

BUS 401 Marketing



Dr Muhammad Towfiqur Rahman

Assistant professor

Department of Computer Science & Engineering

University of Asia Pacific Bangladesh

Marketing Concepts

Definition

Marketing concepts can be defined as the marketing philosophies by which a firm's goal can be best achieved through identification and satisfaction of the customers' stated and unstated needs and wants.

Meaning

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.



Types of Marketing Concepts

Traditional Concepts

- **Exchange Concept:** The Exchange concept holds that the exchange of a product between the seller and the buyer is the central idea of marketing.
- **Production Concept:** The production concept holds that the consumer prefer the goods which are easily available at lower prices. Therefore, it is necessary to produce in large quantities at lower costs.
- **Product Concept:** It is a belief of the management that consumers favour the products of superior quality, better performance and innovative features. Therefore, successful marketing requires continuous product planning and development and improvement in quality standards.
- **Selling Concept:** This concept assumes that consumers will not buy goods voluntarily unless the seller undertakes a large scale selling and promotional efforts.

Modern Concepts

- **Marketing Concept:** This is the modern concept of marketing or marketing philosophy. This concept holds that the primary task of a business firm is to study the needs, desires and the preferences of the potential consumers and produce goods which are actually needed by the consumers. When an organisation practices the marketing concept, all its activities are directed to satisfy the consumer.
- **Social Concepts:** According to this concept, the task of management is to identify and satisfy consumer wants, in conformity with social interests. Firms should not only consider consumer wants and profits but also society interests while making their marketing decision.

• **Holistic Marketing Concept:** Holistic marketing concept is a new marketing concept. Holistic marketing recognizes that “everything matters” with marketing- and that a broad, integrated perspective is often necessary. There are four components of holistic marketing concept. They are...

- Relationship marketing
- Integrated marketing
- Internal marketing
- Social responsibility marketing

Traditional Concept	Modern Concept
1. Focus is on product only	1. Focus is on customers' needs and wants
2. Objective is profit maximisation	2. Objective is customer satisfaction and customer delight
3. Short-term oriented	3. Long term oriented
4. Less promotional activities	4. Sustained promotional activities
5. Narrow concept	5. Border concept

Marketing Mix with 7P's

- A combination of factors that can be controlled by a company to influence consumers to purchase its products.
- The **marketing mix definition** is simple. It is about putting the right product or a combination thereof in the place, at the right time, and at the right price. The difficult part is doing this well, as you need to know every aspect of your business plan.
- The 7Ps model is a marketing model that modifies the 4Ps model. The 7Ps is generally used in the service industries.



7P's.....

- **1 Marketing Mix – Product**

- A product is an item that is built or produced to satisfy the needs of a certain group of people. The product can be intangible or tangible as it can be in the form of services or goods.

- **2 Marketing Mix – Price**

- The price of the product is basically the amount that a customer pays for to enjoy it.
Price is a very important component of the **marketing mix definition**.

- **3 Marketing Mix – Place**

- Placement or distribution is a very important part of the product mix definition. You have to position and distribute the product in a place that is accessible to potential buyers.

- **4 Marketing Mix – Promotion**

- Promotion is a very important component of marketing as it can boost brand recognition and sales. Promotion is comprised of various elements like:
 - Sales Organization
 - Public Relations
 - Advertising
 - Sales Promotion

5 Marketing Mix – **People**

- Both target market and people directly related to the business.
- Thorough research is important to discover whether there are enough people in your target market that is in demand for certain types of products and services.

6 Marketing Mix – **Process**

- The systems and processes of the organization affect the execution of the service.
- So, you have to make sure that you have a welltailored process in place to minimize costs.
- It could be your entire sales funnel, a pay system, distribution system and other systematic procedures and steps to ensure a working business that is running effectively.
- Tweaking and enhancements can come later to “tighten up” a business to minimize costs and maximize profits.

7 Marketing Mix – **Physical Evidence**

- In the service industries, there should be physical evidence that the service was delivered. Additionally, physical evidence pertains also to how a business and it's products are perceived in the marketplace.
- It is the physical evidence of a business' presence and establishment. A concept of this is branding. For example, when you think of “fast food”, you think of McDonalds.

