

# Lecture #5

## MKTM503 Marketing Management-I



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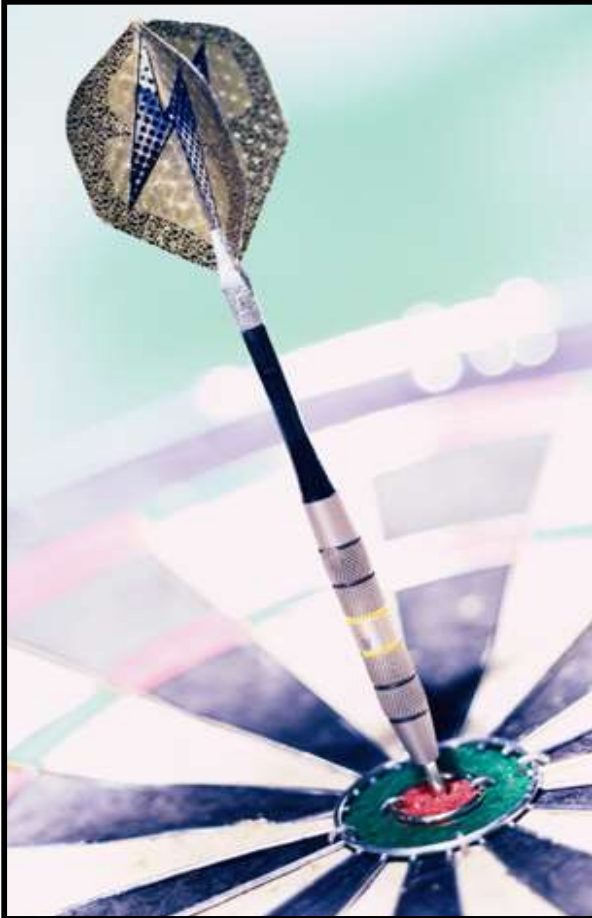
*Rajesh Verma*



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# LEARNING OUTCOMES



After this session you will be able to:

- Differentiate between company orientation towards the Marketplace.
- Apply value concept and understand how companies deliver value.
- Develop value proposition statement

# COMPANY ORIENTATIONS

- Production concept
- Product concept
- Selling concept
- Marketing concept
- Societal Marketing Concept

