

Principles Of Marketing

BA(BS)-541 Principles of Marketing

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Marketing Environment:

Marketing Environment concerns the influences or variables of external and internal environment of a firm that controls the marketing management's capability to construct and preserve the flourishing relationships with the consumer. An assortment of environmental forces affects a company's marketing arrangement. A few of them are governable while others are unmanageable. It is the task of the marketing manager to modify the company's policies together with the shifting environment. Micro and Macro environment comprise the structure of the marketing environment.

According to Philip Kotler:

"A company's marketing environment consists of the internal factors and forces, which affects the company's ability to develop and maintain successful transactions and relationships with the company's target customers."

3.1 Micro Environment:

Micro environment elements are close to the firm and incorporate the suppliers, shaking delegates, consumer markets, public, competition, and marketing intermediaries.

Micro environment likewise concerns the in word environment of the organization and influences marketing as well as all departments like management, R & D, finance, Human assets, purchasing, operations and bookkeeping.

3.2 Macro Environment:

The macro environment is the uncontrollable factor of the company. For this reason it has to structure its policies in the limits set by these factors. Macro environment on the whole deals with the demographic, economic, technological, natural, socio-cultural and politico-legal environment aspects of the markets.

Managing Marketing Information

4.1 Assessing Marketing Information Needs:

1. The Marketing Information System (MIS) serves company managers as well as external partners.
2. The MIS must balance needs against feasibility:
 - Not all information can be obtained.
 - Obtaining, processing, sorting and delivering information is costly.
 - What will happen if you Don't get the information?

4.2 Developing Marketing Information:

1. Internal Data:

- Internal data is gathered via customer data bases financial records and operatives reports.
- Advantages of internal data include quick / easy access to information.
- Disadvantages stem from the incompleteness or in appropriateness of data to a particular situation.

2. Marketing Intelligence:

- Marketing Intelligence is the systematic collection and analysis of publicly available information about competitors and trends in the marketing environment.
- Competitive intelligence gathering activities have grown dramatically.
- Many sources of competitive information exist.

Sources of competitive intelligence include: Company employees, Internet, Garbage, Published Information, Competitors employees, Trade shows, Benchmarking, Channel members and key customers.

3. Marketing Research:

Marketing research is the systematic design, collection analysis and reporting of data relevant to a specific marketing situation facing an organization.

Steps in the marketing research are:

- Defining the problem and research objectives.
- Developing the research plan for collecting information.
- Implementing the research plan, collecting and analyzing the data.
- Interpreting and reporting the findings.

Consumer Markets & consumer Buying Behavior

5.1 Characteristics Affecting Consumer Behavior

Consumer behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants. There are different processes involved in the consumer behavior. Initially the consumer tries to find what commodities he would like to consume, then he selects only those commodities that promise greater utility. After selecting the commodities, the consumer makes an estimate of the available money which he can spend lastly the consumer analyzes the prevailing prices of commodities and takes the decision about the commodities he should consumer. Mean while, there are various other factors, influencing the purchases of consumer such as social, cultured, personal and psychological.

The explanation of these factors is given below:

1. Cultural Factors:

Consumer behavior is deeply influenced by culture factors such as: buyer culture, and social class.

2. Social Factors:

Social factors also impact the buying behavior of consumers. The important social factors are reference groups, family, role and status.

3. Personal Factors:

Personal factors can also affect the consumer behavior. Some of the personal factors that influence the buying behavior are life style, economic stuation, occupation, age, personality and self-concept.

4. Psychological Factors:

There are four important psychological factors affecting the consumer behavior these are perception, motivation, learning, beliefs and attitudes.

5.2 Type of Consumer Buying Behavior:

Wants are unlimited and the resources to satisfy these wants are limited. So the consumers think rationally before buying any product. Buying toothpaste is totally different from buying a luxury car. The more expensive the good is the more information is required by the consumer. There are four types of consumer buying behavior on the basis of buyer involvement while purchasing any product.

1. Complex Buying Behavior:

When the consumer is highly involved in the buying and there is significant differences between brands then is called complex buying behavior. So, in this case the consumer must collect proper information about the product features and the marketer must provide detailed information regarding the product attributes. For example: Consumer while buying a motor cycle is highly involved in the purchase and has the knowledge about significant differences between brands.

2. Variety Seeking Behavior:

In this case consumer involvement is low while buying the product but there are significant differences between brands. Consumer generally buys different products not due to dissatisfaction from the earlier product but due to seek variety like every time they buy different washing detergent just for variety. So it is the duty of the markets to encourage the consumer to buy the product by offering them discounts, free samples, and by advertising the products etc.

3. Dissonance Buying Behavior:

Here consumer is highly involved in the purchase but there are few differences between brands. Like consumer while buying a floor tiles buy them quickly as there are few differences between brands.

4. Habitual Buying Behavior:

In this case there is Low involvement of the consumer and there are few differences between brands. The consumer buys the product quickly For Example: Tooth paste.