PRODUCT LIFE CYCLE

MEANING

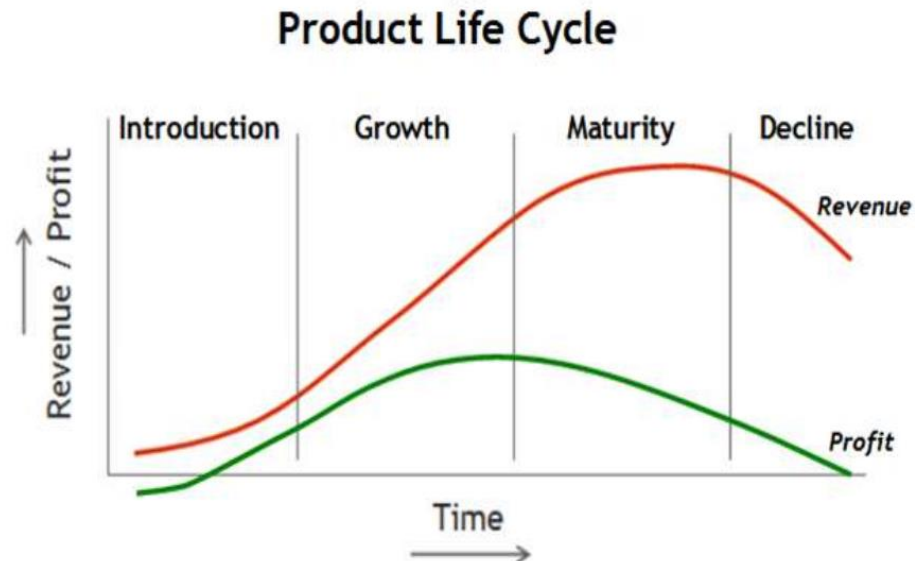
All products have certain length of life during which they pass through certain identifiable stages. The PLC is a conceptual representation of product ageing process. Like your life is divided into stages same as life of a product is also divided.

- Acc to Philip kotler:

“The PLC is an attempt to recognize the distinct stages in the sales history of the product.”

- Acc to William J. Stanton:

“The Product life cycle concept is the explanation of the product from its birth to death as a product exists in different stages & in different competitive environments”



INTRODUCTION STAGE

- It is the 1st stage, where in the product is launched in the market with full scale production & marketing program.
- The product is a new one. It means “ a product that opens up an entirely new market, replaces an existing product or significantly broadens the market for an existing product.”
- In this stage sales grow at a very lower rate because it is not an effective demand

Effects>>>>

- Low & slow sales.
- High product price.
- Heavy promotional expenses.
- Lack of knowledge.
- Low profits.
- Narrow product lines.



First car imported, assembled and sold in 1983.

Cheapest car in the market.

Huge gap between demand and supply.

Waiting list often took upto 3 years to clear.

Targeted urban areas, “Consumers who desire for a car”.

Based on SS80, Suzuki fronte.

GROWTH STAGE

- Once the market has accepted the product, sales begin to rise & product enter its 2nd stage.
- The product achieves considerable & widespread approval in the market. The sales & profits increases at an accelerated rate.
- In this effective distribution, advertising & sales promotion are considered as the key factors.

Effects >>>

- Rapid increase in sales.
- Product improvements.
- Increase in competition.
- Increase in profits.
- Reduction in price.
- Strengthening the distribution channel.



Expectations from people matched product promise.

Increase in production and sale.

Increase in profits.

Objective to gain market shares.

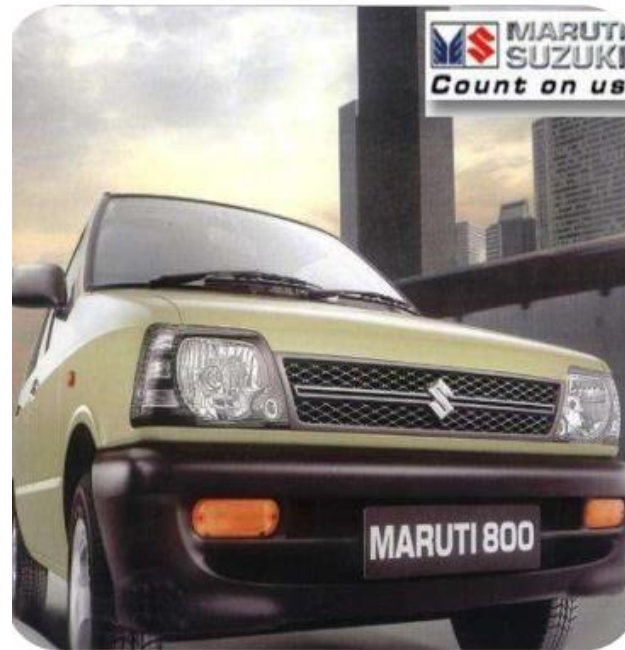
No threat of competitors.

