

# Elements of Marketing

## Management

Date: 2018/22

### Chapter 1

#### Introduction to marketing

- Marketing is a combination of four P's

- 1) Product
  - 2) Place
  - 3) Price
  - 4) Promotion
- Marketing  
mix

2. Consumer behaviour

3. Target

- Segment

- Positioning

4. Marketing Environment

5. Product

6. Place

7. Price

8. Promotion

9. Marketing research

Date: 26/8/22

# Management

1. Planning
2. Organising
3. Directing (Leadership)
4. Controlling

- The word market is derived from "Mercatus" which means to trade.
- Market is a place where products and services are exchanged by consumers and sellers in return of money.
- According to American Marketing Association, "Marketing is a process of planning and executing the conception, pricing, promotion & distribution of ideas, goods & services to create exchange that justify individual and organisation goals." In other words marketing refers to choosing target markets, getting, keeping & knowing customers to creating, delivering & communicating superior value.

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## Marketing management

- When we implement management principles like planning, organizing, directing, budgeting, motivation and controlling for marketing goods & services, it is called Marketing Management

## Marketing Mix

- Marketing mix refers to the four fundamental elements in marketing management.

- ① Product → which product to offer
- ② Place → which channel to select
- ③ Price → at what price
- ④ Promotion → how to communicate

- According to Philip Kotler, "Marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market".

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4 P

-

4 C

Product

- consumer problem solution

Place

- convenient

Price (Revenue)

- cost (expense)

Promotion

- communicate

## Evolution of Marketing Concept

1. Exchange

2. Production

3. Product

4. Selling

5. Market

6. Social

Organisation

Date: 21/9/22

Marketing caters the needs of consumer. Therefore, marketing concepts evolve over a period of time. Following are the major concepts.

## ① Exchange - Focus: Exchange

This is the oldest form of marketing. The central idea here is exchange of ownership ("title to goods") between the seller and the buyer. Over the period of time other considerations like consumer care, value satisfaction, creative selling, etc. faded this concept.

## ② Production - Focus: Quantity

Here, the marketing strategy is, consumer will prefer and buy those products which are widely and easily available. Therefore, companies give attention to production, and to achieve wide distribution coverage.

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### ③ Product - Focus: Quality

The followers of this concept believed that, an enterprise can win market only through product excellence, i.e. product high quality, good performance and sustainable features always have buyers.

### ④ Selling - Focus: Aggressive Selling

Many organisation believe that the ultimate objective of marketing is to selling. Selling is Big-Push factor of marketing. Heavy advertising, High power personal selling, large scale promotion, heavy price discount and strong publicity are used for promoting their selling concept. Marketing myopia.

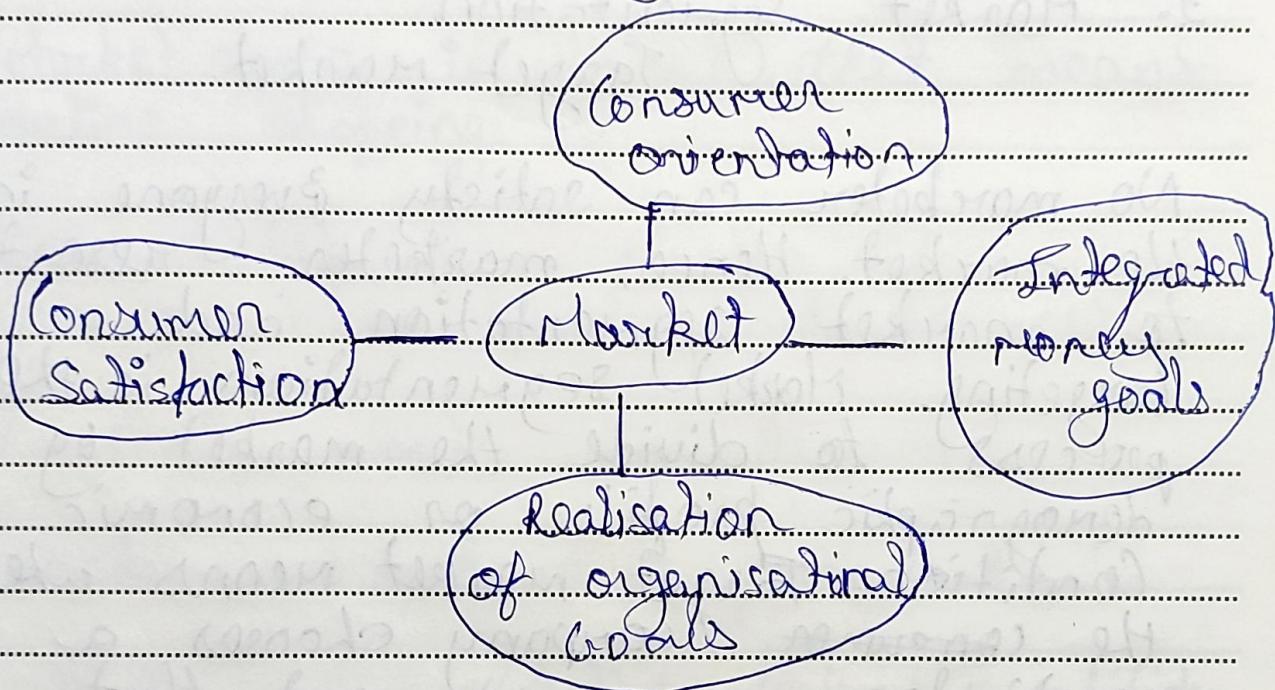
### ⑤ Market - Focus: Customer

This is the modern marketing concept, where the central focus is

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Customer's need. The following diagram shows the marketing concept:



(e) Societal - Focus: sustainable product.

