

Marketing Management

Summer Semester (2023-24)



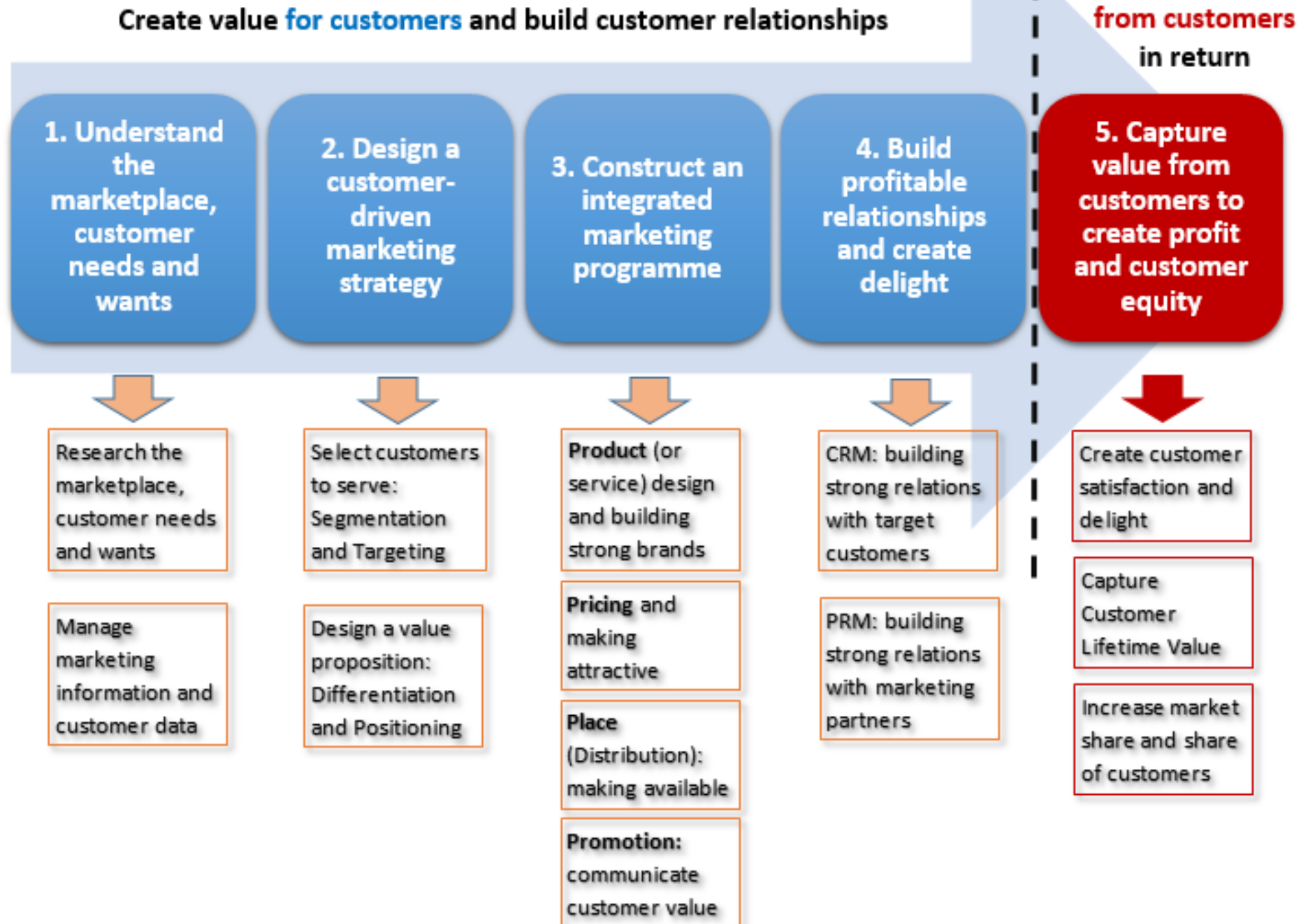
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What is Marketing?

Marketing

- A need fulfilment process
- Meeting needs profitably
- “An organizational function and a set of process for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders” **AMA**

Marketing Process



Historical Orientation of Firms

- Production based
- Product based
- Selling based
- Marketing based
- Reasons??

Product vs. Market Orientation

| Company | Product Definition | Market Definition |
|--------------------------|----------------------------|---|
| Canon | We make copying equipment. | We help improve office productivity. |
| Petronas | We sell gasoline. | We supply energy. |
| Sony Pictures | We make movies. | We market entertainment. |
| Encyclopaedia Britannica | We sell encyclopedias. | We distribute information. |
| Toshiba | We make air-conditioners. | We provide climate control in the home. |

What is Marketed?

