

Marketing

Dr. Monica Shrivastava

Definition

- Any interpersonal and inter organizational relationship involving an exchange is marketing .
 - **WILLIAM J.STANTON**
- Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals.
 - American Marketing Association Definition

WHAT IS MARKETING ?

The essence of Marketing is a transaction - an exchange- intended to satisfy human needs and wants. There are three elements in the marketing process :

(A) MARKETERS

(B) WHAT IS BEING MARKETINGED

(C) TARGET MARKET

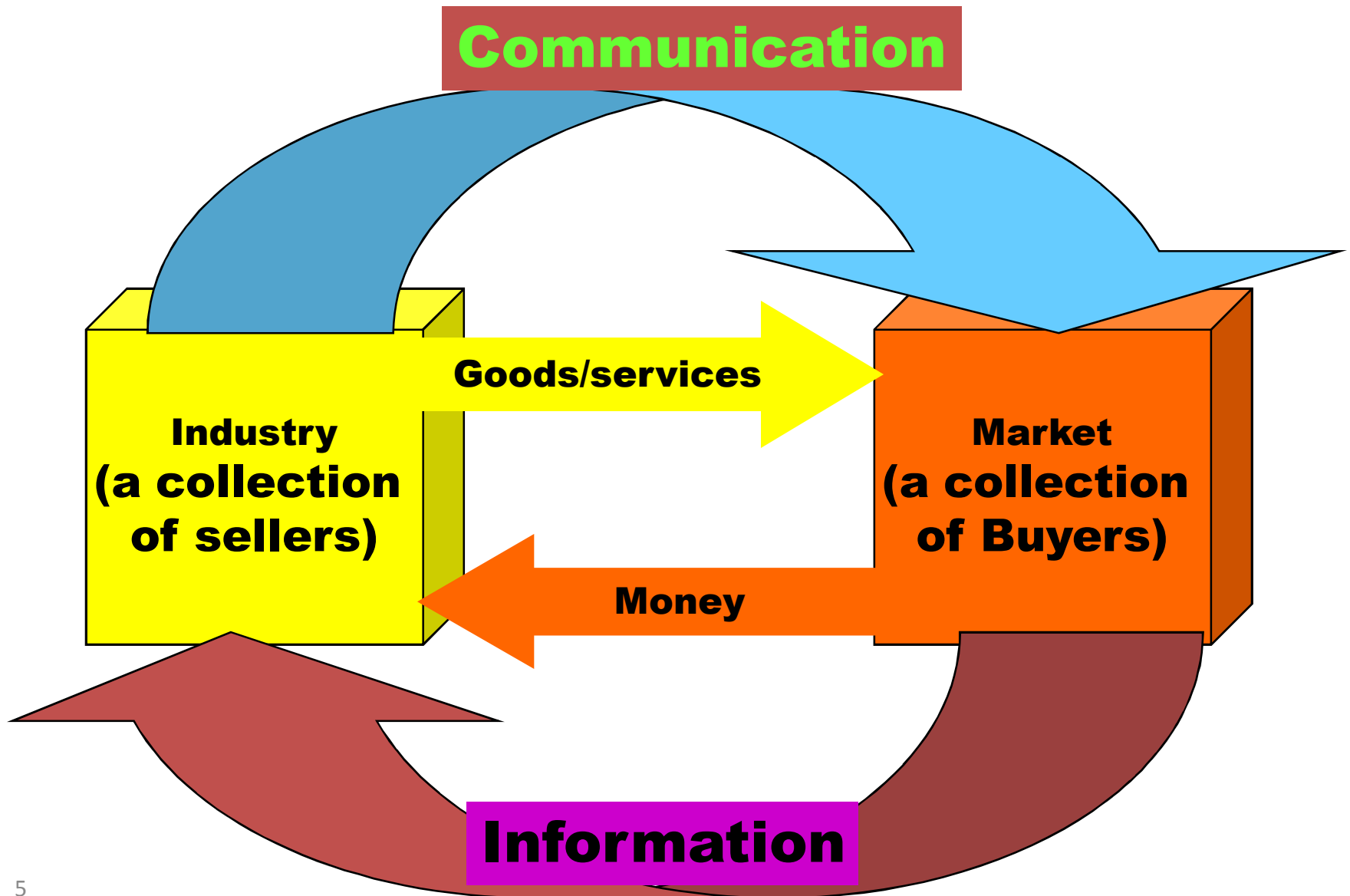
WHAT IS MARKETING ?

Marketing is a social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others

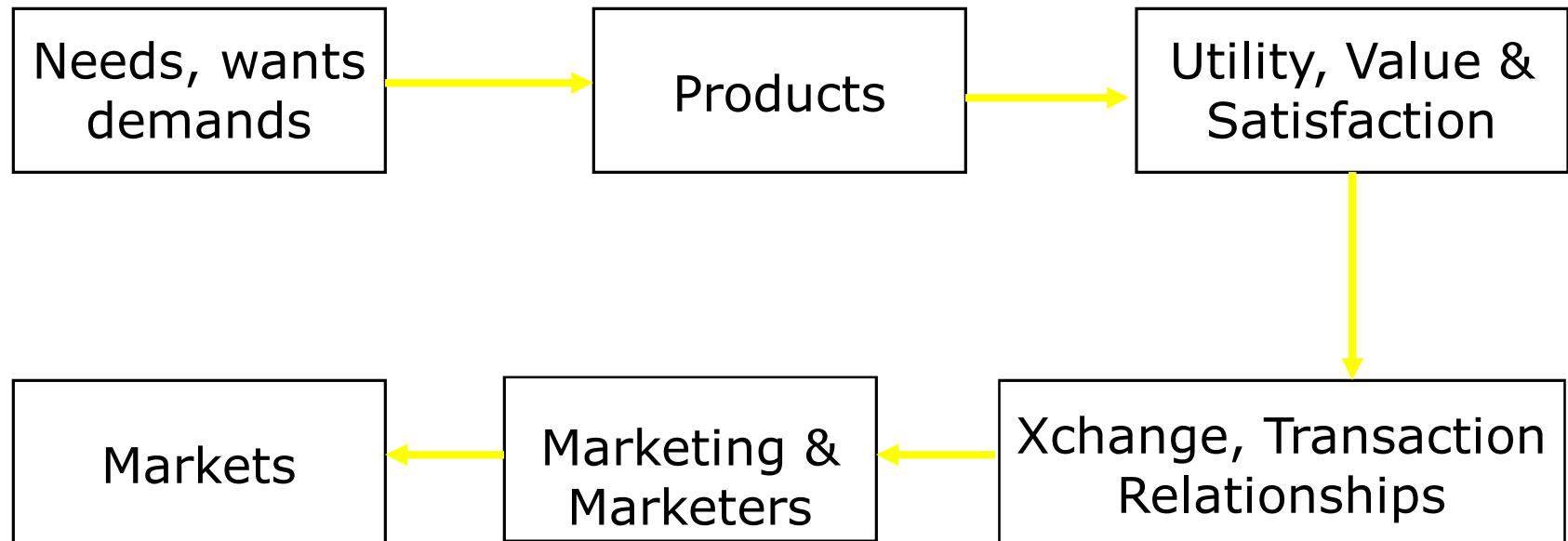
PHILIP KOTLER

This definition includes following core concepts
: NEEDS ,WANTS and DEMANDS --- PRODUCTS-
-----VALUE & SATISFACTION---EXCHANGE &
TRANSACTION---MARKETS & MARKETERS

Simple Marketing System



Core Concepts of Marketing



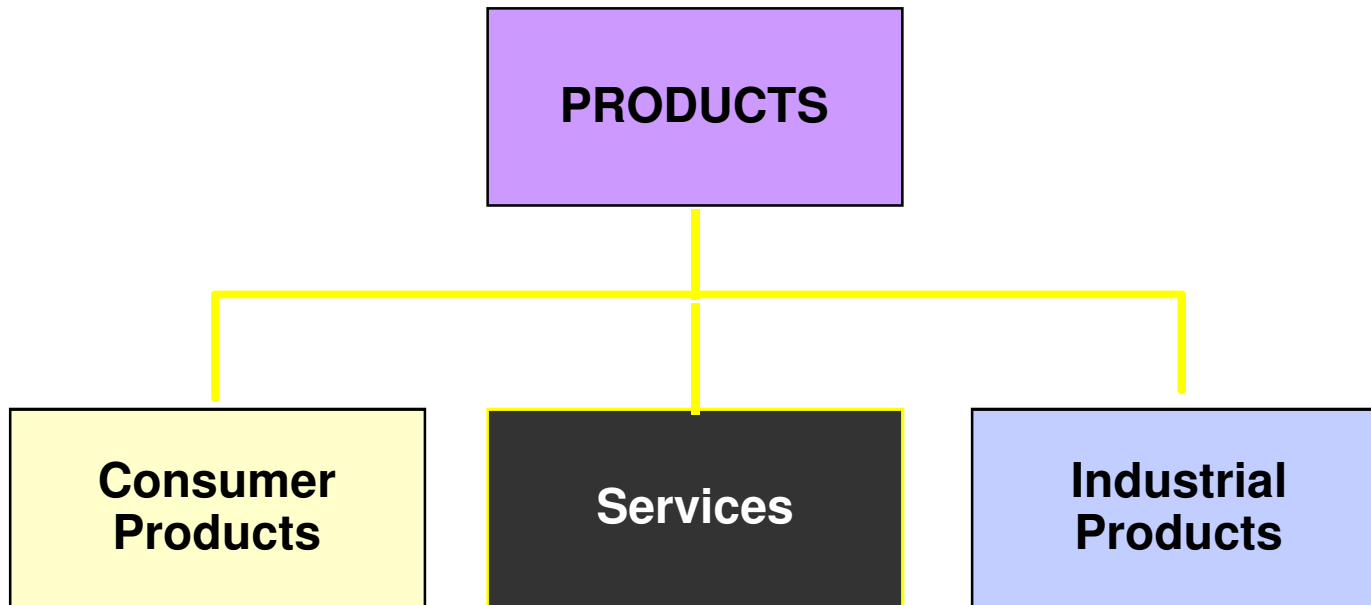
NEEDS,WANTS AND DEMANDS

- **NEED** : A state of felt deprivation of some basic satisfaction (Food, Clothing, Shelter, Belonging etc.)
- **WANTS** : Wants are desires for specific satisfiers of the deeper needs. Needs are few and wants are many .
- **DEMANDS** : are wants backed by -----
Ability to buy and Willingness to buy


