Principles of Marketing

Dr Naga Sai Kumar Tirthala
RGUKT BASAR

4Ps Vs Value Delivery Process

- 4Ps of Marketing Mix just fulfil the needs of consumers. Where as Value is a relative term (wrt competitor's 4Ps and services)
- **Product:**
- Anything that satisfies the needs of consumers
- Companies create products that meet the needs of target consumers. They are widely available.
- It is expected to be better than competitors' products
- Innovations and upgradation of products attract consumers

Price

- Affordable
- It can be a competitive advantage

Place

- Placing the product at right place ,location for right customers.
- Easy access to products where customers buy
- Appropriate distribution channels to deliver products to customers in time
- Distributors, Wholesalers,Resellers, Retailers etc

Promotion

- Company informs its target customers about product unique features, availability,offers etc
- It helps actual and potential buyers
- Company communications must be updated from time to time and prompt and easy to understand.

Value Delivery Approach

- Creating Value:

  By definition,

Value = Benefits- Costs

Where

costs = Monetary, energy, time and psychic

Benefits = Emotional, functional

- Create value at each step; Product (Maintain quality raw materials but reduce costs, nearest suppliers etc), Price ,Place and promotion

Product vs Value Enhancement

- Quality raw materials.
- More features (**Benefits**) than competitor's product features.
- Nearest Suppliers to reduce transportation costs
- Updated Technology to reduce manufacturing costs
- Perfect lay out for production process etc
- Efficient and specialised employees in production plant.

Price Vs Value Enhancement

- Use effective and efficient distribution channels to reduce costs and damages during transportation of products from company to markets in time
- Monetary costs are reduced
- Easy payment methods such as EMI, cash on delivery, credit/debit card payments, Google pay, phone pe etc which reduce physical handling of cash etc in enhancing **exchanging value** in a comfortable way.

Place Vs Value Enhancement

- Products must be widely available at nearest markets in order to help customers save their time and energy
- Energy costs and time costs are reduced
- **Delivery** must be prompt, in good condition and reduce consumer's anxiety and tension
- Delivery without troubling consumers , without damaging products .

Communicating Value

- **Inform the customers about additional benefits associated with purchase of the actual product.**
- **Ex: product+Service such as maintenance service after purchase of car etc**
- **Promotion means communications of the company about product through advertising etc, but " communicating value" means additional benefits,service, enjoyments associated with purchase of product**
- **Communicating value includes benefits and reduced psychic costs such as zero tension, saving time, saving energy, saving money and getting 24*7 support from CRM executives even after sales to cater to the customers' needs**

UNDERSTANDING MARKET PLACE

- **Marketing Environment:**

  It comprises the actors and forces outside marketing that affect marketing management's ability to serve their customers profitably and also build and maintain success relationships with target consumers.

Types of marketing Environment

- Micro Environment
- Macro Environment

Micro Environment

- The actors close to the company that affects its ability to serve its target market
- They are:
- The Company
- Suppliers
- Marketing Intermediaries
- Customers
- Competitors
- Publics

Company

- Top management,finance,R&D, Purchasing, Accounting,Production etc
- Top management sets company's mission, objectives, policies etc
- Marketing managers make decisions with in the plans, policies set by the top management
- All departments should "Think customer"

Suppliers

- Provide resources to produce goods and services to the company
- Supply availability, supply cost , shortages, delays, labor strikes(transportation) will increase costs and lose sales, lose trust, lose customer satisfaction

Marketing Intermediaries

- These are the the firms that help the company to promote, sell and distribute its goods and services to its final buyers
- Resellers (Wholesalers, Retailers)
- Physical distribution firms (to stock and move the goods to destination)
- Financial intermediaries(Banks, Insurance, credit companies)
- Ex: Coca Cola (Beverages provider) with McDonald's (Fast food chain) to sell beverages

Competitors

- The company must watch competitors and provide better and greater customer valueand satisfactionthan their competitors do.

Publics

- Any group that has an actual or potential impact on an organisation's ability to achieve its objectives
- Banks
- Media
- Government
- Workers ,management
- General public

Customers

- B-->C (End Consumers directly)
- B-->B (Industrial Buyers)
- B--> Resellers (Wholesalers,Retailers who sell end consumers)
- B-->Government (Subsidies)
- B-->International (MNCs)


The company
Suppliers
Marketing intermediaries
Customers
Competitors
Publics
Marketing

Macro Environment

THESE ARE EXTERNAL FACTORS. They influence all firms in the industry.They are uncontrollable

- Political (Different forms of government etc)
- Economical (Recession, Inflation etc)
- Social (Culture etc)
- Technological (Modern Technology relaces the old technology)
- Environmental factors (Drought, Pandemic, cyclones, earth quakes etc)
- Legal enironment (FEMA, MRTP prohibit illegal business practices)

Macro environment

- https://www.youtube.com/watch?v=pFMsHZxMq0I