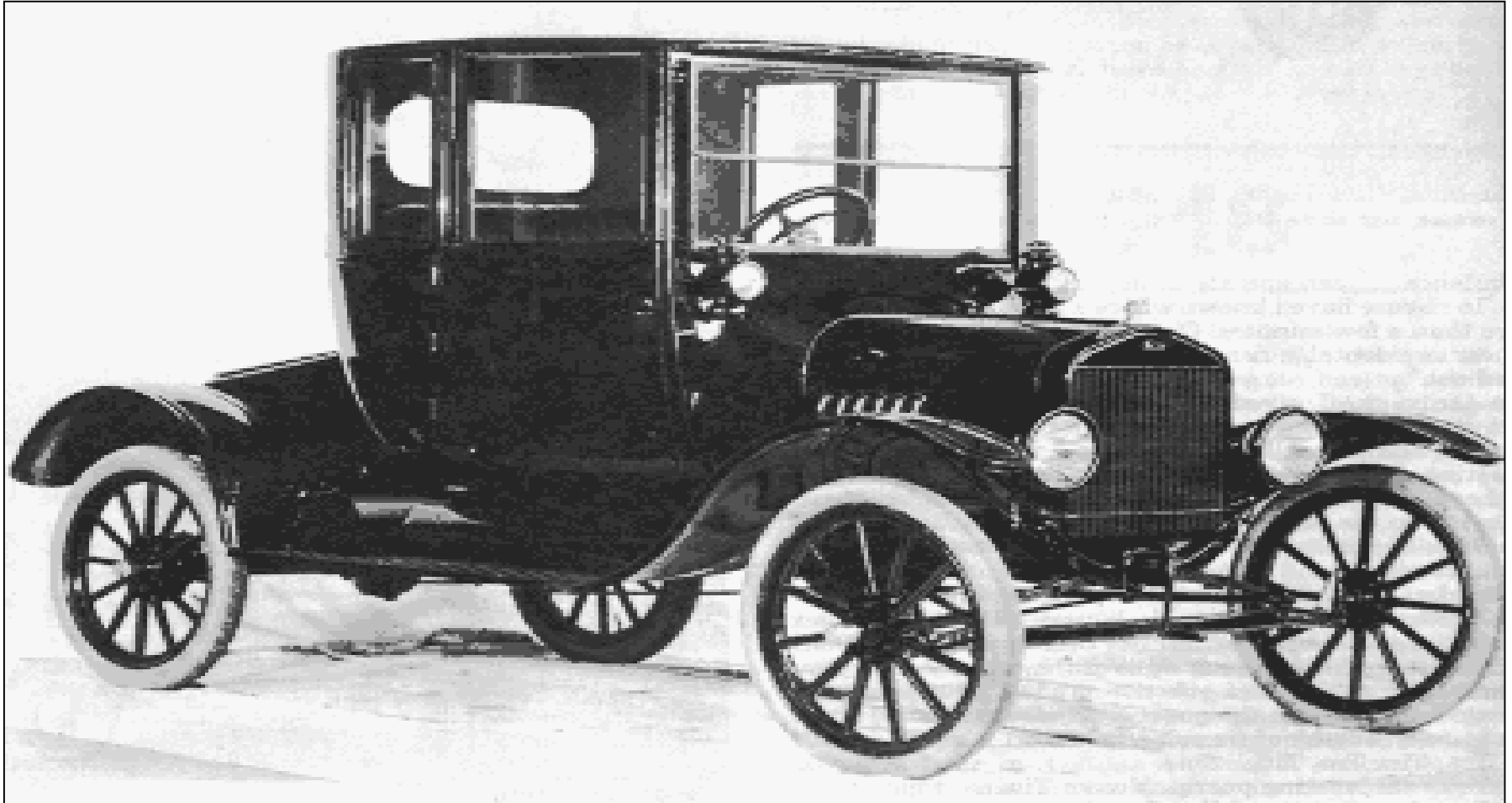




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# PRODUCTION CONCEPT





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# PRODUCTION CONCEPT

- **"You can have any colour as long as it's black"-  
*Henry Ford***
- **Assumption:** Consumers will favor products that are widely available or highly affordable
- **Focus:** Manufacturing
- **Means:** Improve production and distribution





- **"If you build a better mousetrap, the world will beat a pathway to your door"**
- **Assumption:** Consumers favor products that offer the most quality, performance, and innovative features.
- **Focus:** Manufacturing
- **Means:** Make quality products



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# SELLING CONCEPT







- **Assumptions:** Selling concept is the idea that consumers will not buy enough of the firm's products unless it undertakes a large scale selling and promotion effort
- Weakened demand required that products would have to be "sold." (personal selling, advertising, and distribution was the focus)
- **Focus:** Selling existing products
- **Means:** Aggressive sales & promotion
- **Goal:** Maximize Sales, "Sell this inventory no matter what it takes"



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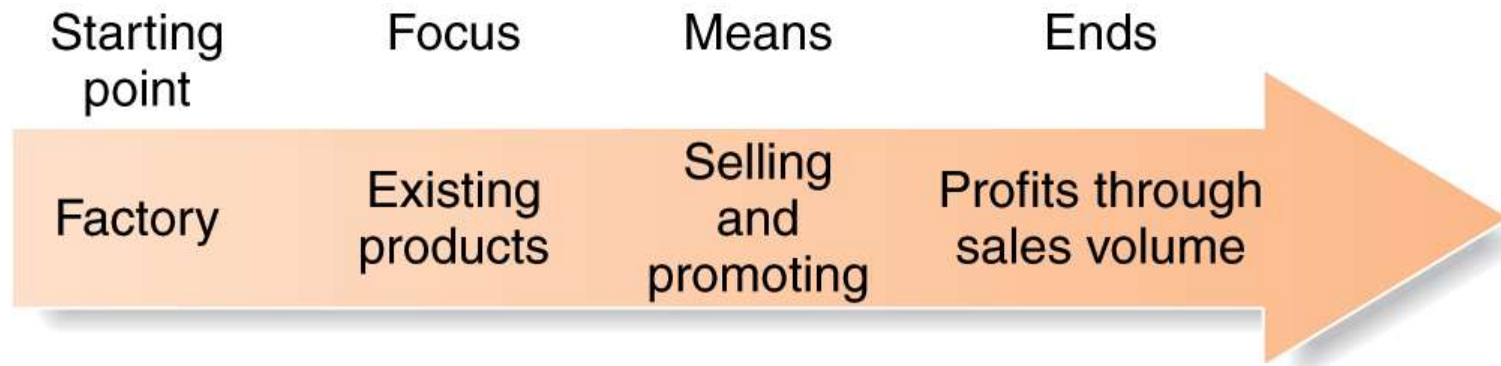
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# MARKETING CONCEPT

