

MG220 MARKETING MANAGEMENT
PART - I:
Understanding Marketing Management

SESSION 1 - 3
IMPORTANCE OF MARKETING
SCOPE OF MARKETING
CORE MARKETING
CONCEPTS

CHAPTER 1

Importance of Marketing

WHY IT IS REQUIRED?

2

- Financial success ⇔ Marketing Ability
- Making the right decision - Simple?
- Skillful marketing: A never-ending pursuit...

Scope of Marketing

DEFINITIONS

3

“Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders”

American Marketing Association (AMA)

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.

Approved: July 2013 | Retrieved: Aug 2015

Scope of Marketing

DEFINITIONS

4

“Marketing management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value”

Philip Kotler

“Marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others”

Societal definition of marketing

Scope of Marketing

DEFINITIONS

5

A simple yet comprehensive definition:

Marketing is.....

Meeting Needs Profitably

Scope of Marketing

WHAT CAN BE MARKETED?

6

- Can you market?
 - ▣ Ideas
 - ▣ People
 - ▣ Information
 - ▣ Experiences
- How?
- What else?

REF: BOOK FOR COMPLETE DISCUSSION

Scope of Marketing

EXCHANGES & TRANSFERS

7

- Exchange
- Transaction
- Transfer

- What is the difference?

REF: BOOK FOR COMPLETE DISCUSSION

Scope of Marketing

WHO MARKETS?

8

- **Marketer**, someone who seeks a **Response** from another party, called **Prospect**
- **Response** can be ... ?
- Marketers are responsible for **Demand Management**
- Different **Demand States**
Negative | Non-Existent | Latent | Declining
Irregular | Full | Overfull | Unwholesome

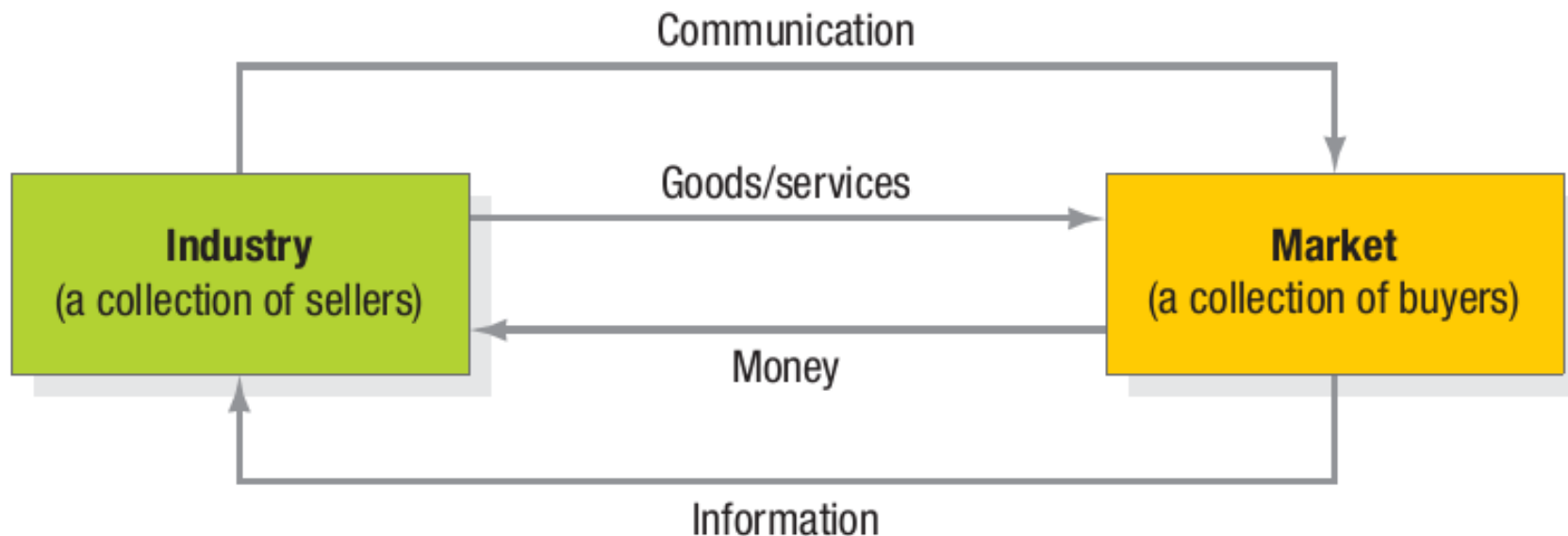
REF: BOOK FOR COMPLETE DISCUSSION

Scope of Marketing

WHO MARKETS?

