

Marketing Management

Introduction:

Marketing is the **process of transferring goods and services from manufacturer to consumer**. Marketing involves satisfying the needs and wants of the consumer.

Marketing involves determining and satisfying the needs and wants of customers. The products procured by the company are sold to the customers for money or money's worth and this process is termed as marketing by many peoples. Marketing is not just purchasing or selling of products. Apart from purchasing and selling, there are some more activities which are involved in marketing.

Market is a place where buyers and sellers come together for buying or selling goods and services.

Marketing Management is the management of marketing activities like planning, organizing, directing, staffing and controlling the activities which result in **exchange of goods and services**. It is art and science of **choosing target markets and getting keeping growing customers through creating delivering and communicating superior customer value**.

Marketer: A person or companies that advertise or promote something for selling.

Marketplace: is physical, such as store.

Market space: is digital, shop on internet.

Meta market: cluster of complementary products and services spread across different industries.

For example: Automobile Meta market, Automobile manufacturers, Finance Companies, Insurance companies, spare parts etc.

Product: anything that satisfy customer need & wants.

Exchange: act of giving one thing and receiving other thing of same value.

Value: sum of tangible and intangible benefits.

Satisfaction: difference between values received and cost.



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Definitions of Marketing Management:

“The Marketing concept is a customer orientation backed by integrated marketing aimed at generating customer satisfaction as the key to satisfying organizational goals”.
– Philip Kotler.

“Marketing is the performance of business activities that direct the flow of goods and services from producer to consumer”-**American Marketing Association.**

The following are the features of marketing concept

- i. **Focus on customer needs** – The needs of the consumer are studied and these become the basis of all product related activities **such as designing, pricing, distribution, packaging etc.**
- ii. **Providing consumer satisfaction** – Every organization aims at providing maximum consumer satisfaction by **understanding his needs and designing an appropriate product.** The success of an organization is directly related to the consumer satisfaction it provides.
- iii. **Integrated Marketing Management** – Marketing management is only a part of the total managerial functions of an organization such as finance management, production management, human resources management etc. All these functions are integrated in order to provide maximum satisfaction to the consumer. Thus **all the functional areas of an organization are integrated.**
- iv. **Achieving organizational goals** – Modern marketing states that an organization must aim at maximizing consumer satisfaction and in the process enable itself to achieve its **goals such as growth, market share and reasonable amount of profit or return on investment.**
- v. **Innovation** – Innovation is an important tool to provide consumer satisfaction. Innovative methods must **be used to understand the consumer, design an appropriate product and offer it to the consumer.**



Functions of Marketing:

The various activities involved in marketing are known as marketing functions. The functions of marketing can be broadly classified into,

- a) Merchandising functions
- b) Distribution functions
- c) Supporting functions.

Merchandising functions: The various activities which come into the category of merchandising functions are,

- i. **Purchasing Activity:** The marketing process starts with activity. A manufacturer inputs to manufacture goods. A wholesaler purchase goods from manufacturer and sell to retailer. A retailer purchase goods from wholesaler and sell to final consumer.
- ii. **Assembling Activity:** Assembling in nothing but **gathering goods and maintain stock** of goods. Usually, marketing intermediaries buy goods from two or more sellers and in this situation they need to gather and stock all the bought good at on particular place.
- iii. **Selling Activity:** Selling involves **transfer of title of goods from seller to buyer**. Sales generate profits to the company. Selling activity includes various other activities like – **creating demand, marketing research, choosing the distribution channel** and so on.

Distribution functions: Transportation, storage and warehousing activities come into the category of distribution functions.

- i. **Transportation:** Transportation facilities add value to the produce and create place utility. **Introduction of new markets, extension of existing markets, providing enhanced services to customers** are only possible through good transportation and communication facilities.
- ii. **Storage:** The raw materials **purchased by the manufacturer are stored** in one particular place till the time of production.
- iii. **Warehousing:** Warehousing is usually located at places from where goods can be distributed to the customers easily as per their needs and requirements.