5.3 Buyer Decision Process:

The buyer decision process represents a number of stages that the purchaser will go through before actually making the final decision. This process passes through the different stages which are defined as under:

Stage One:

Stage one is the recognition of the particular problem or need and here the buyer has a need to satisfy or a problem that needs solving, and this is the beginning of the buyer decision process.

Stage Two:

Stage two is where we begin to search for information about the product or service. Buyers here begin to look around to find out what is out there in terms of choice and they start to work out what might be the best product or service for solving the problem or satisfying any need.

Stage Three:

Stage three sees the evaluation of the available alternatives where by the buyer decides upon a set of criteria by which to access each alternative.

Stage Four:

We buy or select a product / service /supplier at stage four. Individuals or terms of buyers make the final choice of what to buy and from whom to buy it.

Stage Five:

Interesting the process does not stop at the point of purchase because there is a stage five called the post-purchase evaluation. The process continues even when the product or service is being consumed by the individual or business. So, if it doesn't meet your needs or solve your problem you can take action to improve the product or service. Your actions at this point might inform other potential buyers who would be keen to hear about your experience good or bad.

Business Markets & Business Buying Behavior

6.1 CHARACTERISTICS OF BUSINESS MARKET:

Business markets are defined as all organizations the process products or services that are consequently used in manufacturing other goods and facilitating service for other consumers whole sales and retailers are also considered as business markets since they also deal in the acquisition and sale of goods and services for further selling and renting.

Business markets and consumer markets tend to be similar to some extent. For instance, in both cases, people are involved in the process of evaluating the necessity of goods and products and at the sometime carry out difference roles in ensuring that they attain satisfaction of such needs. However, it should be noted that some factors define the characteristics of business markets, which also distinguishes it from consumer market and the include the following:

1. Market Structure And Demand:

Typically, there are few but relatively large types of business buyer deals that organization often engage in that are related to business market. It should also be noted that these customers are much focused geographically. These are various instances when the business markets had to deal with in elastic demand that is not necessarily influenced by the changes in the price of products or services, especially with in a short run. It should also be need that demand for the business markets and business products also tend to fluctuate, which only implies that the demand for business market products can change relatively quickly then the demand for consumer goods or services.

2. Nature of Buying Unit:

This is the other characteristic that distinguishes the difference between consumer markets and business markets. Participants in the business purchase tend to buy more and these are more participants, and the process also tends to be relatively professional. On others hand, participants in the consumer purchase are often less and effects put towards the same is also little. The people involved in consumer purchasing lack the knowledge and experience when comparing them to those who are involved in business buying.

The business market also incorporates a committee of experts that participate in ensuring that all purchasing decision are collectively arrived it. The organizations involved in the business market also ensure that they train their personal occasionally in matters to deals with business purchasing hence making it possible for them to make sure that the process is efficient and effective.

3. Decision and Decision Process:

Ordinarily the decisions revolving around the business market are somewhat complex than decision made by the consumer markets. This is primarily because business market required and intensive process that involves technical and economic considerations, a considerable amount of money and interactions among different professionals holding different ranks in their respective trades. The business purchase process also lead to take longer than the consumer purchase process since fine details have to be put into consideration in every is accounted for.

This explains why the business market leads to appear more formalized than the consumer purchase.

6.2 Types Of Buying Situation:

It is considered as the paradigm of purchase which is measured through the quality of information and the amount of experience that the buyer exhibits related to the products and vendors available to in the markets.

There are three major buying situation mentioned down below:

1. Straight Rebuy:

The straight rebuy is consider as one of the most reliable and convenient buying situation which engages us in making the routine purchase for the business. It's done through a familiar supplier and no certain modification are required at the time of ordering the products.

Example:

Straight rebuy can be easily encountered at stationary shops, a place where boxes of printing papers, pens and pencils, are purchased repeatedly without making any assessments in the order.

2. Modified rebuy:

The modified is considered as a different buying situation in which the buyer drifts towards a new and improved product to fulfill the rapidly changing requirements. Therefore, purchases use the trial purchase option in order to evaluate if the new product is worth the time and efforts. This buying situation also known as “Limited Problem Solving” which might slightly change the customer’s perception towards something unique.

Example:

The modified rebuy is experienced when there are various products that share the same objective in the markets. Furthermore, it targets the choice criteria by focusing on the extra perks which we might get after purchasing a new product even. Thorough we’ve used other brands in the stores as well.

3. New Task:

The new tasks highlights another buying situation in which were given the liberty to purchase a new product. In this scenarios, the buyer is not aware of the product effectiveness However, certain aspects such as the importance of the product and its overall cost are highly considered before making the purchase. Such buying situation includes a list of products that we have never or rarely purchase from markets.

Example:

Organizations often purchase super computers, buildings and high-voltage generator that often require methods to be delivered at the desired location. Therefore, experiencing such a time consuming purchase cycle can be marked as the “new task situation”.

6.3 Participants in the business process:

Following are the participants in the business process.

1. Initiators:

Users or other in the organization who request that something be purchased.

2. Users:

These who will use the product or service. In many cases, the users initiate the buying proposal and help define the product requirements.