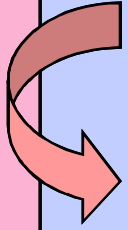
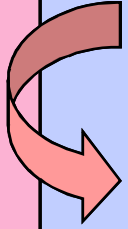
PRODUCTS / OFFERS / SATISFIERS / RESOURCES

- Anything that can be offered to someone to satisfy a need or want is a product .
- Product refers to physical object
- Services refer to intangible object

Types of Products



Product Items, Lines, and Mixes

Product Item	 <p>A specific version of a product that can be designated as a distinct offering among an organization's products.</p>
Product Line	 <p>A group of closely-related product items.</p>
Product Mix	 <p>All products that an organization sells.</p>

Product Mix

- Width – how many product lines a company has
- Length – how many products are there in a product line
- Depth – how many variants of each product exist within a product line
- Consistency – how closely related the product lines are in end use

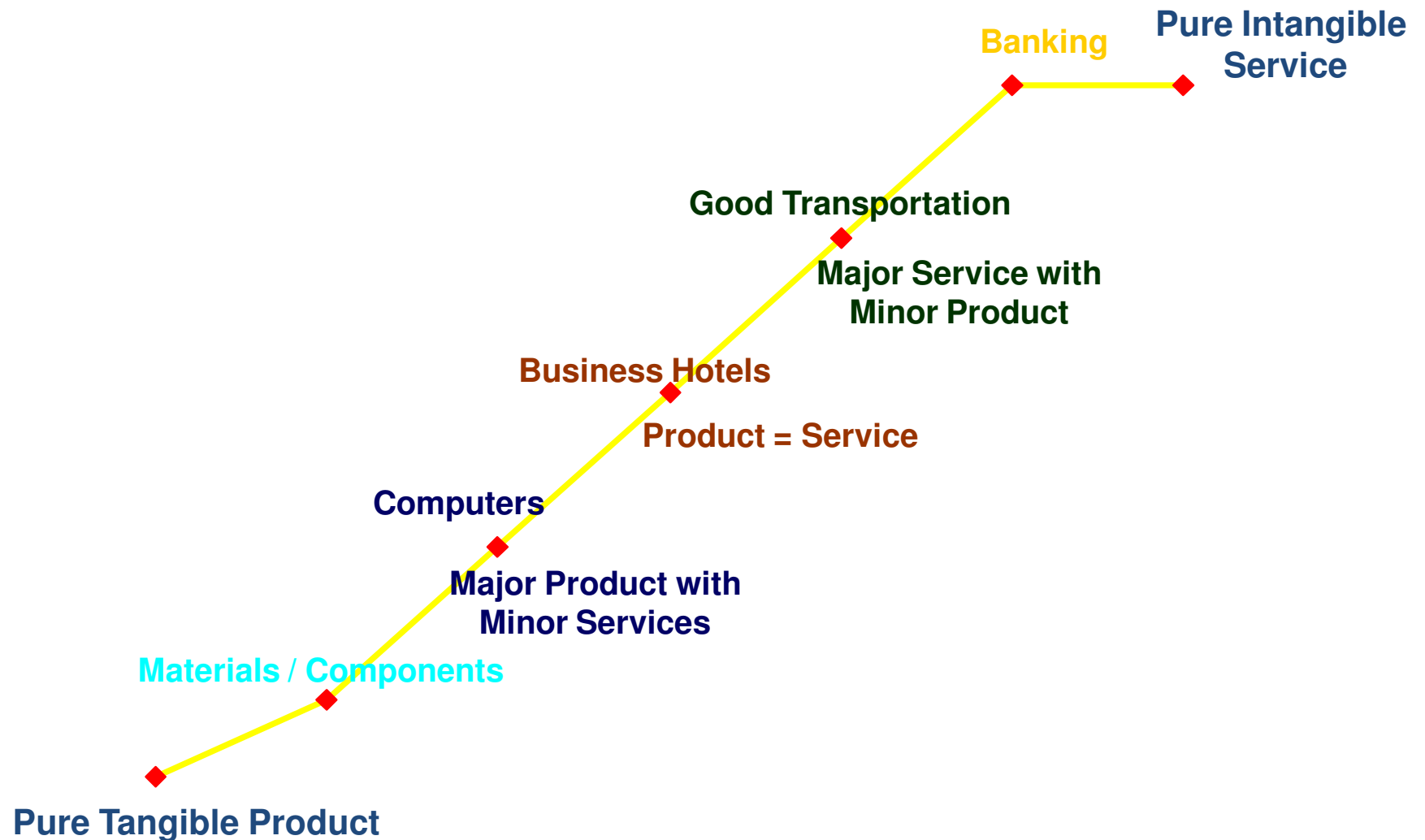
What is a Service? Defining the Essence

- An act or performance offered by one party to another (performances are intangible, but may involve use of physical products)
- An economic activity that does not result in ownership
- A process that creates benefits by facilitating a desired change in customers themselves, or their physical possessions, or intangible assets

Some Industries - Service Sector

- Banking, stock broking
- Lodging
- Restaurants, bars, catering
- Insurance
- News and entertainment
- Transportation (freight and passenger)
- Health care
- Education
- Wholesaling and retailing
- Laundries, dry-cleaning
- Repair and maintenance
- Professional (e.g., law, architecture, consulting)

Classification of Services



VALUE AND SATISFACTION

- Value is the customers' estimate of the Product's capacity to satisfy a set of goals
- Value is the ratio between what the customer gets and what he gives ($V=B/C$)
- Customer gets benefits & assume costs
 - WHEN :Customer Expectance=Performance (satisfied)
 - Customer Expectance>Performance (dis-satisfied)
 - Customer Expectance<Performance (Highly satisfied)

EXCHANGE AND TRANSACTION

- Exchange is the act of obtaining a desired product by offering something in return .
- Exchange takes place when 5 conditions are satisfied:
 - (a) Two parties should be there
 - (b) Each party must have something of value to the other
 - (c) Each party is capable of communication & delivery
 - (d) Each party is free to accept or reject the offer
 - (e) Each party believes that it is appropriate to deal with the other party

EXCHANGE AND TRANSACTION

- Exchange is a process rather than event. It is a value creating process because it normally leaves both parties better off.
- A transaction is a trade of values between two or more parties (A barter transaction or a monetary transaction).

WHAT IS MARKET ?

- A market consists of all the potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy that need or want.

WHAT IS MARKETING ?

- Marketing is the management process which identifies, anticipates, and supplies customer requirements efficiently and profitably.
- In other words, it is the process of understanding, creating, and delivering profitable value to targeted customers better than the competition.

WHAT IS MARKETING ?

- Its aim is to establish, maintain, enhance long term relationship with customers at a profit so that the objectives of the parties involved are met.
- In short marketing consists of attracting, developing, and retaining profitable customers.

BUSINESS IS MARKETING

- Marketing can not be considered as a separate function , it is the whole business, seen from the point of view of its final results.....that is profit, through customer satisfaction

PETER DRUCKER

WHAT IS MARKETING MANAGEMENT ?

- Marketing Management is the analysis, planning, implementation and control of programs designed to create, build and maintain beneficial exchanges and relationships with target markets for the purpose of achieving Organizational objectives.

WHAT IS MARKETING MANAGEMENT

- Marketing management is demand management or it involves the task of influencing the level, timing and composition of demand. At times the actual demand level may be below, equal to, or above the desired demand level and the major task of marketing management is to regulate the level of demand.