Supporting functions: Supporting functions support the marketing activities of the company. Standardization, pricing, financing, sales promotion, market information,



advertising, risk bearing and so on comes under supporting functions of marketing.

Marketing Management – Importance:

Marketing management smoothen the process of exchange of ownership of goods and services from seller to the buyer.

1. Analyzing Market Opportunities:

Marketing management collects and **analyses information related to consumer's needs, wants and demands, competitor's marketing strategies, changing market trends and preferences.** This helps to identify market opportunities.

2. Determination of Target Market:

Marketing management helps to **identify the target market** that the organization wishes to offer its product.

3. Planning and Decision Making:

Marketing management helps to **prepare future course of action.** Planning relates to product **introduction, diversification.** **Decision making** regarding pricing, selection of promotional mix, selection of distribution channel is taken by the marketing management.

4. Creation of Customer:

Consumers determine the future of the market .Therefore **providing the best product to the consumer according to their preference is the important task of marketing.**

Marketing management helps in creation of new customers and retention of current customers.

5. Helps in Increasing Profit:

Marketing caters to the varied and unlimited needs of consumers. Marketing management helps to increase profit and sales volume. This is achieved **by expansion of market and increasing customers.**

6. Improvement in Quality of Life:



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Marketing management aims at providing innovative product and services to the customers. Marketers **continuously strive to incorporate new technology and mechanism in their product** to provide more satisfaction to customers than before. **This improves quality of life and makes life of consumers easier than before.**

7. Employment Opportunities:

Marketing process is a combination of different activities like research work to assess the marketing environment, product planning and development, promotion, distribution of product to customers and after sales service. **Marketing process requires researcher, production engineer, different distribution intermediaries, sales personnel also creates employment opportunities in advertisement section.** Thus marketing management opened up different employment avenues thus creating employment opportunities.

Marketing Management – Scope:

Marketing management, like all other areas of management comprises of the function of planning, organizing, directing coordinating and controlling.

1. Marketing research:

Marketing research involves identification of needs, wants taste and preferences of the targeted customer. Marketing management **conducts a continuous analysis of consumer's behavior towards firm's marketing mix strategies, business environment; competitor's marketing strategies** in order to plan effectively the marketing activities of future.



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2. Determination of Objectives:

Marketing management performs the task of setting marketing objectives. The marketing objectives are set in accordance with the overall organizational objectives of profit maximization. **Marketing objectives relates to attracting new customers, retention of current customer, expansion of customer base, introduction of new product, improvement of old product** and so on. Marketing management aims at maximizing the customer's value by providing high satisfaction to the customers.

3. Planning Marketing Activities:

Planning involves determining the future course of action. Planning helps in accomplishment of objectives in a systematic manner. **Planning of marketing activities relates to determining product line strategies, planning for product diversification, advertisement and promotional activities, planning related to selling and distribution process.**

Planning may be conducted on short term, medium term and long term basis depending upon the requirements. Plans should be **flexible so as to adjust with the changing business environment.**

4. Product Planning and Development:

Product is the basic element of marketing. Products are goods or services that are offered to the customer for satisfying their needs and wants. Products are customer oriented and offered to the customer's as per their requirement and preferences. Product planning **involves new product development, product innovation, product diversification plan.**

5. Pricing of Product:

Pricing is a complex function of marketing management. In most of the cases prices form the decision making criterion for purchase decision. Pricing decisions are based on **cost of the manufacturing and distribution of product, competitor's pricing strategies, customer's willingness to pay for the product, customer's perception about the product.**

6. Promotion:



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Promotion and advertisement are essential in order to maximize sales. Promotion and advertisement is **essential to provide information to the customers about the product, to attract new customers, to provide reminder to customers about the product and to continue purchase, to provide information about product improvement or introduction of new brand**. Marketing management develops new techniques and tools for promotion of their product.

7. Distribution:

Distribution process facilitates easy availability of goods and services to the customers at right time and at right and convenient location. **Selection of distribution channel depends upon the nature of the product, price of the product, availability of intermediaries for distribution and cost involved in the distribution process.**

8. Evaluation and Controlling of Marketing Activities:

Marketing management performs the task of evaluation and controlling of the marketing activities. Evaluation enables identification of effectiveness of marketing plans and actions.