9

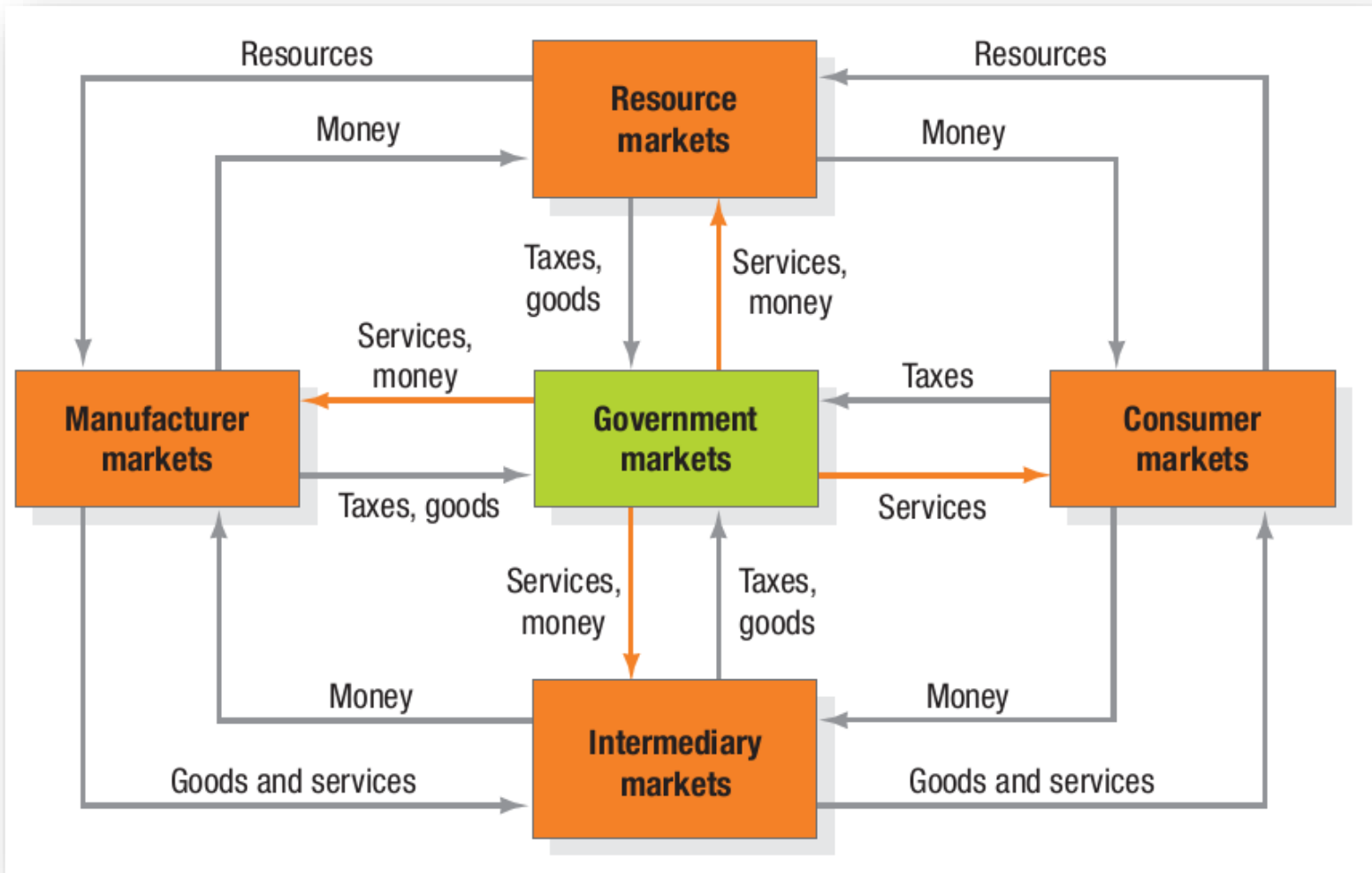
Markets, collection of buyers and sellers who transact over a particular product or product class



Scope of Marketing

WHO MARKETS?

10



Scope of Marketing

WHO MARKETS?

11

□ **Key Customer Markets**

□ **Consumer**

Branding | Mass selling | Insights

□ **Business**

Professional buyers | well-informed

□ **Global**

Adaptability | Operational matters

□ **Non-profit & Government**

Highly price sensitive | Competitive pricing

Scope of Marketing

WHO MARKETS?

12

- **Marketplaces**

Physical | buying yourself

- **Marketspaces**

Online | 'Ordering'

- **Metamarkets**

Complimentary products

Core Marketing Concepts

13

□ Needs

- ▣ Basic Human Requirements

□ Wants

- ▣ Needs which are directed to a specific object

□ Demands

- ▣ Wants for specific products backed by ability to pay (acquire)

Core Marketing Concepts

14

- **Understanding Needs** (Example: Buying a Jeans)
 - ▣ Stated => Pair of jeans
 - ▣ Real => Quality
 - ▣ Unstated => Affordable, Branded
 - ▣ Delight => A good discount deal
 - ▣ Secret => 'wanna' look cool!!!

ANOTHER PRODUCT?

Core Marketing Concepts

15

- Satisfying everyone.....Yes/No? How? Why?

Target Markets & Segmentation

- Different segments based on several factors
- Segments presenting greatest opportunity

Positioning

- Positioned carefully as delivering certain benefits

Core Marketing Concepts

16

□ Offering & Brand

- ▣ Value Proposition by a company to fulfill a need is “crafted” into an offering
- ▣ An offering from a known source

e.g.

What’s the “offering” of (pick a brand)

Core Marketing Concepts

17

- **Value** is 'perceived' tangible and intangible benefits and costs to customers

- **Satisfaction** is Person's comparative judgments resulting from a product's perceived performance
 - ▣ If performance < expectations: dissatisfied/disappointed
 - ▣ If performance ≥ expectations: satisfied/delighted

Core Marketing Concepts

18

Marketing Channels

- Communication channels
 - *Interacting with target buyers with the message*
- Distribution channels
 - *Display, sell or deliver the product or service*
- Service channels
 - *Facilitating transactions with buyers*

