 'quantitative research'.

Quantitative Research

Market research that concentrates on statistics and other numerical data, gathered through opinion polls, customer satisfaction surveys and so on. Compare 'qualitative research'

Sales Promotion

A range of techniques used to engage the purchaser. These may include discounting, coupons, guarantees, free gifts, competitions, vouchers, demonstrations, bonus commission and sponsorship.

Return on Investment (ROI)

A common ratio that helps evaluate profitability and efficiency by measuring the benefit a company gains for the resources it put into a project or investment.

Customer Relationship Management (CRM)

A system that manages a company's interactions with current and potential customers by using technology to organize, automate, and integrate sales calls and emails.

A//B Testing

he process of testing two variations of a specific element, while holding everything else constant, to determine which version creates a better larg-term result.

Bounce Rate

The percentage of visitors who navigate away from a site after viewing only one page.

Click-Through Rate (CTR)

The percentage of people who view a particular link and ultimately click on it.

Search Engine Marketing (SEM)

A form of internet marketing that involves the promotion of websites by increasing their visibility in search engine results pages through optimization and advertising.

THANK YOU