Marketing Philosophies or Concepts:

The marketing concept means whenever a company plans and implements to maximize profit by boosting sales, meeting customers' needs, and to become better from competitors. The goal is to plan a situation that serves both parties; the customer and the company.



The idea behind the marketing concept is to predict and satisfy the needs and wants of customers better than the competitors.

6 Basic Marketing Concepts

The 6 Essential Marketing Concepts

1. **Production Concept**
2. **Product Concept**
3. **Selling Concept**
4. **Marketing Concept**
5. **Societal Marketing Concept**
6. **Holistic Marketing Concept**

1. The Production Concept

The production concept is the oldest of marketing concepts which believes that more production, more sales, and more profits. **What it says, produce products as far as possible the market will be automatically created.**

It assumes that **consumers will favor those products which are available and affordable.**

EX: MI TV's & phones. JIO service.

- Consumers buy products that are available in the market.
- Consumers buy products that are affordable, i.e. they prefer to buy low price products.

2. Product Concept



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The product concept assumes that **customers will buy those products that offer the highest quality at a reasonable price.**

The product concept is what believes produce quality products as far as possible the customers automatically come to buy it. What it assumes, **customers prefer to buy quality products among the competing brands, low-quality products are avoided,** and they try to know the quality and feature differences of the competing brand.

EX: APPLE Phone.

As product concept mainly focuses on product quality, performance, and features. Organizations that adopt this concept believe that very little effort is required to sell good-quality products that are reasonably priced.

3. The Selling Concept

Selling concept is usually applied to sell those products which consumers do not prefer using. Application of selling concept involves huge risk. This is the marketing concept that gave rise to various promotional tools.

The starting point of the selling concept is factory, the focus point is a product of seller's choice, means through aggressive selling & heavy promotion, and last profit is through high sales volumes.

EX: TV adds, Insurance.

4. The Marketing Concept

As per the marketing concept, the success of the organization depends on knowing the target customers' needs and wants and delivering them. It is a new approach of thinking that **integrates customer orientation and marketing activities to achieve the goal of the organization.**

5. The Societal Marketing Concept

The societal marketing concept believes that **the organization should deliver superior value products to the market that maintains or improves the customers and societies (human) well-being.**

The beginning point of the societal marketing concept is the target market, the focus is on social needs, **means is protecting & supporting consumers & society,** and the last is the profit through customer and social well-being.

6. The Holistic Marketing Concept

Holistic marketing is **the combination of all the above production, product, selling,**



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marketing, and societal concepts. It focuses on the whole activities of the organization to achieve desired goals by focusing on all the stakeholders of the organization.

The starting point of holistic marketing is the target market, the focus is on consumers & society, through internal, integrated, relationship, & performance marketing, and the last profit is through social welfare.

A Quick Comparison to These 6 Marketing Management Philosophies

Marketing Concept	Starting Point	Main Focus	Means	End (Goal)
1. Production Concept	Factory	Production-oriented (Production of products and services)	Production of product at affordable/low cost.	Profit through production efficiency.
2. Product concept	Factory	Quality-oriented (Production of quality products)	Production of high quality products.	Profit through quality assurance.
3. Selling concept	Factory	Seller's need-oriented (Production of products according to seller's need)	Aggressive selling and heavy promotions.	Profit through high sales volume.
4. Marketing concept	Target market	Customer-oriented (Production of products according to customers' needs and wants)	Integrated marketing.	Profit through customer satisfaction.
5. Societal marketing concept	Target market	Society-oriented (Consideration of customers need with social responsibility)	Integrated marketing with social ethics/socially responsible norms.	Goal achievement through social responsibility.