Core Marketing Concepts

19

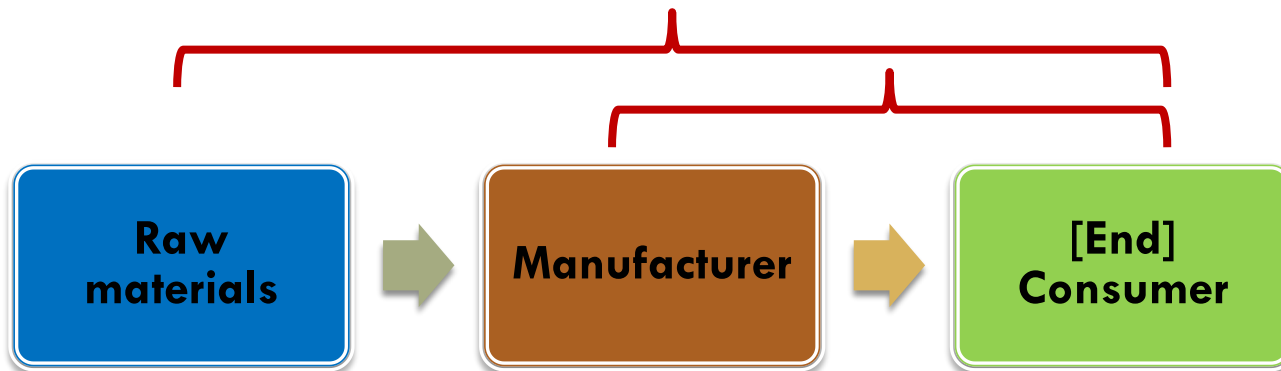
□ Supply Chain (vs. Marketing Channel)

- Marketing Channel: Marketer to target buyer

While

- Supply Chain: A complete value delivery system

From Raw materials to components to final buyers



Core Marketing Concepts

20

Competition

- All the actual and potential rival offerings and substitutes that a buyer might consider

Think about major competitor(s) – brands OR products – for:



Core Marketing Concepts

21

Marketing Environment



Company Orientations toward the marketplace

- What are 'orientations' (or concepts) toward the marketplace?



Company Orientations toward the marketplace

□ **The Production Concept**

- Consumers will favor products that are “widely available” & “inexpensive”
- Focus on “Production”
- **Examples?**

Company Orientations toward the marketplace

□ The Product Concept

- Consumer will favor those products that offer the most quality, performance or innovation
- Focus entirely on “Product development”
- *What if: not priced, distributed, advertised and sold properly?*
- **Examples?**

Company Orientations toward the marketplace

□ **The Selling Concept**

- Customers (consumers & businesses), if not engaged, will not buy enough
- Aggressive selling & promotion is required
- Practiced with unsought goods
- **Examples?**

Company Orientations toward the marketplace

□ **The Marketing Concept**

- Replace product-centered “make-and-sell” with “sense-and-respond”
- Reactive market orientation
- Proactive market orientation
- **Examples?**

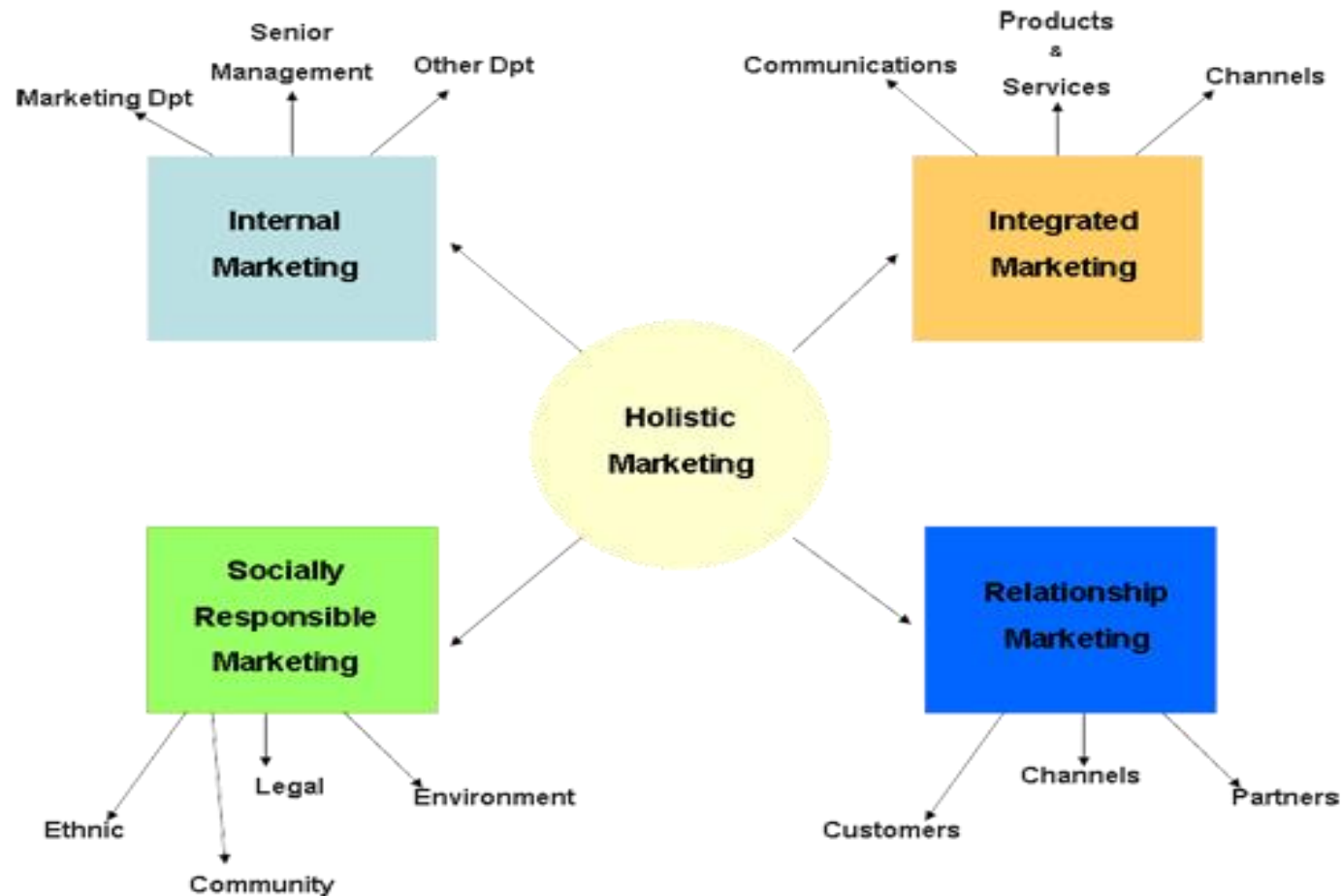
Company Orientations toward the marketplace