STATE OF DEMAND AND MARKETING TASK

- **State of demand**

- Negative Demand
- No Demand
- Latent Demand
- Falling Demand
- Irregular Demand
- Full Demand
- Overfull Demand

- **Marketing task**

- Conversional Mktg.
- Stimulational Mktg.
- Developmental Mktg.
- Remarketing
- Synchro-marketing
- Maintenance Mktg.
- Demarketing
- Counter-marketing

Marketing's task: satisfying consumer needs

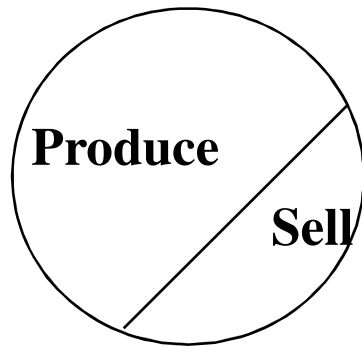


MARKETING CONCEPTS

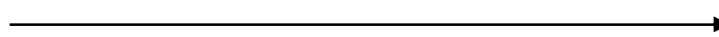
- **There are FIVE competing concepts under which organizations conduct their marketing activities:**
 - **The Production Concept**
 - **The Product Concept**
 - **The Selling Concept**
 - **The Marketing Concept**
 - **The Societal Marketing Concept**

(1) THE PRODUCTION CONCEPT

Company



Produce more & more



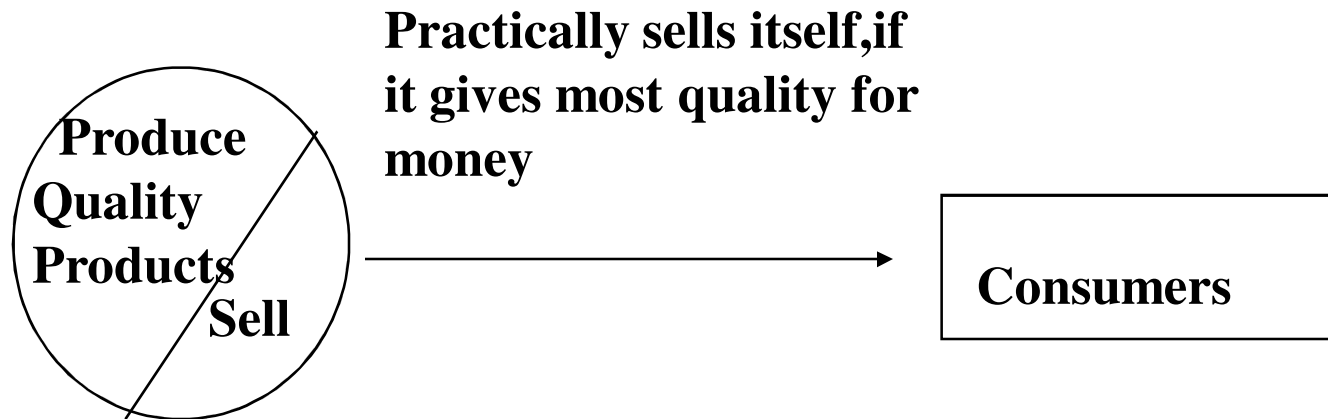
Consumers

Practically sells itself

THE PRODUCTION CONCEPT

- Consumers will favour those products that are widely available and low in cost.
- Therefore increase production efficiency and cut down costs and mass distribution.
- It is useful when (1) the demand for a product exceeds the supply; (2) the product's cost is too high.
- Examples: Standard Raw Materials and Components, CD, LCD.

(2) THE PRODUCT CONCEPT



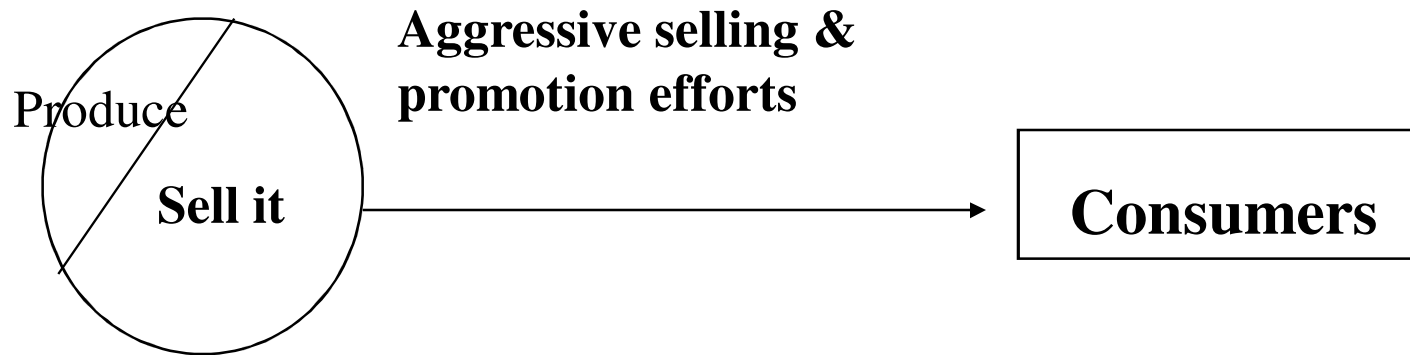
Buyers admire well-made products and can appraise product quality and performance.

THE PRODUCT CONCEPT

- Consumers will favour those products that offer the most quality, performance, or innovative features.
- Therefore, improve quality, performance and features.
- This would lead to increased sales and profits.
- Examples: Digital Camera, CPU.

(3) SELLING CONCEPT

- Consumers have normal tendency to resist.



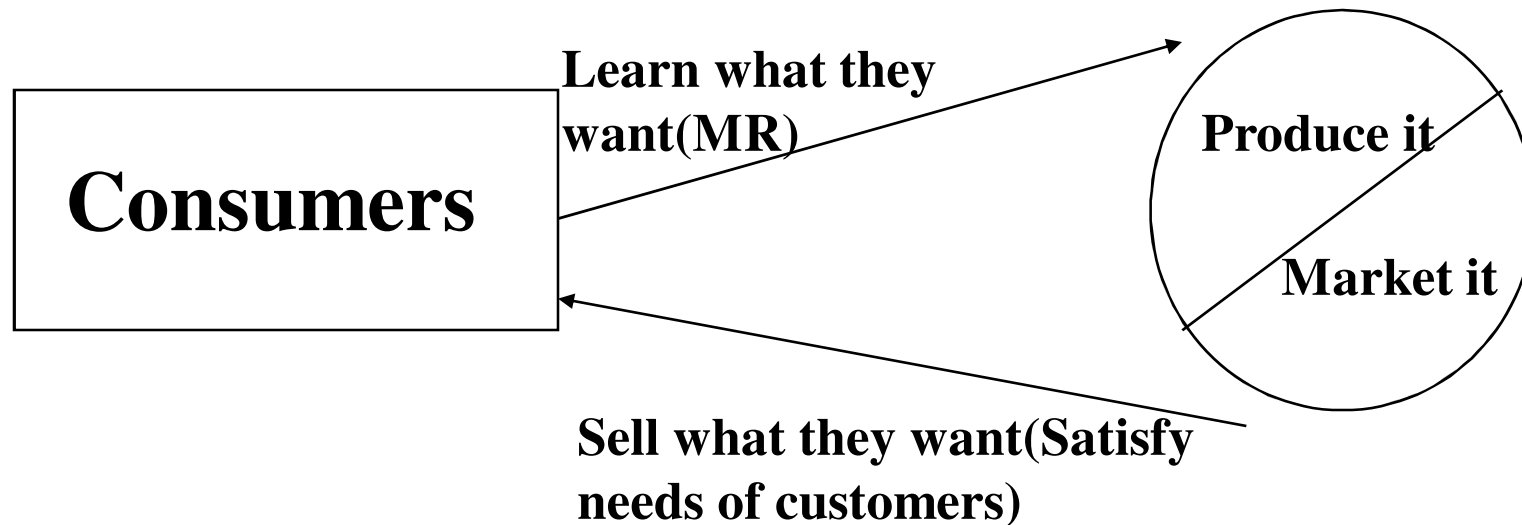
Making sales becomes primary function and consumer satisfaction secondary .

THE SELLING CONCEPT

- Consumers , if left alone , will not buy enough of company's products.
- Therefore, promote sales aggressively.
- Build profit through quick turnover.
- Examples: unsought goods: encyclopedias