6. Holistic marketing concept	Target market	All aspects of customers and social needs and wants.	Application of internal, integrated, relationship, and performance marketing.	Goal achievement by developing the corporate culture in marketing.
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Summing Up

The first 3 marketing concepts production, product, and selling are based on a **slogan “We sell what we make”**. These concepts force people to purchase what the company produces. **First is based on more products more profits, 2nd quality products more profits, 3rd aggressive selling more profit.**

With the failure of these 3 marketing philosophies to achieve organization goals **business chief executives found** the “We sell what we make” slogan inappropriate in the competitive marketplace. They integrated the buyer variable in the business decision-making and changed the business **slogan “We make what we can sell.”**

And, then marketing, societal, and holistic marketing concepts came and helped organizations to **achieve goals through customer satisfaction as well as benefiting society.**



Marketing Environment

Marketing environment is the combination of external and internal factors and forces that affect the company's ability to establish a relationship and serve its customers.

The marketing environment of a business consists of an internal and an external environment.

- **The internal environment** is company-specific and includes owners, workers, machines, materials etc.
- **The external environment** is further divided into two components: **micro & macro**.
 - **The micro or task environment** is also specific to the business but is external. It consists of **factors engaged in producing, distributing, and promoting the offering**.
 - **The macro or the broad environment** includes larger **societal forces** which affect society as a whole. It is made up of six components: **demographic, economic, physical, technological, political-legal, and social-cultural environment**.

"A company's marketing environment consists of the factors and forces outside of marketing that affect marketing management ability to build and maintain successful relationships with target customers". – Philip Kotler

Components Of Marketing Environment

The marketing environment is made up of the internal and external environment of the business. **While the internal environment can be controlled, the business has less or no control over the external environment.**

Internal Environment

The internal environment of the business includes all the forces and factors inside the organization which affect its marketing operations. These components can be grouped under the **Five M's of the business**, which are:

- **Men:** The people of the organization including both skilled and unskilled workers.
- **Minutes:** Time taken for the processes of the business to complete.
- **Machinery:** Equipment required by the business to facilitate or complete the processes.
- **Materials:** The factors of production or supplies required by the business to complete the processes or production.
- **Money:** Money is the financial resource used to purchase machinery, materials, and pay the employees.

The internal environment is under the control of the marketer and can be changed with



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the changing external environment. Nevertheless, **the internal marketing environment is as important for the business as the external marketing environment.** This environment includes the **sales department, the marketing department, the manufacturing unit, the human resource department, etc.**

External Environment

The external environment constitutes factors and forces which are external to the business and on which the marketer has little or no control. The external environment is of two types:

- Micro marketing environment
- Macro marketing environment

Micro Environment

The micro-component of the external environment is also known as the **task environment**. It comprises external forces and factors that are directly related to the business. These include **suppliers, market intermediaries, customers, partners, competitors.**

- **Suppliers** include all the parties which provide resources needed by the organization.
- **Market intermediaries** include parties involved in distributing the product or service of the organization.
- **Partners** are all the separate entities like advertising agencies, market research organizations, banking and insurance companies, transportation companies, brokers, etc. which conduct business with the organization.
- **Customers** comprise of the **target group** of the organization.
- **Competitors** are the **players in the same market who targets similar customers** as that of the organization.

Macro Environment

The macro component of the marketing environment is also known as the **broad environment**. It constitutes the external factors and forces which affect the industry as a whole but don't have a direct effect on the business. The macro-environment can be divided into 6 parts.

Demographic Environment

The demographic environment is **made up of the people who constitute the market.** It is characterized as the factual investigation and segregation of the population



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according to their **size, density, location, age, gender, race, and occupation.**

Economic Environment

The economic environment constitutes **factors that influence customers' purchasing power and spending patterns.** These factors include the **interest rates, inflation, income distribution, government funding and subsidies,** and other major economic variables.

Physical Environment

The physical environment includes the **natural environment** in which the business operates. This includes **the climatic conditions, environmental change, accessibility to water and raw materials, natural disasters, pollution etc.** Ex: if you want to travel, it is the aircraft that acts as the physical environment.