□ **The Holistic Marketing Concept**

- “Everything matters”
- Based on the development, design and implementation of marketing programs, processes, and activities that recognizes their breadth and interdependencies
- 4 Components:
Relationship marketing | Integrated marketing
Internal marketing | Social responsibility marketing / Performance Marketing

Company Orientations toward the marketplace

□ The Holistic Marketing Concept



Company Orientations toward the marketplace

□ The Holistic Marketing Concept



Evolution of Marketing Mix

[Traditional] Marketing Mix

Product

Price

Place

Promotion

New Marketing Mix

People

Processes

Programs

Performance

The New Marketing Realities

How businesses are changing

□ “The Marketplace isn’t what it used to be”

(Selected List)*

General discussion – from Pakistani perspective

- Changing technology – *Information Age*
- Globalization
- Deregulation & Privatization
- Industry convergence – *blurring boundaries (what is technology sector)*
- Retail transformation
- Disintermediation – *new options to deliver*
- Consumer Information
- Consumer Resistance – *consumers resist to marketing & advertising*

** This is selected List – For complete list, see book*

MG220 MARKETING MANAGEMENT
PART - I:
Understanding Marketing Management

SESSION 4 - 5
MARKETING & CUSTOMER VALUE
CORPORATE & DIVISION
PLANNING
MARKETING PLAN &
STRATEGY FORMULATION
CHAPTER 2

Marketing & Customer Value

The Value Chain

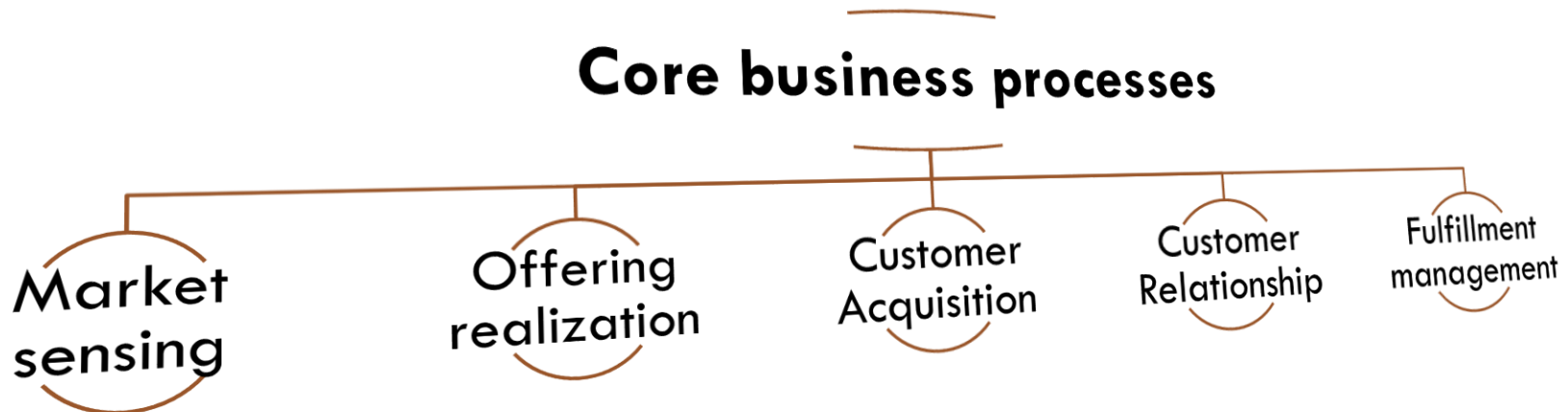
- **Value Chain:** A tool for identifying ways to create more customer value
- Every *firm* is a synthesis of activities for value-creation/delivery etc.
 - ▣ **Primary** Activities (producing & marketing)
 - ▣ **Support** Activities (management of firm)



Marketing & Customer Value

The Value Chain

- Firm should estimate its competitors' costs and performances as '**benchmarks**' against which it compares its own costs and performance
- Success depends on 'core business processes' i.e.



Marketing & Customer Value

Core Competencies

- Outsource the less critical and
- Focus on **Core Competency**

- Characteristics of Core Competency:
 - ▣ A Source of competitive advantage
 - ▣ Has Application in a wide variety of markets
 - ▣ Difficult for competitors to imitate

Marketing & Customer Value

The Central Role of Strategic Planning

□ Levels in Strategic Planning [Typical]