3. Influencers:

People who influence the buying decision often by helping define specification and providing information for evaluating alternatives.

4. Deciders:

People who decide on product requirement or on suppliers.

5. Approvers:

People who authorizes the proposed actions of deciders as buyers.

6. Buyers:

People who have formal authority to select the supplies and arrange the purchase terms. Buyers may help shape products specifications, but they play their major role in selecting vendors and negotiating. In more complex purchases, buyer right include high-level manager.

7. Gate Keepers:

People such as purchasing agents and receptionists who have the power to prevent sellers or information from reaching members of the buying center.

Market Segmentation, Target Marketing and Positioning For Competitive Advantages:

7.2 Evaluating Market Segments:

- **Segment Size and Growth:**

The company must first collect and analyze data on current segment sales, growth ratio expected profit ability for various segment.

- **Segment structural attractiveness:**

The company does need to examine major structure factors that affect long run attractiveness.

- **Company objectives and reasons:**

Even if a segment has right size and growth is structurally attractive, the company must consider its own objectives and resources.

7.3 Selecting Target Segment:

Following are the characteristics of selecting target segment:

1. It is sizeable enough to be profitable given your operating cost.
2. It is growing, the middle class of India is growing rapidly, make it very attractive market for consumer product companies.
3. It is not already wanted by competitor, or you have faced away to stand out in crowd.
4. Either it is accessible or you can find a way to reach it.
5. The company has resources to compete in it.

Product services and branding strategies:

8.2 Branding Strategies:

- **Company name branding:**

Well-known brands leverage the popularity of their company name to improve brand recognition.

- **Individual branding:**

Large companies with a Variety of well-known product may for an individual brand strategy be giving each product its own brand name.

- **Attitude Branding:**

Sometimes a company will on an overall feeling or attitude to market its product and reflect its business.

- **Brand Extension Branding:**

For existing strong brand may extend its success into a new venture with effective use of brand extension strategy.

- **Private level Branding:**

Successful store brand may use private label branding strategy to come with larger retailer.

8.3 Service Marketing:

Service marketing specially reflects to both business to consumer B & C are business B & B services.

- **Product:**

The P stands for product this referring to the product or services a business is offering.

- **Price:**

Price encompasses the entire pricing metonymy for product or services and how customers will react to it.

- **Promotion:**

Promotion is essentially the act of marketing directly to customer.

- **Place:**

This P encompasses many locations where a product is made viewed in ads distributed and sold.

- **People:**

People are not just these who you are selling and advertising to it. It includes staff, sale people, customer's devices team and anyone involved in marketing.

- **Process:**

This process refers to delivery of your product or services to a customer maps need to made to outline function activities task and processes.

- **Physical Evidence:**

Your consumers should always receive something physical to validate this purchase. People like to receive something that evokes their senses to confirm that they have gotten a product or service, even if it is just the receipt.

New product development:

New product development is the process of converting an idea into a workable software product.

The new product development process is about grabbing the market opportunity that revolves around customer needs, checking the ideas feasibility, and delivering working software.

9.1 Steps in new product development:

Following are the steps of new product development.

Step # 1: Idea Generation:

Your goal should be to generate many worthy ideas that can form the foundation for the NPD strategy. The major part of this stage should be to give significance to brainstorming sessions, where solving customer problems is given precedence. This phase is not about generating foolproof ideas that are ready for implementation. Indeed raw and can prove ideas that can be shortlisted later.

Step # 2: Idea Screening:

This NPD step revolves around choosing that one idea that has the highest potential of success. Put all the ideas available on the table for internal reviews i.e. turn to people with industry knowledge and experience in the field. For a NPD idea, having should hold precedence as it helps check the feasibility of the idea. There is no point in zeroing in on an idea that is not technically feasible to build.

SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis, can be another good practice to consider when shortlisting NPD ideas.

Step # 3: Concept Development And Testing:

Before you start with NPD building a detailed version of the idea and the user stories should give priority.

This value proposition evaluation is the first step towards concept development and testing. At the very least, it ensures that you discover problems in your approach soon and can course correct earlier. That saves you from piling up technical debts.

Step # 4: Market Strategy / Business Analysis:

Marketing strategy is all about drafting a way to reach out the targeted audience. Perhaps the best and most straight forward method is to follow McCarthy's 4Ps of marketing for your NPD projects.

Step # 5: Product Development:

When the NPD idea is in place the market strategy is documented and the business analysis is completed you can more on with the product development cycle.

The NPD starts with developing the prototype followed by NPD.

Step # 6: Market Testing:

This step in NPD aims to reduce the uncertainty revolving around the success of software product. i.e. checking the viability of the new product or its marketing campaign. There are two market testing strategies to follow: 1. Alpha Testing 2. Beta Testing

Step # 7: Market Entry / Commercialization:

Commercialization is an umbrella term that entails varied strategies to ensure the success of your new product. Here is what commercialization includes, Production, Distribution, Marketing, Sales, Customer Support.

If all the mentioned strategies full right in place, nothing can stop your product from getting attention and being a product market fit.