Technological Environment

The technological environment **constitutes innovation, research and development in technology, technological alternatives, and technological barriers to smooth operation.** Technology is one of the biggest sources of threats and opportunities for the organization and it is very dynamic. Ex: **computerization of marketing & selling of products is now possible online leading to increase in sale and output of many firms.**

Political-Legal Environment

The political & legal environment includes laws and government's policies prevailing in the country. It also includes other **pressure groups and agencies which influence or limit the working of the industry and/or the business in the society.** Ex: **political party in power, government policies,**

Social-Cultural Environment

The social-cultural aspect of the macro-environment is made up of the **lifestyle, values, culture, prejudice and beliefs of the people.** This differs in different regions. Ex: **traditional beliefs, values, caste system and lifestyle of the people.**

Importance of Marketing Environment

Every business, no matter how big or small, operates within the marketing environment. Its **present and future existence, profits, image, and positioning depend on its internal and external environment.** The business environment is one of the most **dynamic aspects** of the business. In order to **operate and stay in the market for long,**



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one has to understand and analyze the marketing environment and its components properly.

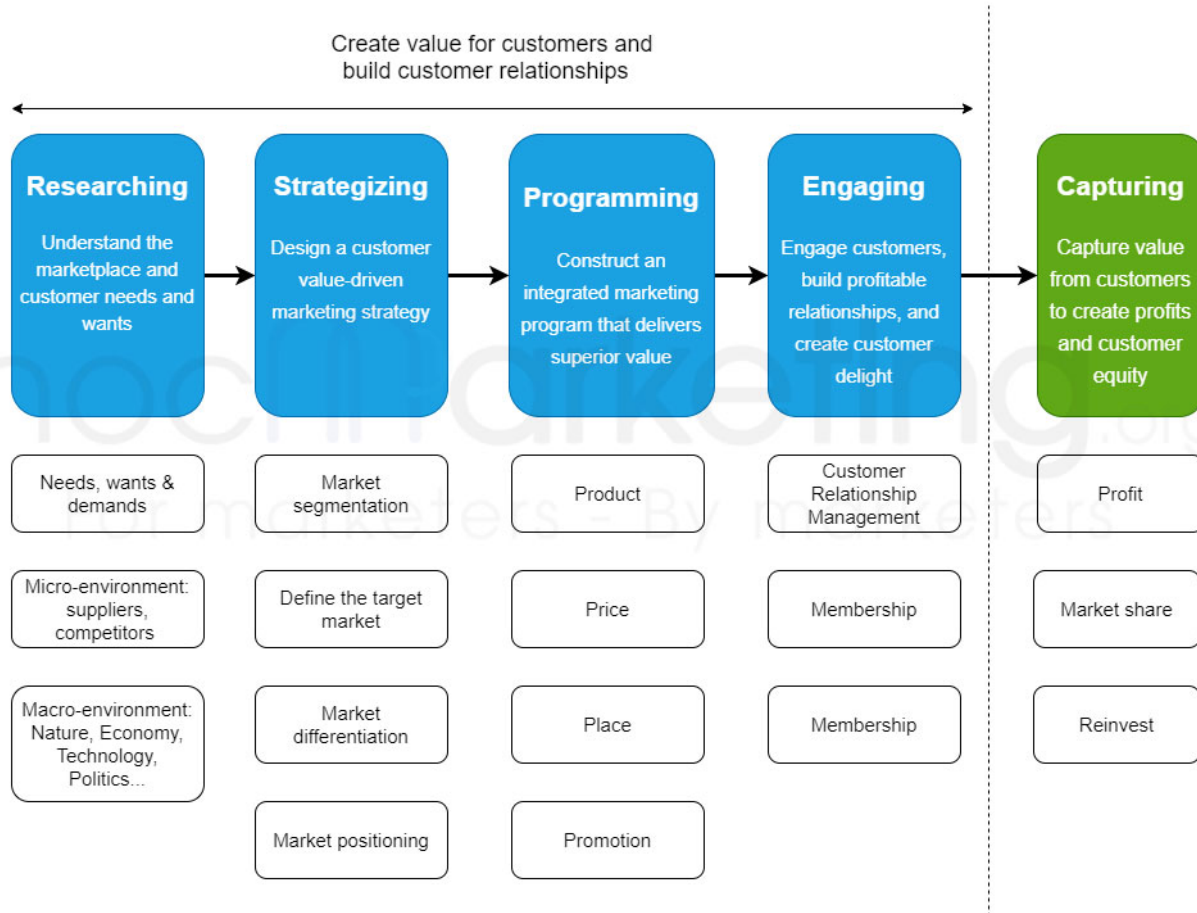
Marketing Process: 5 Steps of Marketing Process

Marketing is how **companies create value for customers and build strong customer relationships to capture value from customers in return**. 5 step process of the marketing framework wherein value is created for customers and marketers capture value from customers in return.