- Marketing concept means being driven by customer needs
- **Assumption:** The underlying assumption of marketing concept is that customers want to satisfy their needs and will be willing to buy products that do so.
- **Focus:** Customer needs
- **Means:** Delivering customer value.
- **Goal:** Identify and satisfy customer needs



# MARKETING Vs. SELLING



**The selling concept**



**The marketing concept**



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# Customer orientation



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# SOCIETAL MARKETING CONCEPT

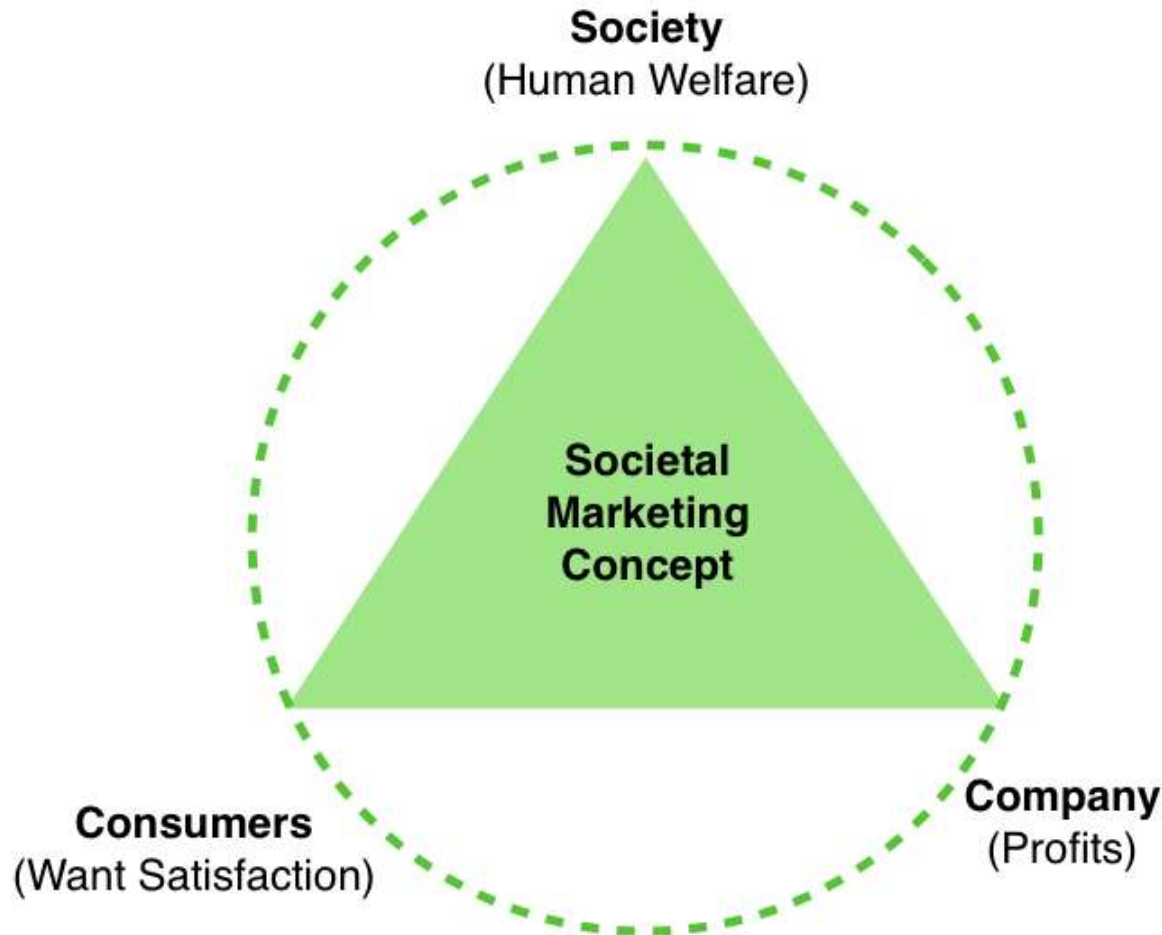
- Societal Marketing is based on the principle of societal welfare.
- **Assumption:** The societal marketing concept holds that a company should make marketing decisions by considering consumers' needs, the company's requirements, and society's long-term interests
- **Focus:** Optimum satisfaction to its customers ensuring both consumers as well as societal welfare.
- **Means:** Moral and environmentally friendly strategies
- **Goal:** make a remarkable contribution for the society's welfare and upliftment.