- **Corporate** Level

- **Division** Level

- **Business Unit** Level

- **Product** Level

Marketing Plan

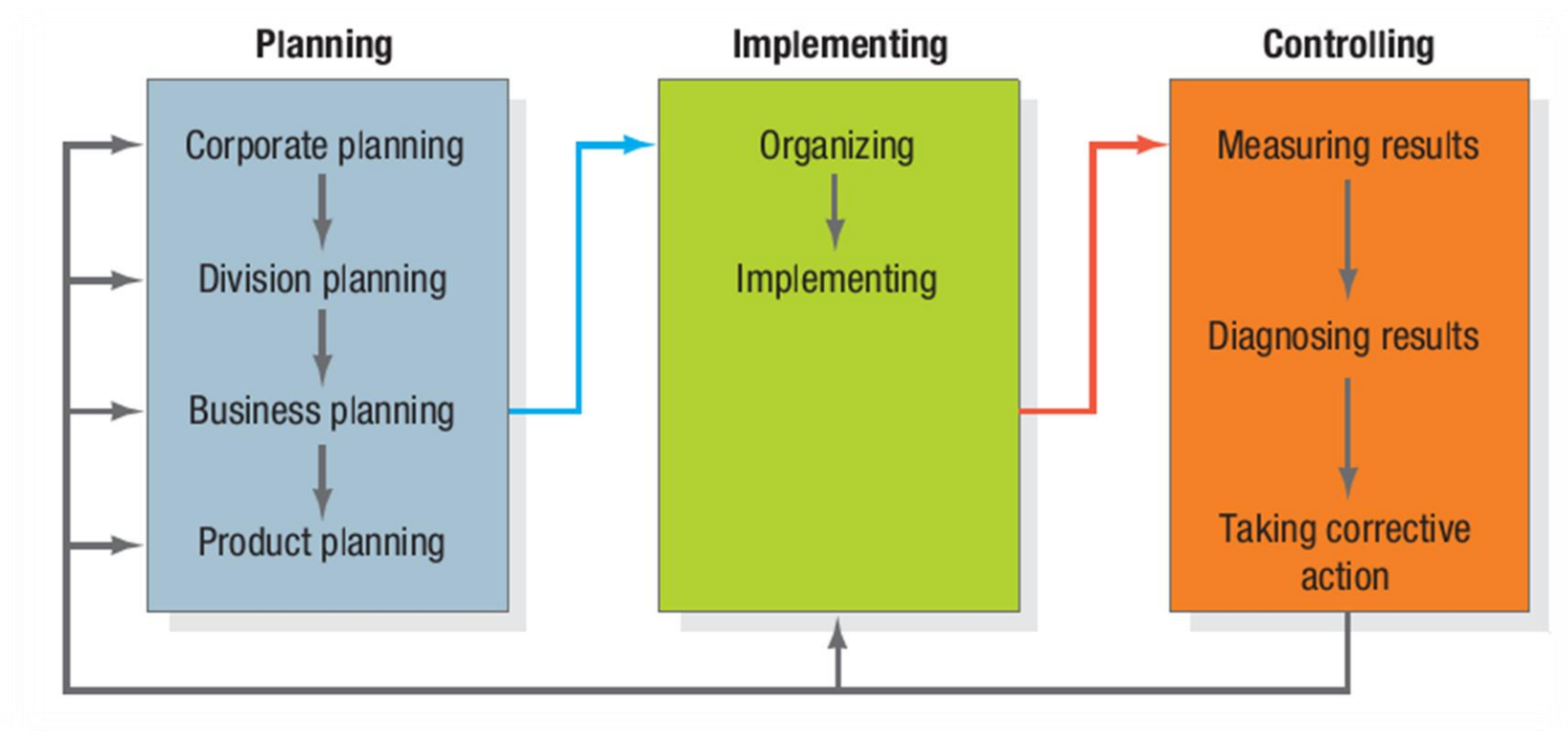
is central instrument for directing and coordinating marketing effort

Strategic Marketing Plan lays out target markets & value proposition

Tactical Marketing Plan lays out specifics of marketing activities

Marketing & Customer Value

The Central Role of Strategic Planning



Corporate & Division Strategic Planning

Different **Planning** Activities

- Four Planning Activities
(at Corporate & Division level)
 - 1. Defining the Corporate Mission
 - 2. Establishing Strategic Business Units
 - 3. Assigning Resources to each SBU
 - 4. Assessing Growth Opportunities

Corporate & Division Strategic Planning

1. Defining the Corporate Mission

- Peter Drucker's classic questions
 - ▣ What is our business?
 - ▣ Who is the customer?
 - ▣ What is of value to our customer?
 - ▣ What will our business be?
 - ▣ What should our business be?

Corporate & Division Strategic Planning

1. Defining the Corporate Mission

□ Mission Statements

- Focus on **LIMITED** goals
- Stress company's major policies & values
- Define the major competitive spheres:
 - Industry (in which company operates)
 - Products & Applications
 - Competence
 - Market Segment
 - Vertical (channels)
 - Geographical

Corporate & Division Strategic Planning

2 & 3. Defining Business / Establishing SBUs & Assigning Resources to SBUs

- A business?
 - ▣ is a Customer-satisfying process
 - ▣ is NOT a Goods-producing process

Company	Product definition	Market definition
Daewoo Pakistan	We run buses	We are a people-and-goods mover
Xerox	We make copying equipment	We improve office productivity
PSO	We sell gasoline	We supply energy
Columbia Pictures	We make movies	We entertain people
Beaconhouse	We run schools & university	We educate people

Corporate & Division Strategic Planning

2 & 3. Defining Business / Establishing SBUs & Assigning Resources to SBUs

A Strategic Business Unit (SBU) is:

Single business or collection of related businesses which **can be planned from the rest of the company**

