Marketing Management

Definition of Marketing:

There are varying perceptions and viewpoints on the meaning and content of marketing. Some important definitions are:

…..> Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others.

…..> Marketing is the process by which an organization relates creatively, productively and profitably to the market place.

…..> Marketing is getting the right goods and services to the right people at the right places at the right time at the right price with the right communication and promotion.

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Marketing management takes place when at least one party to a potential exchange gives thought to objectives and means of achieving desired responses from other parties.

According to American Marketing Association, 'Marketing Management 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 objectives'.

This definition recognizes that marketing management is a process involving analysis, planning, implementation, and control; that it covers ideas, goods and services; that it rests on the notion of exchange; and that the goal is to produce satisfaction for the parties involved.

Marketing concepts

Firms vary in their perceptions about business, and their orientations to the market place. This has led to the emergence of many different concepts of marketing. Marketing activities should be carried out under some well-thought out philosophy of efficient, effective, and responsible marketing.

There are **six competing concepts** under which organizations conduct their marketing activity.

1. Exchange concept
2. Production concept
3. The product concept
4. The selling concept
5. The marketing concept (Market focus, Customer orientation, Coordinated marketing, Profitability,)
6. The societal marketing concept

Marketing Mix

Marketing Mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market. It is the sole vehicle for creating and delivering customer value.

“The marketing man is a decider and an artist – a mixer of ingredients, who sometimes follow a recipe developed by others and sometimes prepares his own recipe. And, sometimes he adapts his recipe to the ingredients that are readily available and sometimes invents some new ingredients, or, experiments with ingredients as no one else has tried before’.

The classified the marketing mix variables under four heads, each beginning with the alphabet **‘p’.**

1. Product
2. Price
3. Place (referring to distribution)
4. Promotion

Segmentation

Market segmentation is defined as "the process of taking the total, heterogeneous market for a product and dividing it into several sub-markets or segments, each of which tends to be homogeneous in all significance.

The markets could be segmented in different ways. For instance, instead of mentioning a single market for 'shoes', it may be segmented into several sub-markets, e.g., shoes for executives, doctors college students etc.

Geographical segmentation on the very similar lines is also possible for certain products.

Requirements for markets segmentation

For market segmentation to become effective and result oriented, the following principles are to be observed:

(1) Measurability of segments, (2) Accessibility of the segments, and (3) Represent ability of the segments.

The main purpose of market segmentation is to measure the changing behavior patterns of consumers. It should also be remembered that variation in consumer behavior are both numerous and complex.

Therefore, the segments should be capable of giving accurate measurements. But this is often a difficult task and the segments are to be under constant review.

The second condition, accessibility, is comparatively easier because of distribution, advertising media, salesmen, etc. Newspaper and magazines also offer some help in this direction.

The third condition in the represent ability of each segment. The segments should be large and profitable enough to be considered as separate markets. Such segments must have individuality of their own. The segment is usually small in case of industrial markets and comparatively larger in respect of consumer products.

Benefits of segmentation

1. The manufacturer is in a better position to find out and compare the marketing potentialities of his products. He is able to judge product acceptance or to assess the resistance to his product.

2. The result obtained from market segmentation is an indicator to adjust the production, using man, materials and other resources in the most profitable manner. In other words, the organization can allocate and appropriate its efforts in a most useful manner.

3. Change required may be studied and implemented without losing markets. As such, as product line could be diversified or even discontinued.

4. It helps in determining the kinds of promotional devices that are more effective and also their results.

5. Appropriate timing for the introduction of new products, advertising etc., could be easily determined.

Aggregation and segmentation

Market aggregation is just the opposite of segmentation.

Aggregation implies the policy of lumping together into one mass all the markets for the products. Production oriented firms usually adopt the method of aggregation instead of segmentation. Under this concept, management having only one product considers the entire buyers as one group.

Market aggregation enables an organization to maximize its economies of scale of production, pricing, physical distribution and promotion.

However, the applicability of this concept in consumer oriented market is doubtful. The ‘total market’ concept as envisaged by market aggregation may not be realistic in the present-day marketing when consumers fall under heterogeneous groups.

Basis for segmenting markets

Market segmentation consists in identifying a sufficient number of common buyer characteristics to permit sub division of the total demand for a product into economically viable segments.