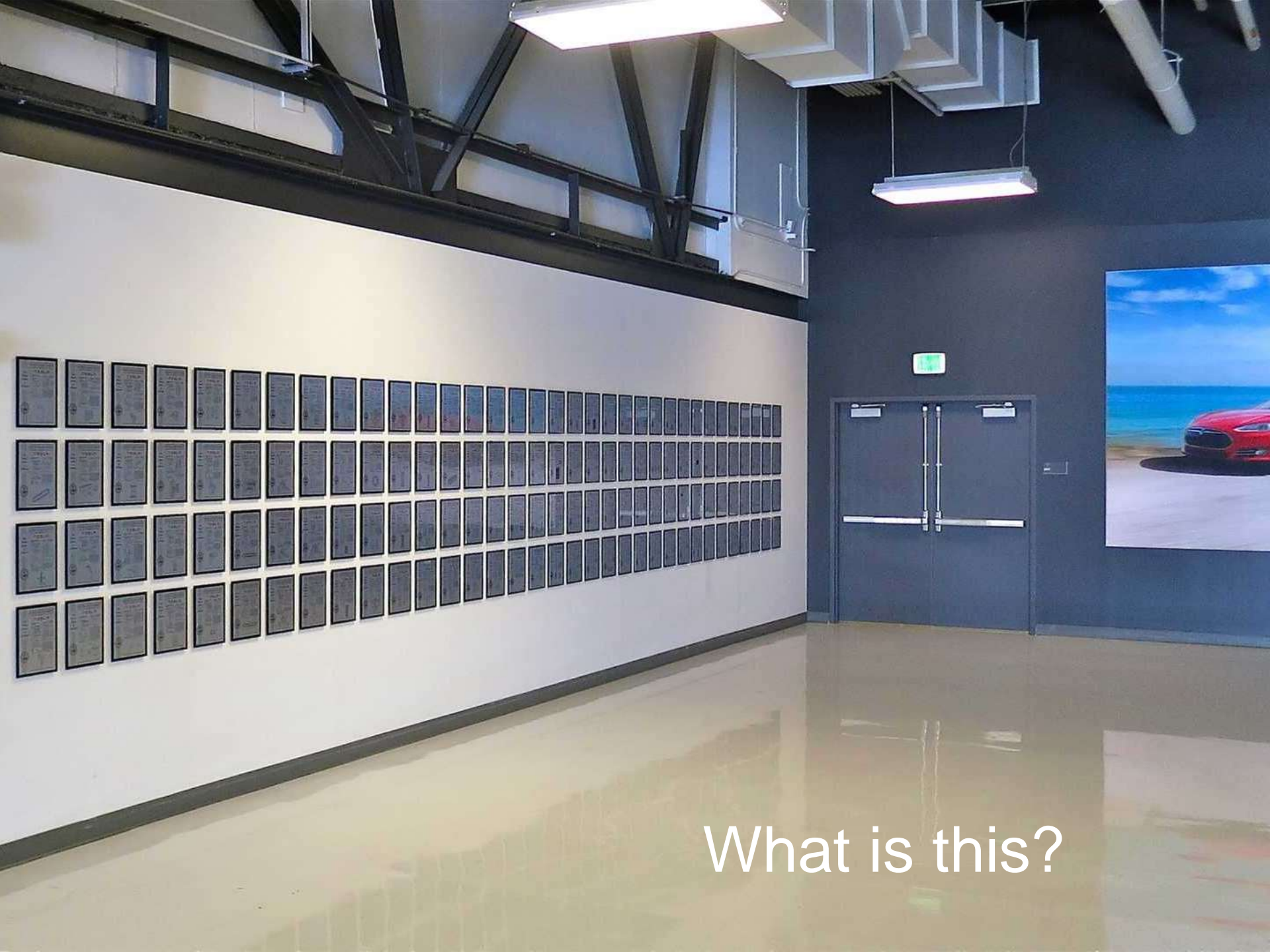


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# SOCIETAL MARKETING CONCEPT





What is this?