MATURITY STAGE

- Market becomes saturated because the household demand is satisfied & distribution channels are full. The product has to face keen competition which brings pressure on prices. Though the sales of the product rises but at a lower rate. Profit margin however decline due to keen competition.

Effects >>

- Sales increases at decreasing rate.
- Normal promotional expenses.
- Uniform & lower prices.
- Product modifications.
- Dealer's support.
- Profit margin decreases



Sales touched 200,000 mark in 1999.

Repositioning of Maruti Products.

New soft edged jelly bean shape introduced in 1997.

Maruti 800's carburetor with fuel injection.

40 million two wheeler owners targeted.

Entry of competitors like General motors, Ford, Tata.

DECLINE STAGE

- This is the final stage, sooner or later actual sales begin to fall under the impact of new product competition & changing consumer behavior. The sales & profits fall down sharply & the promotional expenditure has to be cut down drastically.

Effects >>

- Rapid decrease in sales.
- Further decrease in prices
- No promotional expenses.
- Suspension of production work.



Heavy competition from i10, Spark etc.

Drastic decrease in sales.

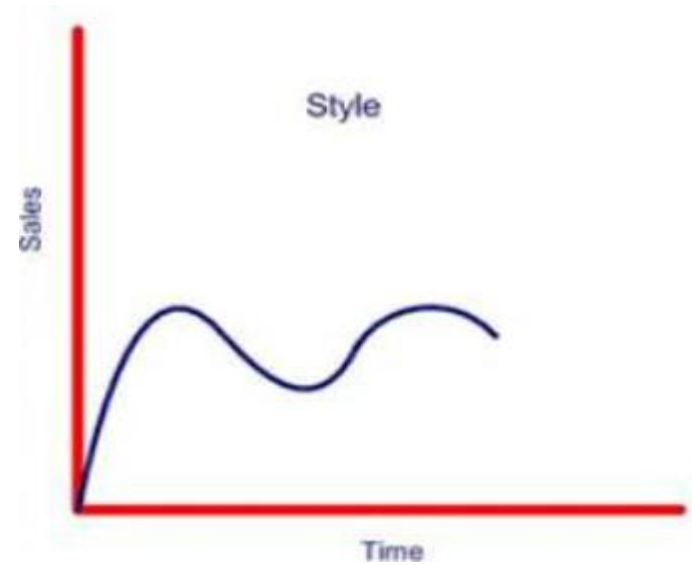
Just 33028 units sold in 2009-2010.

Withdrawn from 13 cities including metros.

Repositioned to Alto 800.

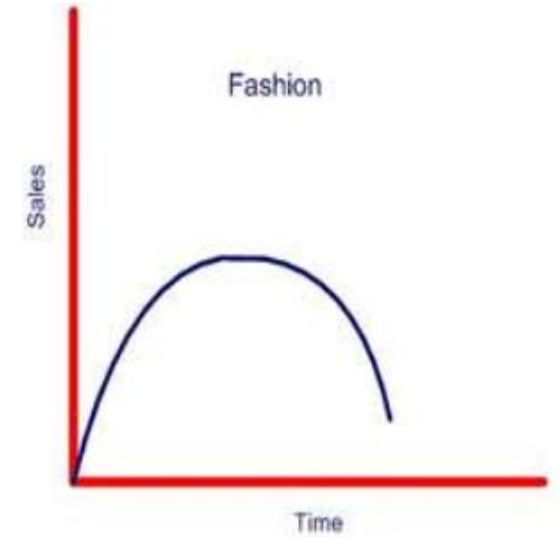
PRODUCT LIFE CYCLE FOR STYLISH PRODUCTS

- A style is the manner in which a product is presented and certain styles come and go.
 - Acc to Kotler:
“ A style is a basic & distinctive mode of expression.”
 - E.g., Furniture, automobile, clothing, shoes.
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- The current style for mobile phone is touch screen and this style will last until a new technology style appears. So the shape of a style life cycle is like a wave, as one style fades out, another appears.



PRODUCT LIFE CYCLE FOR FASHION PRODUCTS

- A fashion refers to a currently accepted style in a specific field. It is a current trend which can have a long or short life cycle.
- Fashion tends to grow slowly, remain popular for a while, then decline slowly
- The demand for the product increases at a faster rate, reaches its top & with the change in fashion the product life enters the decline stage.
- E.g., readymade garments, purses, bangles, shoes etc



PRODUCT LIFE CYCLE FOR FAD PRODUCTS .

Fads are fashions that enter quickly with great zeal, peak early & decline very quickly.

- A fad is a product that is around for a short period.
- E.g., garments, caps, hair style, music albums, films & other fashion products.