(4) MARKETING CONCEPT

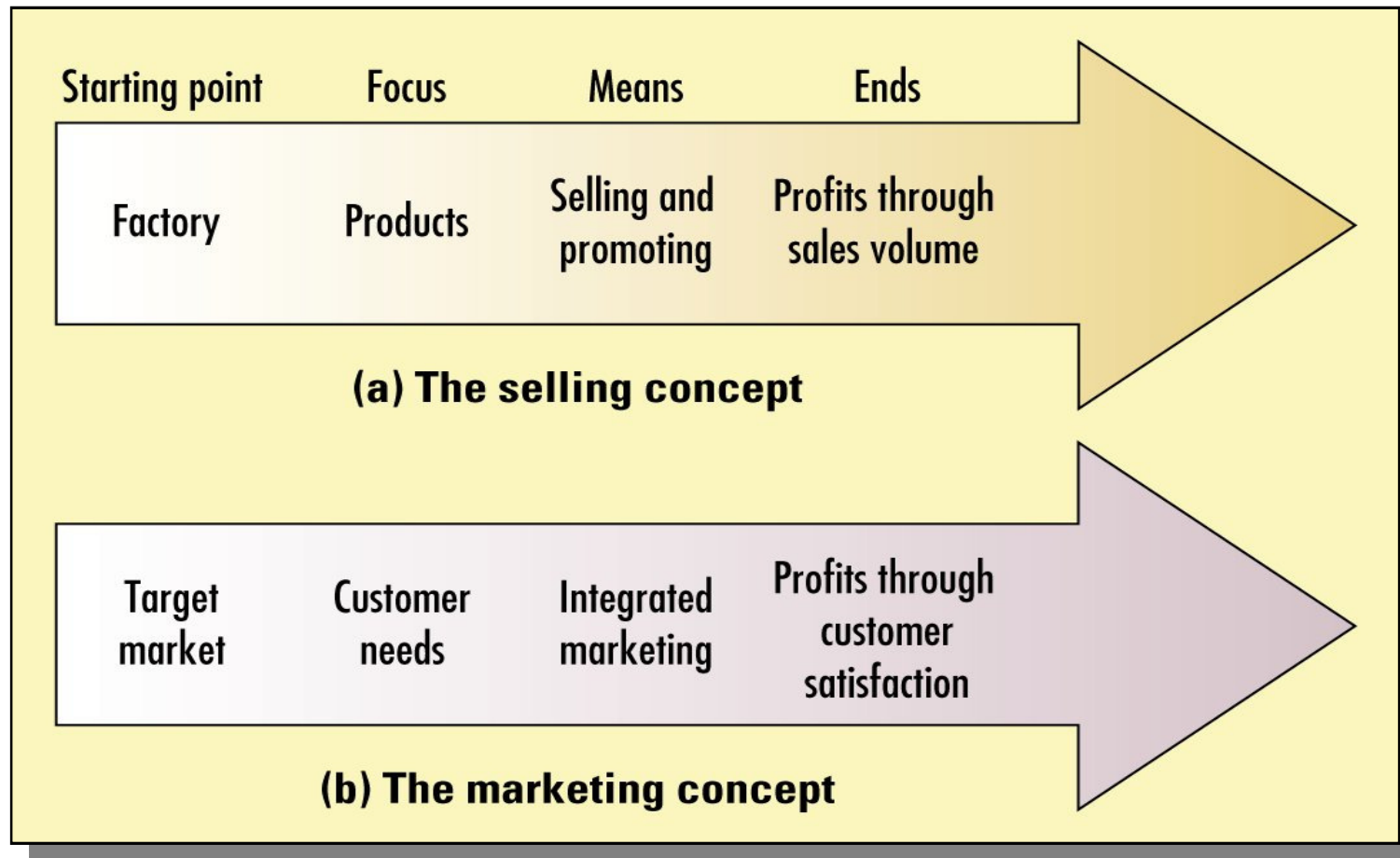
- **“ LOVE THE CUSTOMER , NOT THE PRODUCT ”**



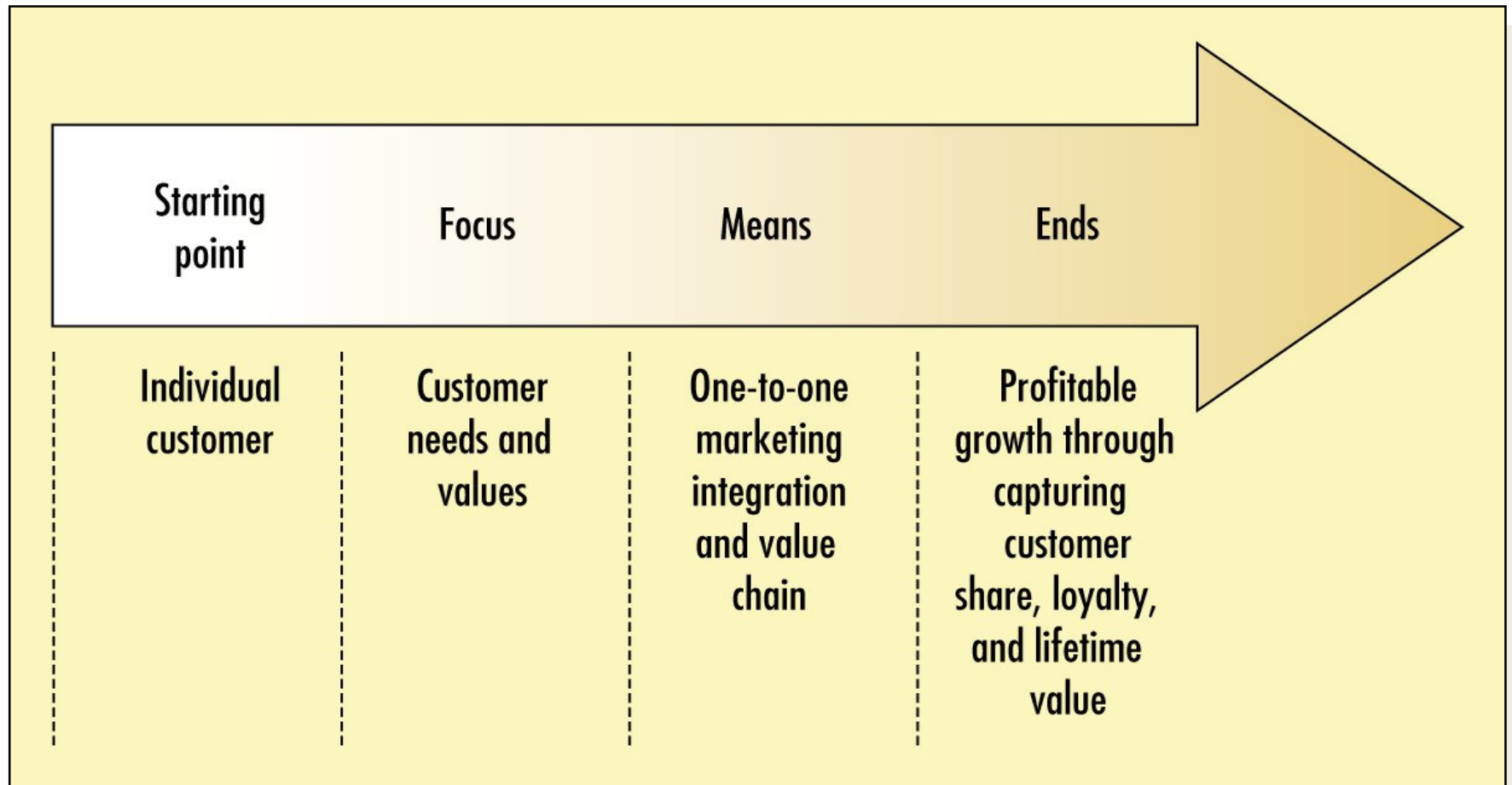
THE MARKETING CONCEPT

- The key to achieving organizational goals consist in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors.
- And build profit through customer satisfaction and loyalty.
- Four pillars: target market, customer needs, integrated marketing and profitability

Contrasts Between the Sales Concept and the Marketing Concept



The Customer Concept



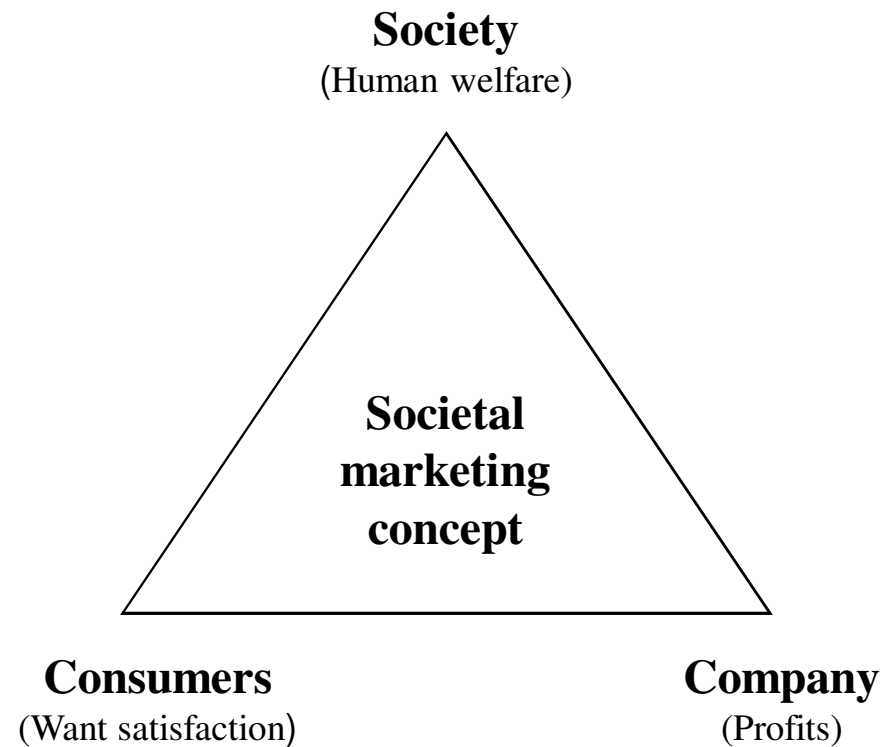
(5) THE SOCIETAL MARKETING CONCEPT

- It is Marketing Concept (+) Society's well being.
- Balancing of following three considerations while setting marketing policies :
 - Customer's want satisfaction
 - Company's profits
 - Society's well being

THE SOCIETAL MARKETING CONCEPT

- The societal marketing concept holds that the organization's task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's well being.
- - It addresses conflicts between consumer's and firm's short run wants and long term welfare.
- Examples: Body Shop; HSBC; Johnson & Johnson's

Three Considerations Underlying The Societal Marketing



STRATEGIC CONCEPT OF MARKETING

- Shifted the focus of Marketing from Product or customer to the CUSTOMER IN THE CONTEXT OF THE BROADER EXTERNAL ENVIRONMENT
- To succeed, marketers must know the customer in a context including the competition, Govt. Policy & regulation and the broader economic, social and political macro forces that shape the evolution of market.