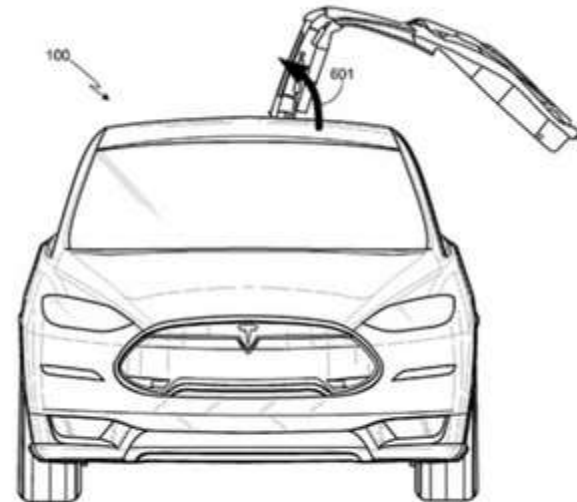


FIG. 6

**“All Our Patents, Belong To You”**





“At our firm, we are very cost-focused and we have worked hard to become a lean organisation. We believe that if we can make and distribute our products very efficiently, then we can always sell cheaper than our competitors, and hence we will sell more and make more money.”

	A. Production	
	B. Product	
	C. Selling/Promotion	
	D. Marketing	
	E. Societal	



The Body Shop is a large retail chain throughout many countries. As part of their business philosophy, they will only deal with 'ethical' suppliers (for instance, ones that have fair employment practices). It is also important to them that they contribute to good causes and that their products are environmentally friendly.

A. Production	
B. Product	
C. Selling/Promotion	
D. Marketing	
E. Societal	



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EXAMPLE



**I AM  
FOREVER  
AGAINST  
ANIMAL  
TESTING**

<https://www.thebodyshop.com/en-gb/about-us/activism/faat/a/a00018>



Burger's Galore is an organisation that gathers a lot of information regarding its service levels and how their customers perceive them. Their corporate culture is highly customer focused and they work hard to meet the changing needs of the market.

A. Production	
B. Product	
C. Selling/Promotion	
	D. Marketing
E. Societal	



“We’re an importer of various products that are suited to direct marketing promotion. In particular, we are heavy users of late-night TV info-commercials. Our approach is simple – find fun, novelty or self-improvement products from overseas, import them, and then effectively promote them.”

	A. Production	
	B. Product	
	C. Selling/Promotion	
	D. Marketing	
	E. Societal	



# Rural Marketing - 4A Approach

## **Acceptability:**

- Understanding customers
- Modifying products
- Overcoming social, cultural, economic barriers
- Fulfilling local needs

## **Affordability:**

- Offering a price-value combination
- Functional and sturdy products
- Empowering rural people, match ability to pay
- Offer-enabling mechanisms

## **Availability:**

- Ability to fulfil small orders regularly
- Logistics and infrastructure creation
- Vast and uneven spread
- Developing intermediaries

## **Awareness:**

- Fitting in the local culture
- Region specific, focused promotions
- Below-the-Line activities over vast areas
- Lack of media and channels



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# Rural Marketing - 4A Approach Examples

## Acceptability



## Affordability



## Availability



## Awareness







<b>Marketing Mix</b>	<b>Definition</b>	<b>BOP Marketing Mix</b>	<b>Definition</b>
<b>Price</b>	The amount a customer pays for the product (list price, discounts, allowances, payment period, credit terms)	<b>Affordability</b>	The degree to which a firm's goods and services are affordable to BOP consumers.
<b>Promotion</b>	The methods of communication used to provide information about the product (sales promotion, advertising, sales force, public relations, direct marketing)	<b>Awareness</b>	The degree to which BOP consumers are aware of a product or service and how companies can use alternative promotion channels in order to increase awareness.
<b>Product</b>	An item that satisfies what a consumer needs or wants (product variety, quality, design, features, brand name, packaging, sizes, services, warranties, returns)	<b>Access</b>	The extent to which BOP consumers have the opportunity (being easy) to acquire and use a product or service that will bring them benefits.
<b>Place</b>	Providing the product at a place which is convenient for consumers to access (channels, coverage, assortments, locations, inventory, transport)	<b>Availability</b>	The extent to which a product is available to be bought by BOP consumers and how companies can use alternative distribution channels in order to increase availability.