It has its **own** set of **competitors**

It has a **manager** - responsible for strategic planning and profit performance

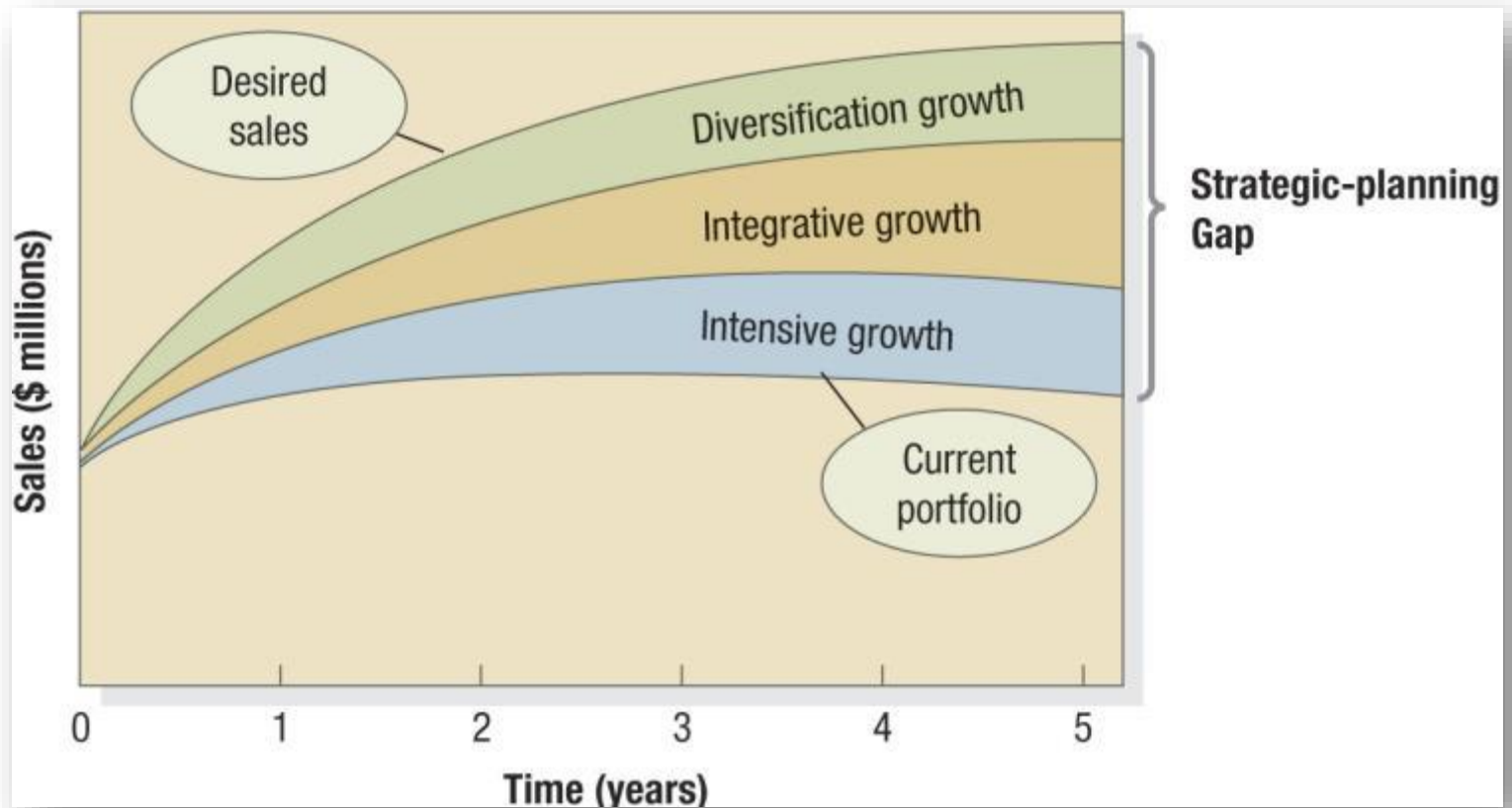
□ **Assigning Resources to SBU** is done using portfolio management tools and techniques e.g. BCG Matrix / GE Matrix etc.

(Not covered here – Google for own interest)

Corporate & Division Strategic Planning

4. Assessing Growth Opportunities

□ Strategic Planning Gap

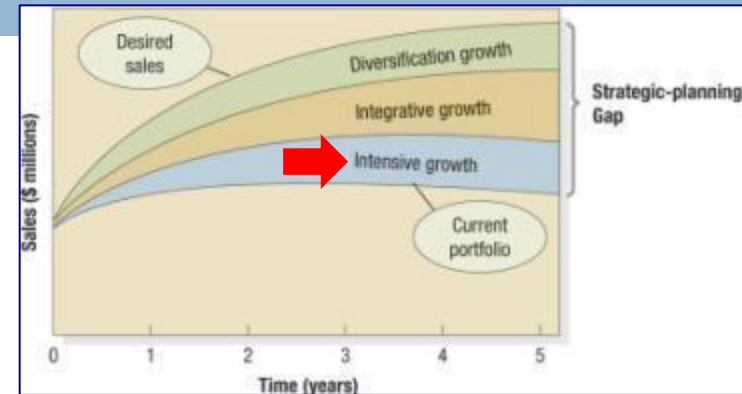


Corporate & Division Strategic Planning

4. Assessing Growth Opportunities

□ Intensive Growth

- Ansoff Product-Market Expansion Grid



	Current Products	New Products
Current Markets	1. Market-penetration strategy	3. Product-development strategy
New Markets	2. Market-development strategy	(Diversification strategy)

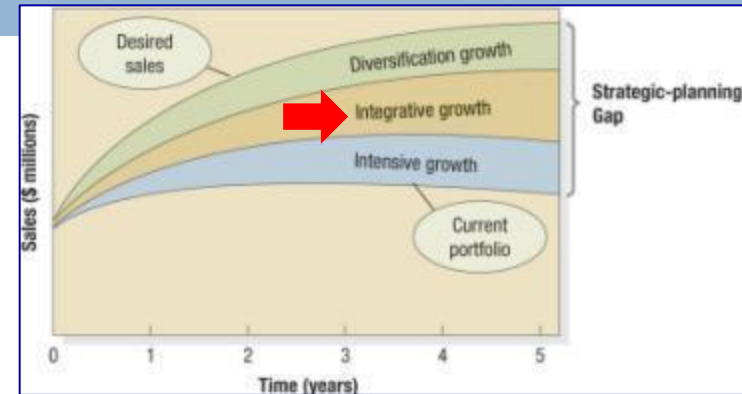
Corporate & Division Strategic Planning

4. Assessing Growth Opportunities

□ Integrative Growth

□ 'Integrations'