STRATEGIC CONCEPT OF MARKETING

- Shifted the Marketing Objectives from PROFIT TO STAKEHOLDER BENEFITS.
- Stakeholders are individuals or groups who have an interest in the activity of a company . They include-----
The employees and management, Customers, Society, Shareholders, Financiers/ Bankers, Government etc.

MARKETING SYSTEM

- A dynamic marketing system must be willing to undertake the following specific activities :

1. Define market area

2. Research consumer wants and needs.

3. Develop and redevelop product / service.

4. Select, train, motivate and control human resources.

5. Develop sales approach and advertising support.

GOALS OF THE MARKETING SYSTEM

- (1) Maximize Consumption
- (2) Maximize Consumer Satisfaction
- (3) Maximize Choice
- (4) Maximize Life Quality

Importance of Marketing

- Marketing is playing a more and more important role in the success of a business. It can be said that “no marketing means no business”.

To the Marketers

- **1. Financial Success:** Nothing succeeds like success and financial success often depends on marketing ability. Finance, operations, accounting, and other business functions will not really matter if there is not sufficient demand for products and services. Marketing is a profit centre, other functions are cost centres.
- **2. Marketing is often the Route to the Top:** Most companies have now created a position of Chief Marketing Officer, similar to Chief Finance Officer or Chief Strategy Officer. Most of the top positions in the company are being fulfilled by people from marketing. There is no management discussion in the annual reports without describing their latest marketing achievements, and the strategies and tactics adopted.

- **3. Helps Boost Product Sales:** Marketing is a core business discipline. Apart from spreading awareness about the products, marketing actually helps boost sales and the revenue growth. Marketing creates desire among the general public to buy the product through effective strategic marketing plans including integrated marketing communication. The more people hear and see the products, more they would be interested to buy.
- **4. Builds Company Reputation:** Marketers aim at creating brand equity through brand 'name, images, logo, or caption ('Iodex maliye kam par chaliye') that the customers listen and watch in the advertisements. McDonalds is immediately recognized by its arch design. With an established name it is easier for marketers to expand and to grow.

- **5. Marketing is the biggest component of a product offering:**
Normally 40-60% of the price charged from a customer comprises of marketing-related costs, like advertising, market research, development, etc. The greatest challenge before the marketer is how to bring it down without sacrificing marketing objectives.
- **6. To Cope up with the Changing Marketing Environment:**
Globalization, the internet, and information transparency have led to an increasingly mobile workforce, ever more fussy customers, and rapidly changing technologies and business models. Thus, companies are less able to predict - let alone control - the short-term shape of their own markets. Consequently, more and more organizations are choosing to adopt a marketing-led philosophy to enable them to win market share and capture and retain the hearts and minds of current and prospective customers.

To the Consumers

- **1. They can buy goods globally:** Marketers through computer and information technology are able to satisfy more customers across the globe than ever before. Marketers do recognize the role of websites and the blogs, online communities, SMS, e-mail etc which facilitate marketing exchanges. Today if someone has to buy a fridge, he can visit the sites for new and old fridges, compare them and can find the best value.
- **2. Promotes Product Awareness:** Getting the product recognized by the market is the primary objective of marketing, by which customers take advantage of them. Customers never thought of mobile phones, personal computers or laptops. Awareness of them was spread by marketers only. Thus, marketing helps to improve the quality of life.

- **3. Creating Utilities:** Marketing creates form utility (from timber into desired furniture), place utility (moving product closer to customer), time utility (product being made available when it is needed), information utility (informing of availability of a particular product at a particular place and at a particular price), and possession utility (through transfer of ownership).

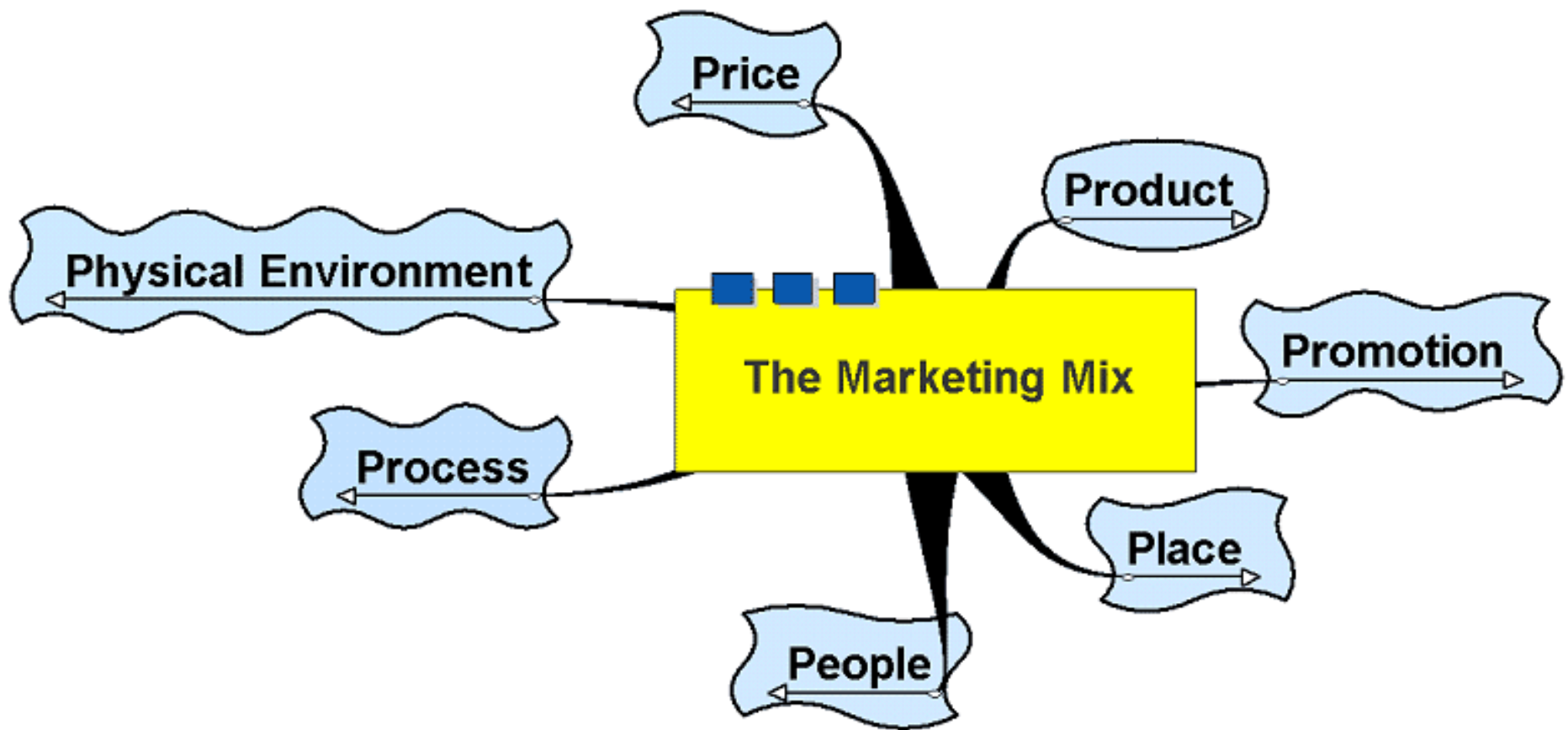
To the Society

- **1. Protection against Evil Effects of Depression:** It is through marketing that the spending is continued and the depression is kept at bay.
- **2. Employment:** Marketing offers many exciting, interesting, and challenging careers, like personal selling, advertising, transportation, packaging, marketing research, product development and design, cash and carry stores, retailing, lobbying, event management, etc. Apart from such commercial activities, many non-governmental organizations engaged in cause marketing, advocacy marketing, social marketing etc. also provide great opportunities.
- **3. Availability of Various Products:** Society would have no choice in the absence of marketing. Today, there are hundreds of new products and tens of variants of every product are available only because of marketing.