Table 4: Adaptation from Kotler (1994) and Anderson and Billou (2007)





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# Example Value Proposition

## #ScentWaliVest





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# #ScentedVest





# Value Proposition Statement

- The value proposition is a statement of the relevant, distinct benefits that a customer will receive from a **specific** product or service offering **relative to the total cost of acquiring it.**
- The value proposition complements and strengthens a brand's promise by offering a **tangible proof point.** A value proposition is transactional in nature giving customers a “**Reason to buy**” by offering a specific & compelling set of attributes at a specific cost.
- This is accomplished by how the customers **perceives** the solution will **meet their needs.**



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# Determinants of Customer Perceived Value

## Total customer benefit

Total customer benefit is the perceived monetary value of the bundle of economic, functional, and psychological benefits customers expect from a given market offering because of the product, service, people, and image.

## Total customer cost

Total customer cost is the perceived bundle of costs customers expect to incur in evaluating, obtaining, using, and disposing of the given market offering, including monetary, time, energy, and psychological costs.



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# Mahindra Vs. John Deere

Total Customer Benefit



Greater Product benefit-reliable, durable & better performance



Better Services-delivery, training & maintenance



Personnel-more knowledgeable and responsive staff



Corporate Image



Which tractor  
will  
Consumer  
buy?



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# Applying Value Concept

1. Buyers sees Mahindra's offer worth = Rs. 4,00,000/-
2. Mahindra's Cost of producing the tractor = Rs. 3,00,000/-
3. Gross Margin over the cost = Rs. 1,00,000/-

What is the price that Mahindra can charge?

Price = Rs. 3,80,000/-

Customer Perceived Value Created = Rs. 20,000/-

Value Created for company = Rs. 80,000/-



**Lower the price higher the customer perceived value**





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# IDE India: Example



DRIP - WATER SAVING

**6585.17** MILLION m<sup>3</sup>



DRIP - ELECTRICITY SAVED

**872.14** MILLION kWh



TP - DIESEL SAVING

**672.22** MILLION Litres



EMISSION REDUCTION

**2.56** MILLION tCO<sub>2</sub>eq





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# IDE India: Example

**For:** Small scale rural farmers using surface irrigation

**Who:** lose over 50% of usable water to surface runoff annually

**The:** IDE-India low-cost drip irrigation system is an advanced irrigation device

**That:** inexpensively and completely eliminates water loss from surface irrigation

**Unlike:** currently used, expensive and large-scale drip systems

**Our:** product is a customized, modular and scalable system that consistently reduces water loss and increases farmers' yields

**For:** List target customers

**Who:** Define the need or opportunity

**The:** Name the product or service or concept and place the product, service

**That:** Quantify the benefits of the product, service, or concept.

**Unlike:** List the competitors and competitive alternatives

**Our:** The primary differentiation of the product, service, or concept.



# Example Value Statement

The value proposition statement is the connection between the brand promise and the customers' needs that creates the perception the audience have about your brand.

For \_\_\_\_\_  
(Target market segment: current & potential customers)

Who \_\_\_\_\_  
(have this problem/need)

The \_\_\_\_\_  
(3M brand, product, service, full solution)

Delivers \_\_\_\_\_  
(1-3 key strategic benefits; 1-2 points of parity as needed)

Better than \_\_\_\_\_  
(Next best Competitive offering(s): direct & indirect)

At an acceptable "Cost".  
(tangible costs (\$): acquisition, ownership, disposal, switching costs  
intangible costs (time, effort, risk): switching-overcoming inertia  
to address costs effectively in marketing/sales strategies & tactics)



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# Scotch Masking Tape



# DIY-Scotch Masking Tape

For the: **Do-it-Yourselfer**,

who need to: **once every few years paint a room perfectly with no practice**

the: **Scotch® Brand Masking Tape**

that delivers: **a professional looking job and easy clean-up,**

unlike: **Asian Paint, Pidilite**

At: **Rs. 10/roll**





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# DIY-Scotch Masking Tape

For the: **Professional Painters**,  
who need to: **paint interiors quickly without redos**,  
the: **Scotch® Brand Masking Tape**  
that delivers: **fastwork, consistency & perfect results**,  
unlike: **Asian Paint, Pidilite**  
At: **Rs. 10/roll**