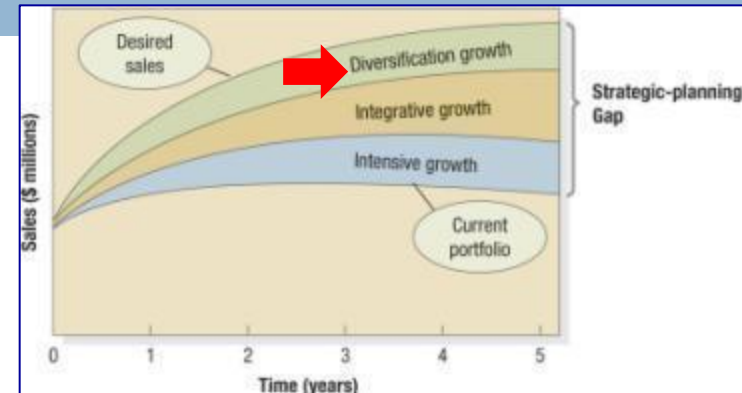
- Backward: Acquire Suppliers
- Forward: Acquire distributors/suppliers
- Horizontal: Acquire Competitors



Corporate & Division Strategic Planning

4. Assessing Growth Opportunities

□ Diversification Growth



- When good opportunities can be found outside current business

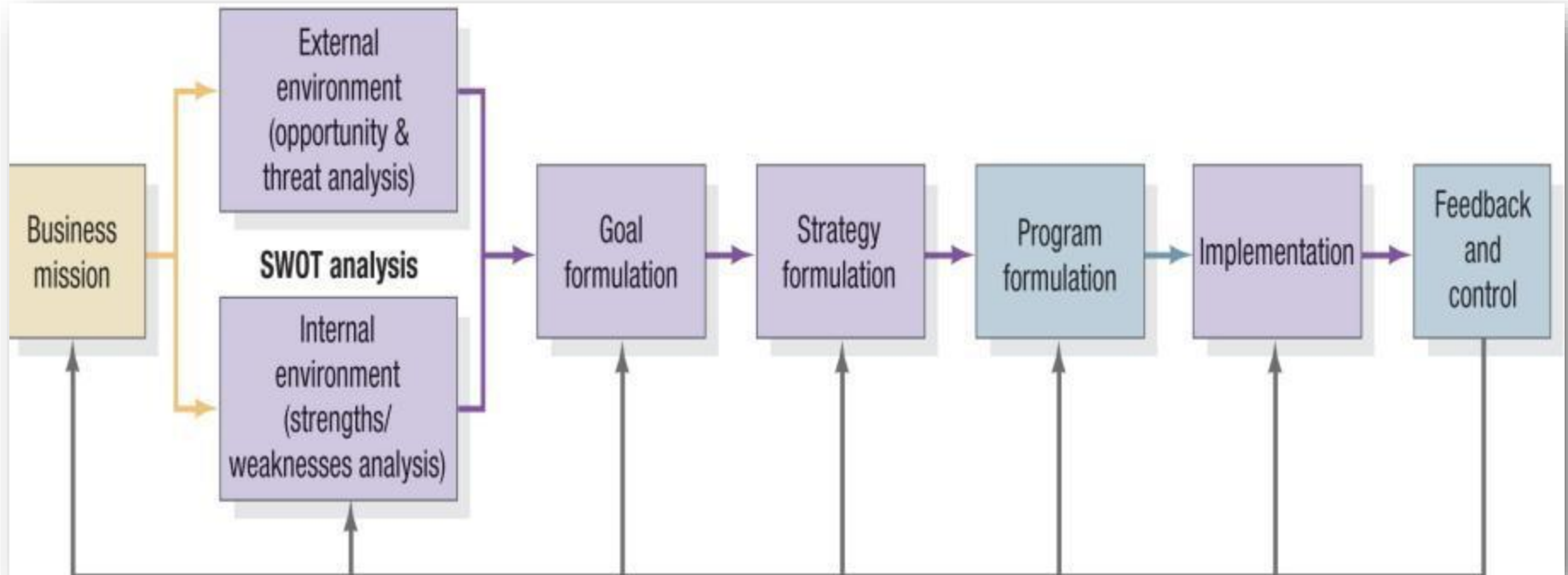
N.B. This relates to new line of business NOT products

□ Downsizing & Divesting

- Pruning & harvesting current portfolio

Business Unit Strategic Planning

Process



Business Unit Strategic Planning

SWOT Analysis

□ SWOT

▣ Internal Environment Analysis

- Strengths
- Weaknesses

▣ External Environment Analysis

- Opportunities
- Threats

Business Unit Strategic Planning

Goal Formation

- Setting objectives &
MBO - Managing by Objectives

- **Goals** should have these characteristics
 1. They must be arranged hierarchically from the most to least important
 2. Objectives should be stated quantitatively whenever possible
 3. Goals should be realistic
 4. Objectives must be consistent