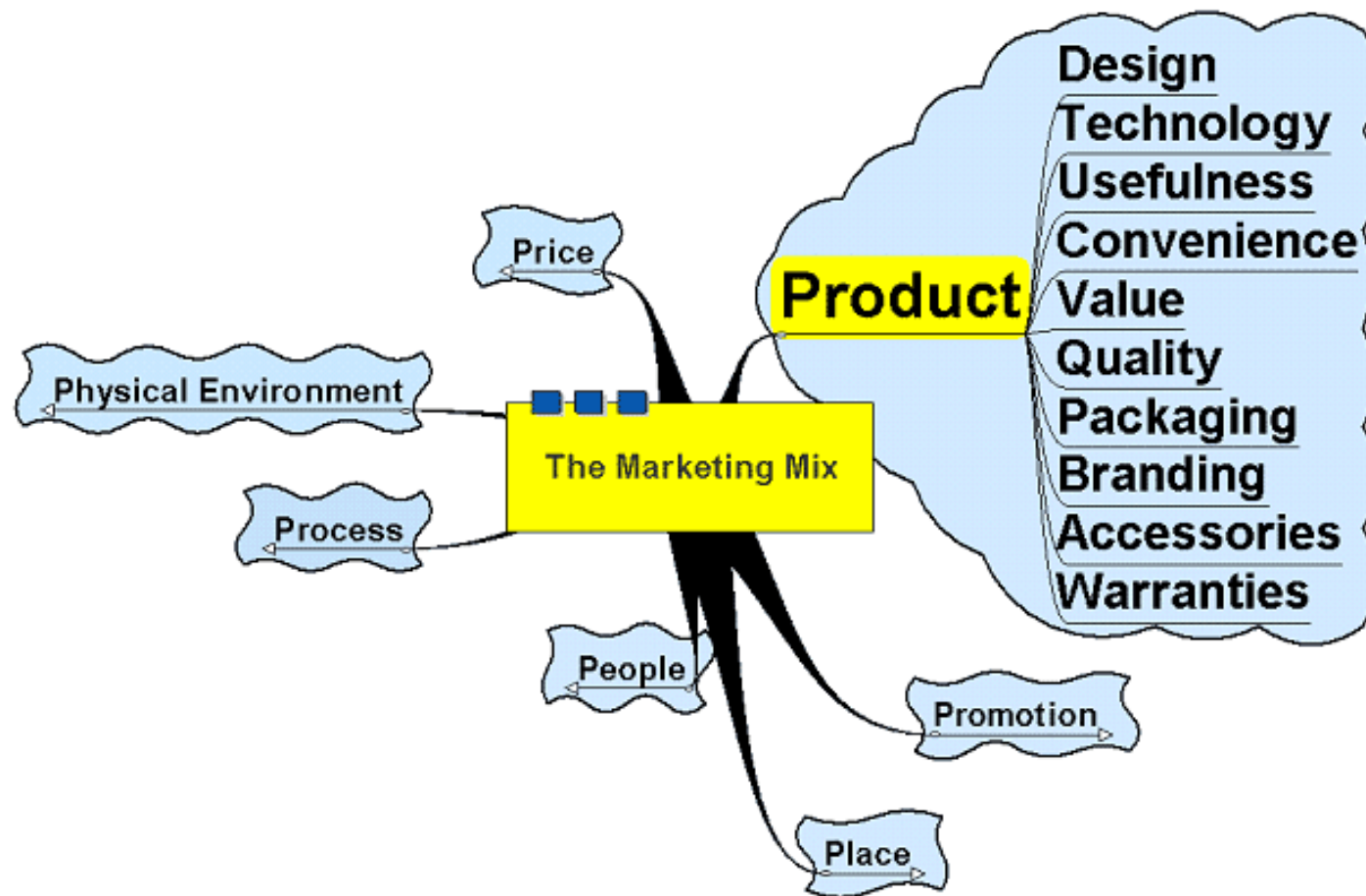
The Marketing Mix

- The tools available to a business to gain the reaction it is seeking from its target market in relation to its marketing objectives
- 7Ps – Price, Product, Promotion, Place, People, Process, Physical Environment
- Traditional 4Ps extended to cope with today's changing environment

The Marketing Mix

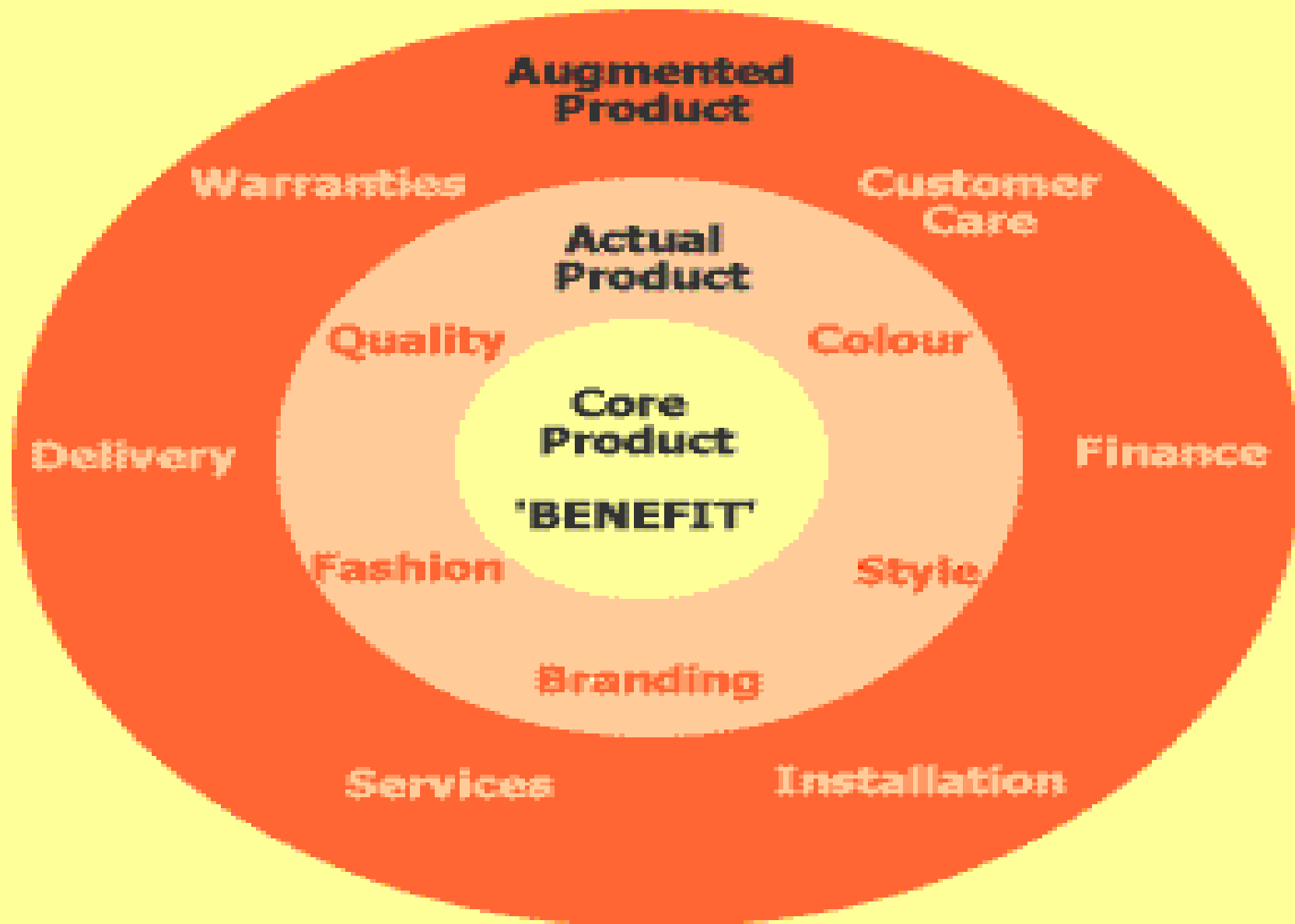


Product



Product

- The firm must come up with a product or service that people will want to buy.
- It must fulfil some need or want.
- It must be (or at least seem) unique.



The Three Levels of a Product
www.marketingteacher.com

Product or service or brand	Core Product	Actual Product	Augmented Product
BMW	Freedom to travel	A motor car	
Sheraton		Rooms	Room service
Egypt Air	Flight	An airline journey	
Zamalek Football Club	Excitement and leisure		T-shirts – photos with players
ALICO		Insurance policy	Finance
UNIONAIR	Cooling		Warranty

Price



Price



- The price must be one that the customer thinks is good value for money.
- This is not the same as being cheap!
- Prices have a great psychological effect on customers.

Pricing Strategy

- International
 - Comparative
 - Cost plus



Promotion



Promotion



- Strategies to make the consumer aware of the existence of a product or service
- NOT just advertising

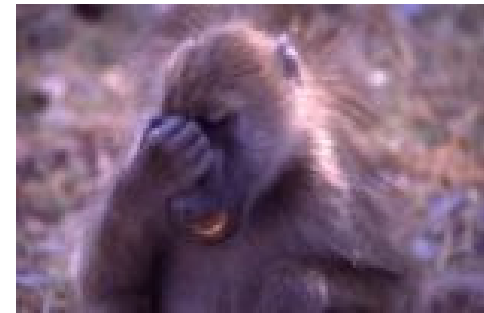


The promotional message should

Grab **A**ttention



Stimulate **I**nterest



Create **D**esire



Promote **A**ction



Place



Place

- The means by which products and services get from producer to consumer and where they can be accessed by the consumer
 - The more places to buy the product and the easier it is made to buy it, the better for the business (and the consumer?)