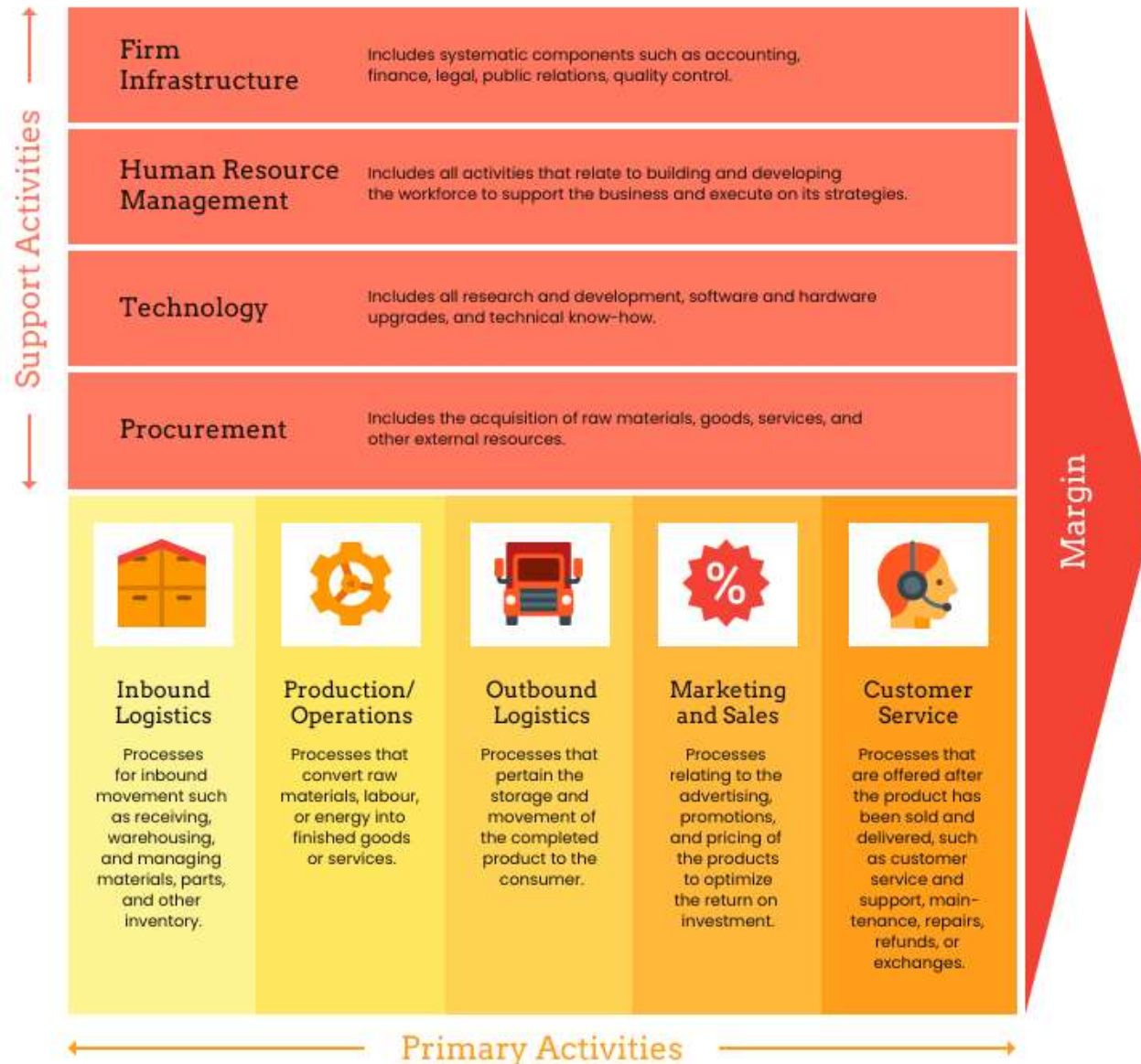
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# Examples

Brand, Company, and Product	Target Customers	Benefits	Value Proposition
Mahindra Scorpio (sports utility vehicle)	Consumers interested in lifestyle products	Ruggedness, luxury, and comfort	A vehicle that provides the luxury and comfort of a car and the adventure and thrill of an SUV
Hidesign (leather bags and other fashion accessories)	Fashion-conscious consumers	Durability, style, and aesthetic appeal	Fashion accessories that communicate luxury and style
Domino's (pizza)	Convenience-minded pizza lovers	Delivery speed and good quality	A good hot pizza delivered to your door within 30 minutes of ordering



# Value Chain Analysis





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# Any Questions?



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