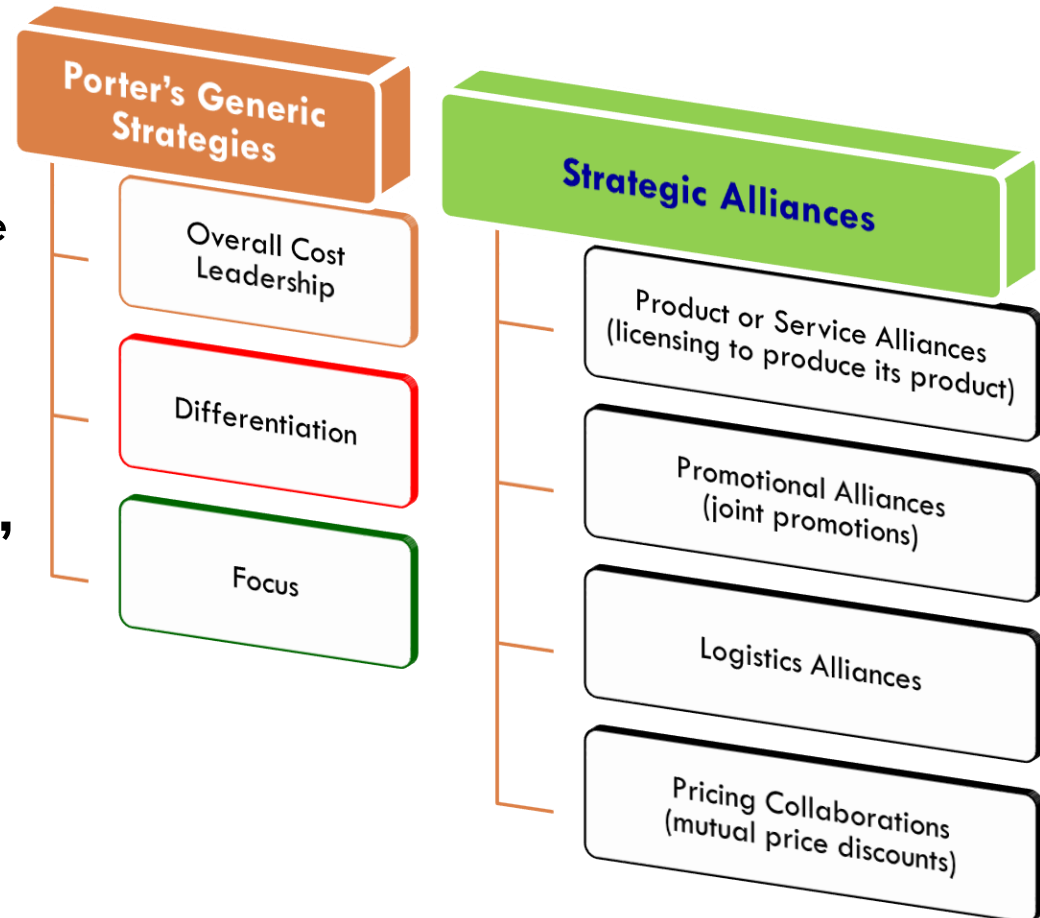
Business Unit Strategic Planning

Strategic Formulation

□ **Goals:** What a business wants to achieve

□ **Strategy:**
A game plan for getting there

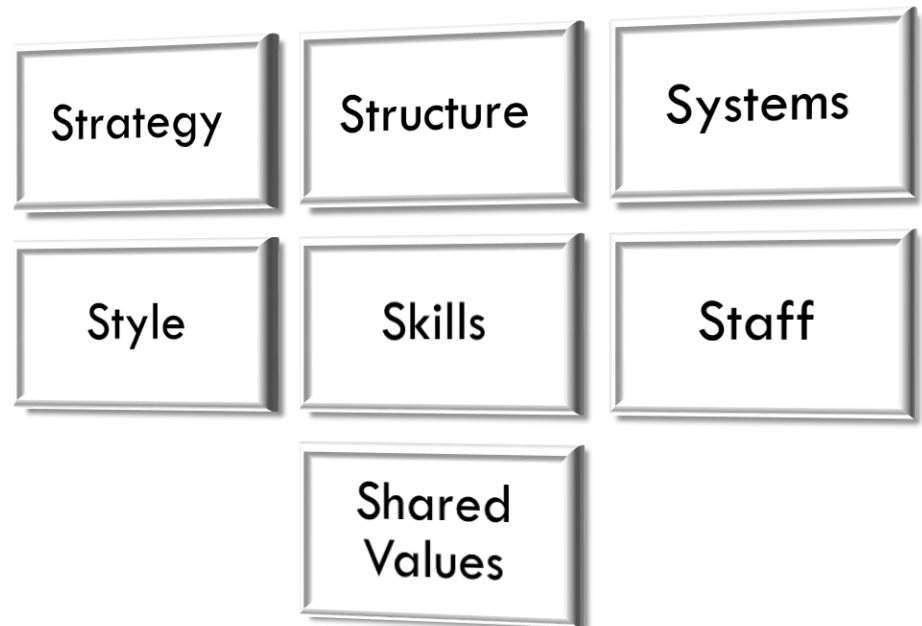
□ **Examples of 'Strategies'**
>>



Business Unit Strategic Planning

Program Formulation & Implementation

- Great Marketing Strategy can fail - If poorly implemented
- **Strategy** is one the seven elements in business practice!
(McKinsey) – other elements are important in implementation



Business Unit Strategic Planning

Feedback & Control

- Need to track results and monitor new developments
- Need to continuously examine changing environment and to adopt to new goals and behaviors

Product Planning: Marketing Plan

- Marketing Plan
- A written document that summarizes what the marketer has learned about the marketplace and indicates how the firm plans to reach its marketing objectives

Product Planning: Marketing Plan

Typical Contents of a MARKETING PLAN>>

Executive Summary &
TOC

Situation Analysis

Marketing Strategy

Financial Projections

Implementation Controls

Very important: Self Read Exercise

Review marketing plan given in book