Examples of Customer Marketing Channels

People



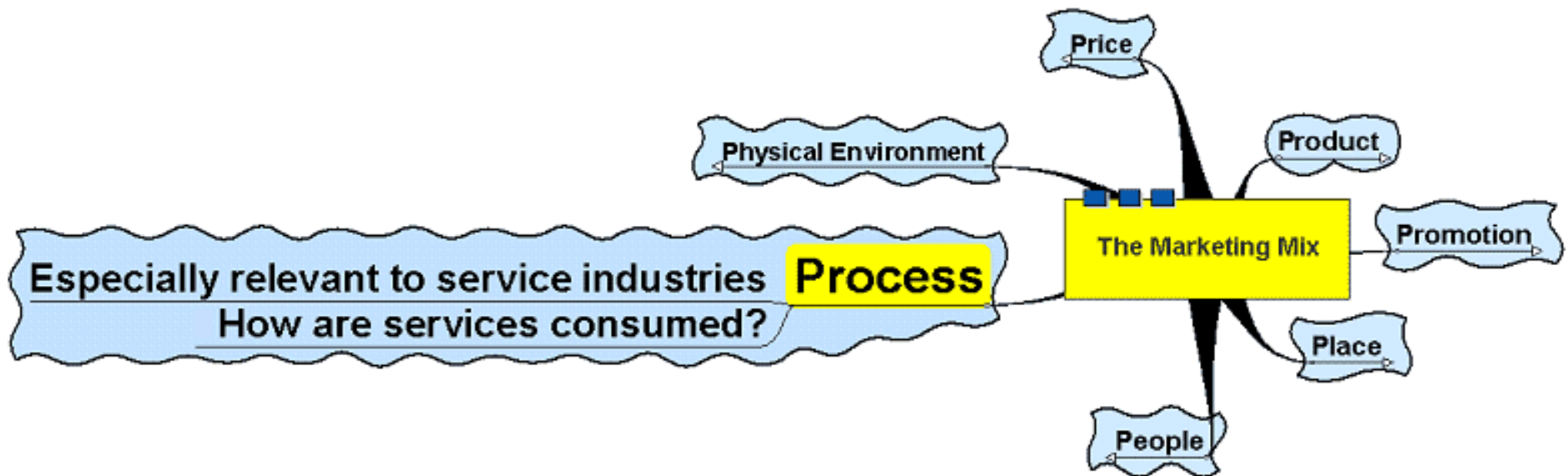
People

- People represent the business
 - The image they present can be important
 - First contact often human – what is the lasting image they provide to the customer?
 - Extent of training and knowledge of the product/service concerned
 - Do staff represent the desired culture of the business?



As your
Customers'
needs change
your Company
needs to change
to meet them

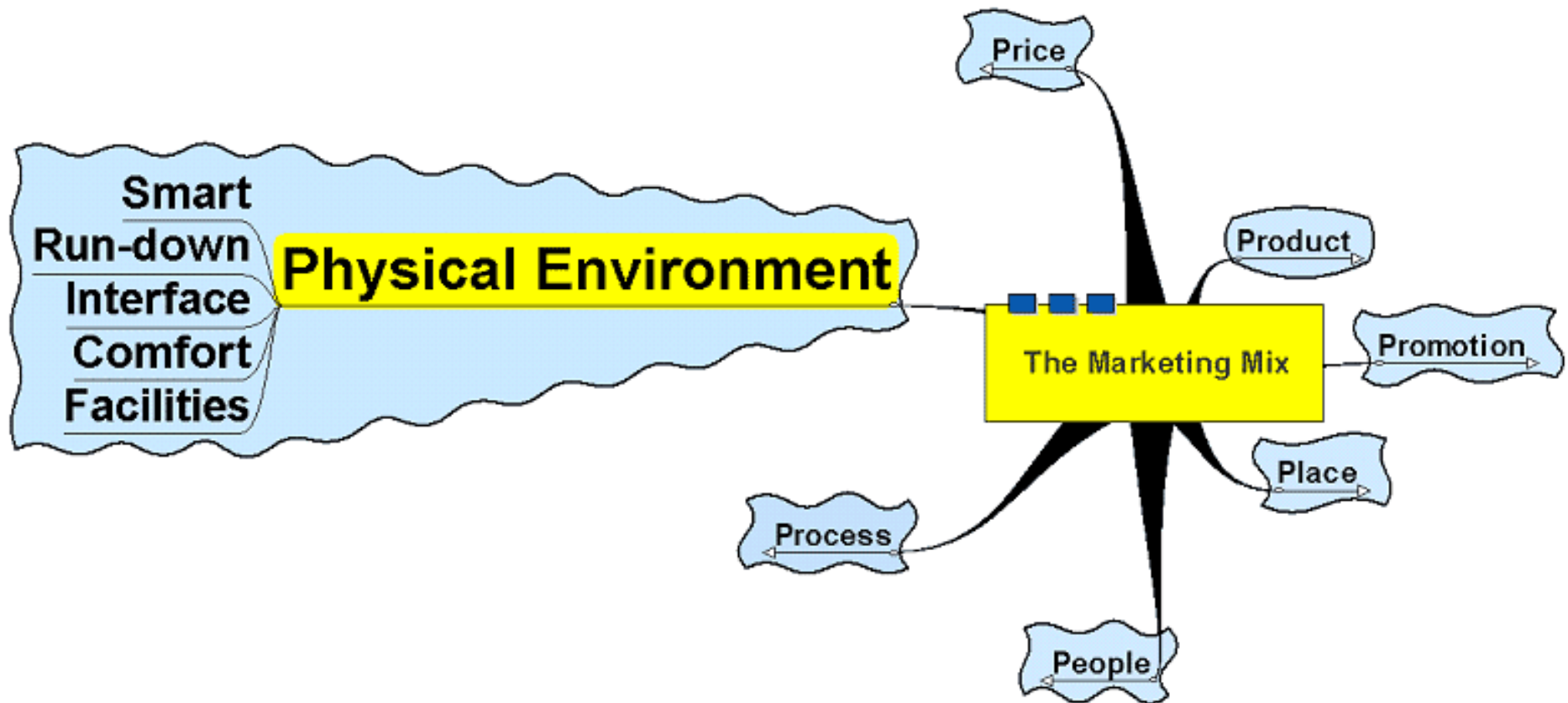
Process



Process

- How do people consume services?
- What processes do they have to go through to acquire the services?
- Where do they find the availability of the service?
 - Contact
 - Reminders
 - Registration
 - Subscription
 - Form filling
 - Degree of technology

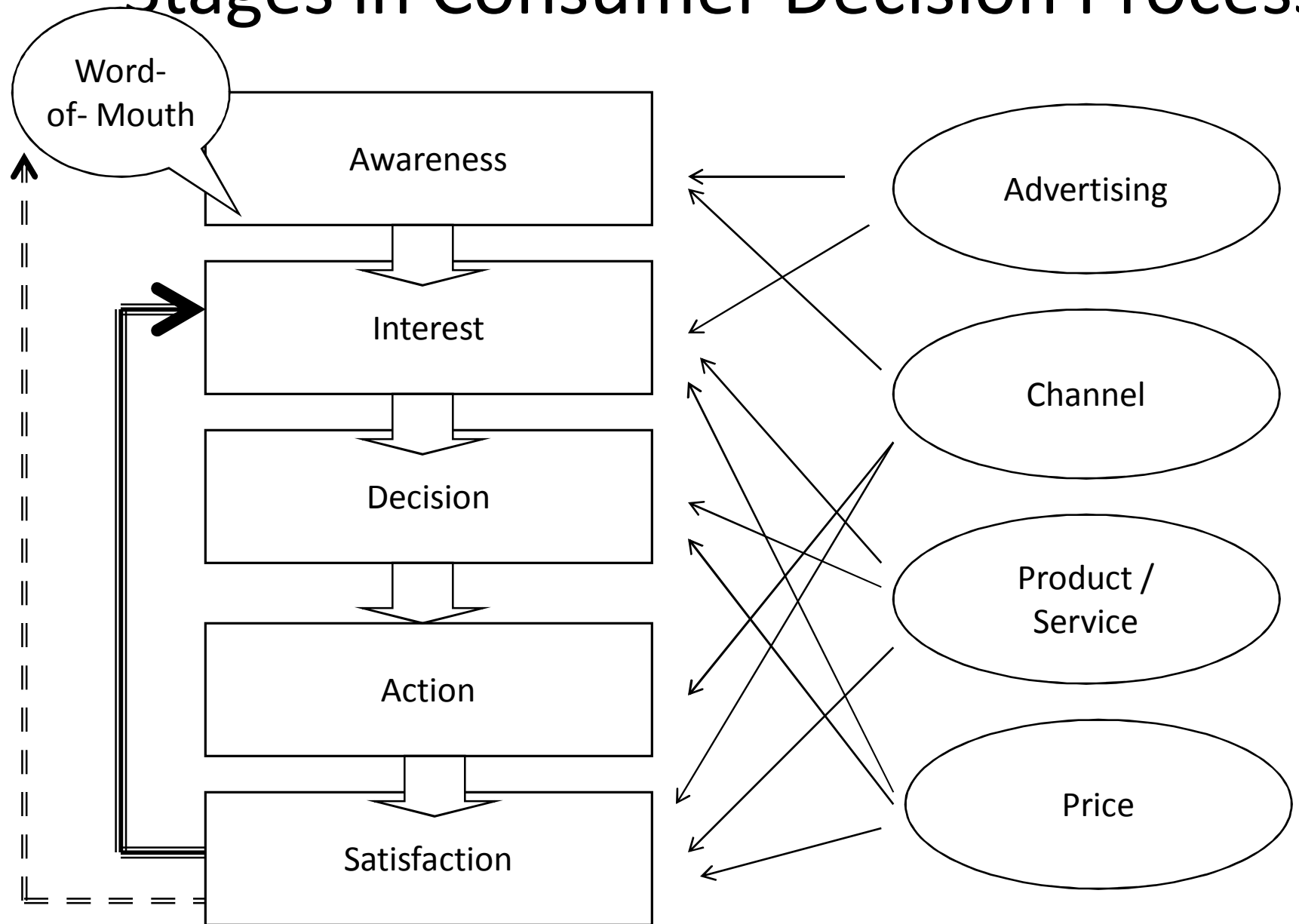
Physical Environment



Physical Environment

- The ambience, mood or physical presentation of the environment
- Packaging.
- Internet/web pages.
- Paperwork (such as invoices, tickets,.....).
- Brochures.
- Furnishings.
- Uniforms.
- Business cards.
- The building itself (such as prestigious offices or scenic headquarters).
- Mailboxes and many others

Stages in Consumer Decision Process





Marketing Information Management

- Gathering and using information about customers to improve business decision making
- Managing marketing information helps you understand your customers' needs. You can gather information by reviewing published market research reports, asking your sales team for feedback or carrying out a survey using a market research firm. You should also monitor product review sites and social media, such as Facebook and Twitter, where you can find information on consumers' needs and attitudes toward products

Distribution

- Determining the best way to get a company's p/s to customers
- Your distribution strategy determines how and where customers can obtain your products. If you market products to a small number of business customers, you may deal with them directly through a sales team. If your business expands to other regions or countries, it may be more cost effective to deal with customers through local distributors. Companies marketing consumer products distribute them through retail outlets or, increasingly, via the Internet.