1. Understanding the Marketplace and Customer Needs and Wants.
2. Designing a Customer-Driven Marketing Strategy.
3. Constructing an integrated marketing plan that delivers superior value.
4. Build Profitable Relationships.
5. Capturing Value from Customers.



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Step 1: Understanding the Marketplace and Customer Needs and Wants

It is important to understand customer needs, wants, and demands to build want-satisfying market offerings and building value customer relationships. This increases long-term customer equity for the firm.

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Needs – States of felt deprivation

They include the physical need for necessities like food, clothing, shelter, warmth, safety, and individual needs for knowledge and self-expression. The marketers cannot create these needs as they are a basic part of human makeup.

Wants – The forms of human needs take as shaped by culture and individual personality.

Wants are shaped by one's society and are described in terms of objects that will satisfy needs.



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Demands – Human wants that are backed by buying power.

Given their wants and resources, people demand products with benefits that add to the most value and satisfaction.

Step 2: Designing a Customer-Driven Marketing Strategy

Focus areas for designing a marketing strategy:

- Selecting customers to serve -defining the target market
- Deciding how to serve customers in the best way – choosing a value proposition

Selecting customers to serve:

The company first decides **who it will serve and divides the market into segments of the customer**. Then it goes after specific sections of the market or its target market.

They target customers based on their level, timing, and nature of demand.

Choosing a value proposition

They decide how it will serve their customer. That is how it will differentiate and position itself in the market. A brand's value proposition is **the set of values and benefits that it promises to deliver its customers**.

Companies need to **design strong value propositions to give them the greatest advantage in their target markets**.

5 alternative concepts for designing a customer-driven marketing strategy are;

1. **Production concept:** Consumers will favor products that are available and highly affordable. Management should focus on improving production and distribution efficiency.
2. **Product concept:** Consumers **will favor products that offer the most quality, performance, and innovative features**. Focus on making continuous product improvements.
3. **Selling concept:** Consumers will not buy enough of the firm's products unless it undertakes a large-scale selling and promotion effort. It is typically practiced with unsought goods that the company needs to sell and generally results in aggressive selling practices. The company sells what it makes rather than what the market wants.
4. **Marketing concept:** Organizational goals are achieved by knowing the target markets' needs and wants and delivering the desired satisfactions better than competitors do.
5. **Societal concept:** Marketing strategy should deliver value to customers in such a way that **improves both customers as well as society's well being and long-run interests**.

Step 3: Constructing an integrated marketing plan that delivers superior value

The company's marketing strategy outlines which customers the company will serve and how it will create value. **Then the marketer develops integrated marketing plans that will the intended value to target customers**. It consists of the firm's marketing mix (4Ps), the set of marketing tools the firm uses to implement its marketing strategy. The **marketing program builds customer relationships by transforming the marketing strategy into action**.



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Step 4: Build Profitable Relationships

Customer relationship management is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.

Customer relationship management (CRM) aims to produce high customer equity, the total combined customer lifetime values of all of its customers.

The key to building lasting relationships is the creation of superior customer value and satisfaction.

Step 5: Capturing Value from Customers

Customer relationship management's ultimate aim is to produce high Customer equity – total combined lifetime values of all of the company's current and potential customers.

The more loyal to the company's profitable customers, the higher are the customer equity.

Marketers cannot create customer value and build customer relationships by themselves. They need to work closely with other company departments and with partners outside the firm.

In addition to being good at customer relationship management, they also need to be good at partner relationship management.



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