Societal concept caters 3 P's, product, people, planet. Also known as green marketing.

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# FUNDAMENTAL / CORE MARKETING

## 1. Market Segmentation

### Target market

No marketer can satisfy everyone in the market. Hence, marketer resorts to market segmentation and targeting. Market segmentation is the process to divide the market by demographic profile or economic condition. Target market means when the ~~consumer~~ company chooses a particular ~~from~~ segment that offers maximum opportunities.

## 2. Market Place

### Market space - Market

Traditionally market was a physical space, where buyers and sellers gathered to buy or sell goods. Today market is a collection of buyers and sellers who transact over a particular product or a product class.

Date: 3/9/22

Marketplace is a physical place to buy a product.

Market space is digital that means online shopping.

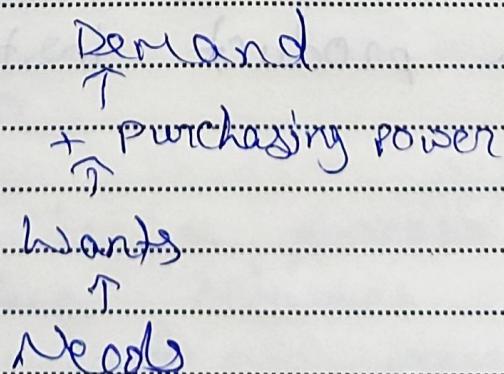
Meta market is a cluster of complementary goods and services.

### 3. Needs, Wants and Demand

Needs are basic requirement.

Wants are effective desires + ability to pay.

Demands = wants + ability to purchase.



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#### 4. Product Offering Branding

Product is the commodity which is the combination of tangible and intangible feature to satisfy human need. Company address consumer needs by putting value proposition, asset of benefit they offer to the consumer.

The intangible value proposition is made physical by an offering which can be a combination of product, services, information and experience.

Brand is an offering from a well known source. A brand is created when a customer can recall a product instantly.

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## 5. Value

## Satisfaction

The offering will be successful only if it delivers value and satisfaction to the market buyer.

Satisfaction is achieved when the consumer derive maximum utility from the product.

Value is a ratio of benefit and cost.

A company increases value by raising benefit or lower the cost or simultaneously doing both. In times of inflation rise in benefit should be greater than rise in cost.

## 6. Transaction

A transaction is a process for trade of value between two parties. Transaction may be

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barter or money.

Exchange is change of ownership  
("title to goods") from seller to buyer.

## 7 Relationship Network

Building relations in marketing helps in sustaining the business. Relations in marketing has an aim of building mutually satisfying long term relation with key parties - customers, suppliers, distributors and government.

Marketing network consists of the company and its supporting stakeholders.

## 8. Competition Rivals

Competition includes all the actual and potential offerings, substitutes that a buyer might consider before choosing their buying option.

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- Brand Competition
- Industry Competition
- Firm Competition
- Generic Competition

## 9. Marketing logistic and supply chain

Marketing logistic consist of transportation, order processing, warehousing and inventory management, while supply chain consists of entire activities right from procurement of raw material till the final goods are delivered.

Date: 9/7/22

# Marketing Strategy

## Types of demand

## Marketing strategy

- 1) Falling demand  
(When consumers' demands decrease over time)
  - Analyse the root cause of falling demand.
  - Analyse competitor's advantage.
  - Remarketing strategy
- 2) Negative demand
  - Strong, Aggressive message.
  - Counter strategy

Here, the marketing strategy is to study why people dislike the product and what new marketing program can change their beliefs and attitude.

Here, some segment in the society who share

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- 3) Latent demand - Estimate the size of market.  
Some segment of the society share a strong need that cannot be satisfied with the existing products. - Do target marketing.
- 4) No demand - Development marketing strategy  
The consumers are either unaware about the product or they are indifferent. - Effective advertising  
- Increase the visibility
- 5) Irregular demand - Synchronised marketing strategy.  
Some companies face demand that varies on seasonal, daily, hourly basis. - price differential  
- innovative marketing  
- maximizing profit during the season and minimizing loss during off season.
- 6) Full demand - To maintain the current level of demand, preserve the product quality and measure consumer satisfaction
- genuine  
continuously

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7) Over full demand

- Demarketing strategy where the old version will be phased out and new version will be released.

8) Unwholesome demand.

These are not good for the health of the customer, however market has a good demand for such product

- Send a fear message.

- Reduce the availability - Price like