Product/Service Management

- Designing, developing, maintaining, improving, and acquiring p/s so they meet customer needs
- Marketing provides valuable input to product and service development. Information on customers' needs helps to identify the features to incorporate in new products and product upgrades. Marketing also identifies opportunities to extend a product range or launch existing products into new sectors.

Pricing

- The process of establishing and communicating the value or cost of goods and services to customers
- Pricing plays an important role in determining market success and profitability. If you market products that have many competitors, you may face strong price competition. In that situation, you must aim to be the lowest-cost supplier so you can set low prices and still remain profitable. You can overcome low price competition by differentiating your product and offering customers benefits and value that competitors cannot match.

Promotion

- Using advertising and other forms of communicating info about products, services, images, and ideas to achieve a desired outcome
- Promotion makes customers and prospects aware of your products and your company. Using promotional techniques, such as advertising, direct marketing, telemarketing or public relations, you can communicate product benefits and build preference for your company's products.

Selling

- Includes direct and personal communication with customers to assess and satisfy their needs
- Must also anticipate their future needs
- Marketing and selling are complementary functions. Marketing creates awareness and builds preference for a product, helping company sales representatives or retail sales staff sell more of a product. Marketing also supports sales by generating leads for the sales team to follow up.

Financing


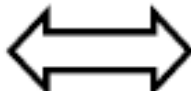

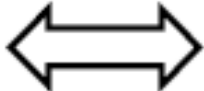
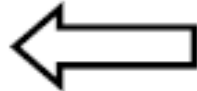
- Requires a company not only to budget for its own marketing activities
- Also provides customers with assistance in paying for the company's p/s
- Successful marketing provides a regular flow of revenue to pay for business operations. Marketing programs that strengthen customer loyalty help to secure long-term revenue, while product development programs open new revenue streams. Financing also plays a role in marketing success by offering customers alternative methods of payment, such as loans, extended credit terms or leasing

Marketing as a managerial activity

- Marketing as a managerial activity involves analyzing the market opportunities, planning the marketing activities ,implementing marketing plans and setting control mechanism, in such a way that organizational objectives are accomplished at the minimum cost. In other words, marketing is:
 1. Understanding consumer needs.
 2. Environmental scanning and market opportunity analysis.
 3. Developmental of competitive marketing plan and strategy such that an organization is able to satisfy not only the consumer needs but also achieve its objectives.
 4. Implementation of marketing plan and development of tactical plans to overcome problems at the market place ; and
 5. Development of control mechanisms.

Marketing and Finance

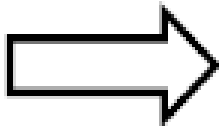
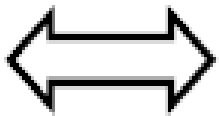
Links in interrelations between Marketing and Finance

Marketing Activities	Type of relation	Finance Activities
Market evolution forecast; Sales evolution forecast.		Capital requirements & Financing needs Cash Flow Analysis
Marketing Planning and establishing marketing activities (marketing mix)		Capital requirements & Financing needs
Controlling and monitoring marketing activities; Product management decisions		Define financial profit
Decisions about pricing policies (marketing mix)		Establishing credit policies for different categories of clients
Integrated marketing communication activities (marketing mix)		Reporting financial results

Marketing and Production

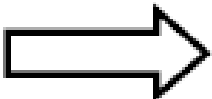

TABLE 1

Links and interrelations between Marketing and Production

Marketing Activities	Type of relation	Production Activities
Market evolution forecast (market research) Sales evolution forecast (market research)		Efficiency of production activities; Production capacity planning.
Developing new products, Product portfolio management		Production capacity planning, Production capabilities identification

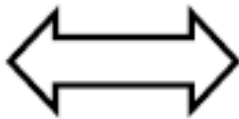
Marketing and Procurement

Links and interrelations between Marketing and Procurement

Marketing Activities	Type of relation	Procurement Activities
Market research regarding the degree of acceptance of new materials		Procurement of new materials and equipments
Marketing research regarding the identification of new suppliers of raw materials		Identifying new suppliers of raw materials

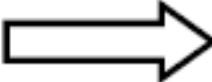
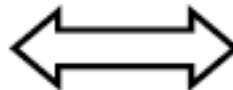
Marketing and R&D

Links and interrelations between Marketing and Research & Development

Marketing Activities	Type of relation	Research & Development Activities
Market research regarding market acceptance of new products, identify unmet or latent needs		Developing new products

Marketing and HR

Links and interrelations between Marketing and Personnel

Marketing Function Activities	Type of relation	Personnel Activities
Market Research		Research and internal evaluation of personnel
Develop and implement marketing plans and activities		Developing job description, recruitment, employee assessment, training programs

Marketing Research

- **Marketing research** is defined as: The systematic and objective process of generating information for aid in making marketing decisions.
- This process includes:
 - specifying what information is required;
 - designing the method for collecting information;
 - managing and implementing the collection of data;
 - analyzing the results; and
 - communicating the findings and their implications.

Roles of Marketing Research

Descriptive

◆ Gathering and presenting factual statements

Diagnostic

◆ Explaining data

Predictive

◆ Attempting to estimate the results of a planned marketing decision

The Marketing Research Process

- Define the Problem
- Develop an Approach to the Problem
 - Type of Study? Exploratory, Descriptive, Causal?
 - Mgmt & Research Questions, Hypotheses
- Formulate a Research Design
 - Methodology
 - Questionnaire Design
- Fieldwork
- Prepare & Analyze the Data
- Prepare & Present the Report

The Nature of Marketing Research

Marketing research is one of the principal tools for answering questions because it:

- Links the consumer, customer, and public to the market through information used to identify and define marketing
- Generates, refines, and evaluates marketing actions
- Monitors marketing performance
- Underlines the understanding of marketing as a process



Product Research

Product means the goods and services which are sold to the consumers. It includes consumer products and industrial products. Product research studies the individual product. It studies the making and marketing of the product. It studies the colour, size, shape, quality, packaging, brand name and price of the product. It also deals with product modification, product innovation, product life cycle, etc. The product is modified (changed) as per the needs and wants of the consumers. Therefore, the product will not fail in the market.

Consumer Research

Consumer is the person who purchases the goods and services. The consumer is the king in the market. Consumer research studies consumer behaviour. It studies the consumers needs, wants, likes, dislikes, attitude, age, sex, income, location; buying motives, etc. This data is used to take decisions about the product, its price, place and promotion.

Packaging Research

Packaging research is a part of product research. It studies the package of the product. It improves the quality of the package. It makes the package more attractive. It makes the package more convenient for the consumers. It reduces the cost of packaging. It selects a suitable method for packaging. It also selects suitable packaging material.

Pricing Research

Pricing Research studies the pricing of the product. It selects a suitable method of pricing. It fixes the price for the product. It compares the companies price with the competitor's price. It also fixes the discount and commission which are given to middlemen. It studies the market price trends. It also studies the future price trends.

Advertising Research

Advertising research studies the advertising of the product. It fixes the advertising objectives. It also fixes the advertising budget. It decides about the advertising message, layout, copy, slogan, headline, etc. It selects a suitable media for advertising. It also evaluates the effectiveness of advertising and other sales promotion techniques.

Sales Research

Sales research studies the selling activities of the company. It studies the sales outlets, sales territories, sales forecasting, sales trends, sales methods, effectiveness of the sales force, etc.

Distribution Research

Distribution research studies the channels of distribution. It selects a suitable channel for the product. It fixes the channel objectives. It identifies the channel functions like storage, grading, etc. It evaluates the competitor's channel

Policy Research

Policy research studies the company's policies. It evaluates the effectiveness of the marketing policies, sales policies, distribution policies, pricing policies, inventory policies, etc. Necessary changes, if any, are made in these policies

International Marketing Research

International marketing research studies the foreign market. It collects data about consumers from foreign countries. It collects data about the economic and political situation of different countries. It also collects data about the foreign competitors. This data is very useful for the exporters

Motivation Research

Motivation research studies consumers' buying motives. It studies those factors that motivate consumers to buy a product. It mainly finds out, Why the consumers buy the product? It also finds out the causes of consumer behaviour in the market.

Market Research

Market research studies the markets, market competition, market trends, etc. It also does sales forecasting. It estimates the demand for new products. It fixes the sales territories and sales quotas.

Media Research

Media research studies various advertising media. The different advertising media are television (TV), radio, newspapers, magazines, the internet, etc. Media research studies the merits and demerits of each media. It selects a suitable media for advertising. It does media planning. It also studies media cost. It helps in sales promotion and to avoid wastage in advertising.