These segments fall between two extremes of **total homogeneity and total heterogeneity.** The various segments that are in vogue are as follows:

1. **Geographic segmentation:** Chronologically this kind of segmentation appeared first, for planning and administrative purposes. The marketer often fined it convenient to sub-divide the country into areas in a systematic way. The great advantages of adopting this scheme are that standard regions are widely used by Government and it facilitates collection of statistics. Most of the national manufacturers split up their sales areas into sales territories either state-wise or district-wise.

2. **Demographic segmentation:** Under this method, the consumers are grouped into homogeneous groups in terms of demographic similarities such as age, sex, education, income level, etc. This is considered to be more purposeful since the emphasis ultimately rests on customers. The variables are easy to recognize and measure than in the case of the first type, as persons of the same group may exhibit more or less similar characteristics. For example, in the case of shoes, the needs and preferences of each group could be measured with maximum accuracy.

Basis for segmenting markets

3. Socio-psychological segmentation: The segmentation here is done on the basis of social class, viz., working class, middle income groups, etc. Since marketing potentially is intimately connected with the "ability to buy", this segmentation is meaningful in deciding buying patterns of a particular class.

a. Prestige products, e.g. automobiles, clothing.
b. Maturity products, e.g. cigarettes, blades.
c. Status products, e.g. most luxuries.
d. Anxiety products, e.g. medicines, soaps.
e. Functional products, e.g. fruits, vegetables.

4. Benefit segmentation: Russell Hally introduced the concept of benefit segmentation. Under this method, the buyers form the basis of segmentation but not on the demographic principles mentioned above. Here consumers are interviewed to learn the importance of different benefits they may be expecting from a product. These benefits or utilities may be classified into generic or primary utilities and secondary or evolved utilities.

Basis for segmenting markets

5. Volume segmentation: Another way of segmenting the market is on the basis of volume of purchases. Under this method the buyers are purchasers, and single unit purchasers. This analysis is also capable of showing the buying behavior of different groups.

6. Marketing-factor segmentation: The responsiveness of buyers to different marketing activities is the basis for these types of segmentation. The price, quality, advertising, promotional devices, etc., are some of the activities involved under this method.

Sales Promotion

Sales promotion describes promotional methods using special short-term techniques to persuade members of a target market to respond or undertake certain activity.

As a reward, marketers offer something of value to those responding generally in the form of lower cost of ownership for a purchased product (e.g., lower purchase price, money back) or the inclusion of additional value-added material (e.g., something more for the same price).

Objectives of Sales Promotion

Objectives of Sales Promotion: Sales promotion is a tool used to achieve most of the five major promotional objectives:

1. Building Product Awareness
2. Creating Interest
3. Providing Information
4. Stimulating Demand
5. Reinforcing the Brand

Classification of Sales Promotion

Sales promotion can be classified based on the primary target audience to whom the promotion is directed. These include:

Consumer Market Directed - Possibly the most well-known methods of sales promotion are those intended to appeal to the final consumer. Consumers are exposed to sales promotions nearly everyday, and as discussed later, many buyers are conditioned to look for sales promotions prior to making purchase decisions.

Trade Market Directed – Marketers use sales promotions to target all customers including partners within their channel of distribution. Trade promotions are initially used to entice channel members to carry a marketer’s products and, once products are stocked, marketers utilize promotions to strengthen the channel relationship.

Business-to-Business Market Directed – A small, but important, sub-set of sales promotions are targeted to the business-to-business market. While these promotions may not carry the glamour associated with consumer or trade promotions, B-to-B promotions are used in many industries.

The marketing management process

Some companies, as they emerge from a production orientation, may think that they need only ‘do some marketing’ when trading conditions get tough. In fact, for well-managed businesses, marketing is an ongoing process that has no beginning or end. It is usual to identify **four principal stages** of the marketing management process, which involves asking the following questions:

- **Analysis:** Where are we now? How does the company’s market share compare with that of its competitors? What are the strengths and weaknesses of the company and its products? What opportunities and threats does it face in its marketing environment?

- **Planning:** Where do we want to be? What is the mission of the business? What objectives should be set for the next year? What strategy will be adopted in order to achieve those objectives (e.g. should the company go for a high price/low volume strategy, or a low price/high volume one)?

- **Implementation:** How are we going to put into effect the strategy that will lead us to our objectives?

- **Evaluation and control:** Did we achieve our objectives? If not, why not? How can deficiencies be rectified? (In other words, go back to the beginning of the process and conduct further analysis.)