- Goods
- Services
- Events
- Experiences
- Persons
- Places
- Properties
- Organizations
- Information
- Ideas



Offering

Purpose of Marketing

- Need
- Want
- Demand

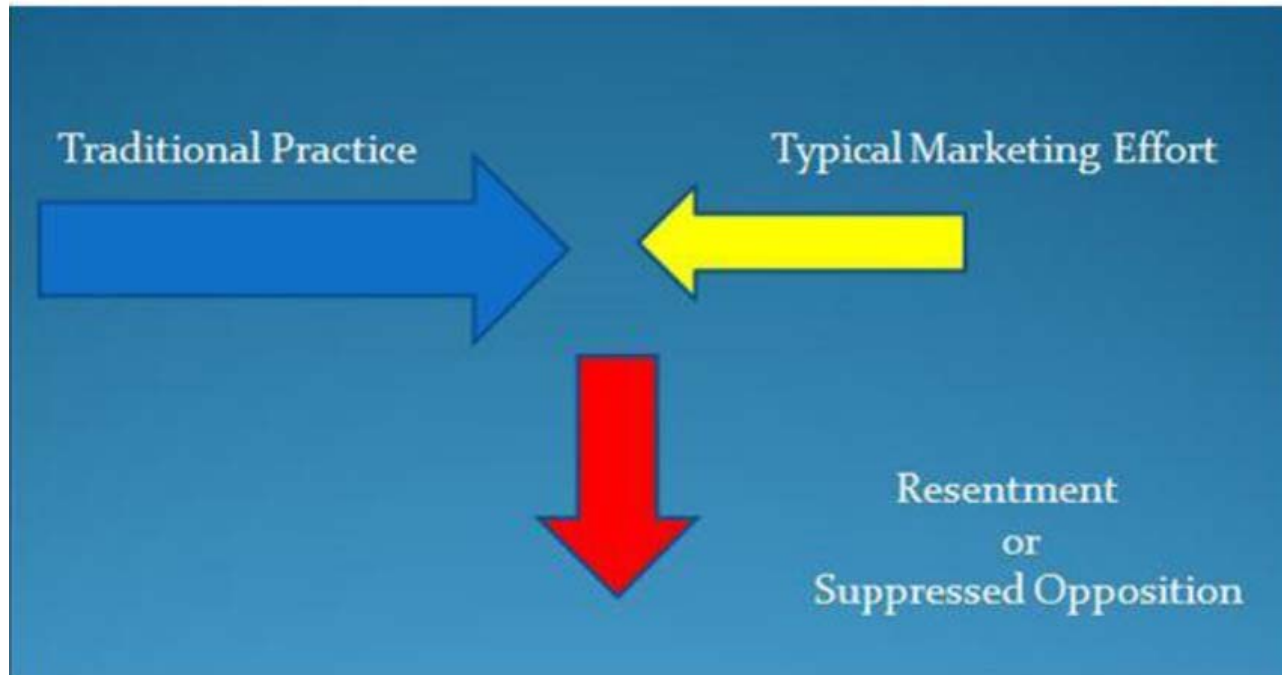
Purpose of Marketing

- Need
 - Stated
 - Real
 - Unstated
 - Delight
 - Secret

Types of Marketer

- Responsive
- Anticipative
- Creative

Why Rely on Habit?



The Fundamental Marketing Equation

- Customer Value Proposition =

Total Perceived Value – Actual Price

- Customer Value Triad = F(Quality, Service, Price)

Customer Lifetime Value (CLV)

Customer Lifetime Value is the net profit contribution of the customer to the firm over time.



Customer Lifetime Value (CLV)

$$CLV_i = \sum_{y=1}^{T_i} \frac{CM_{i,y}}{(1+r)^{y/frequency_i}} - \sum_{l=1}^n \frac{\sum_m c_{i,m,l} * X_{i,m,l}}{(1+r)^l}$$

Where:

CLV_i = lifetime value of customer i ;

$CM_{i,y}$ = predicted contribution to operating margin of customer i in purchase occasion y , measured in dollars.

r = discount rate for money

$c_{i,m,l}$ = unit marketing cost for customer i in channel m in year l

$x_{i,m,l}$ = number of contacts to customer i in channel m in year l

$frequency_i$ = predicted purchase frequency for customer i

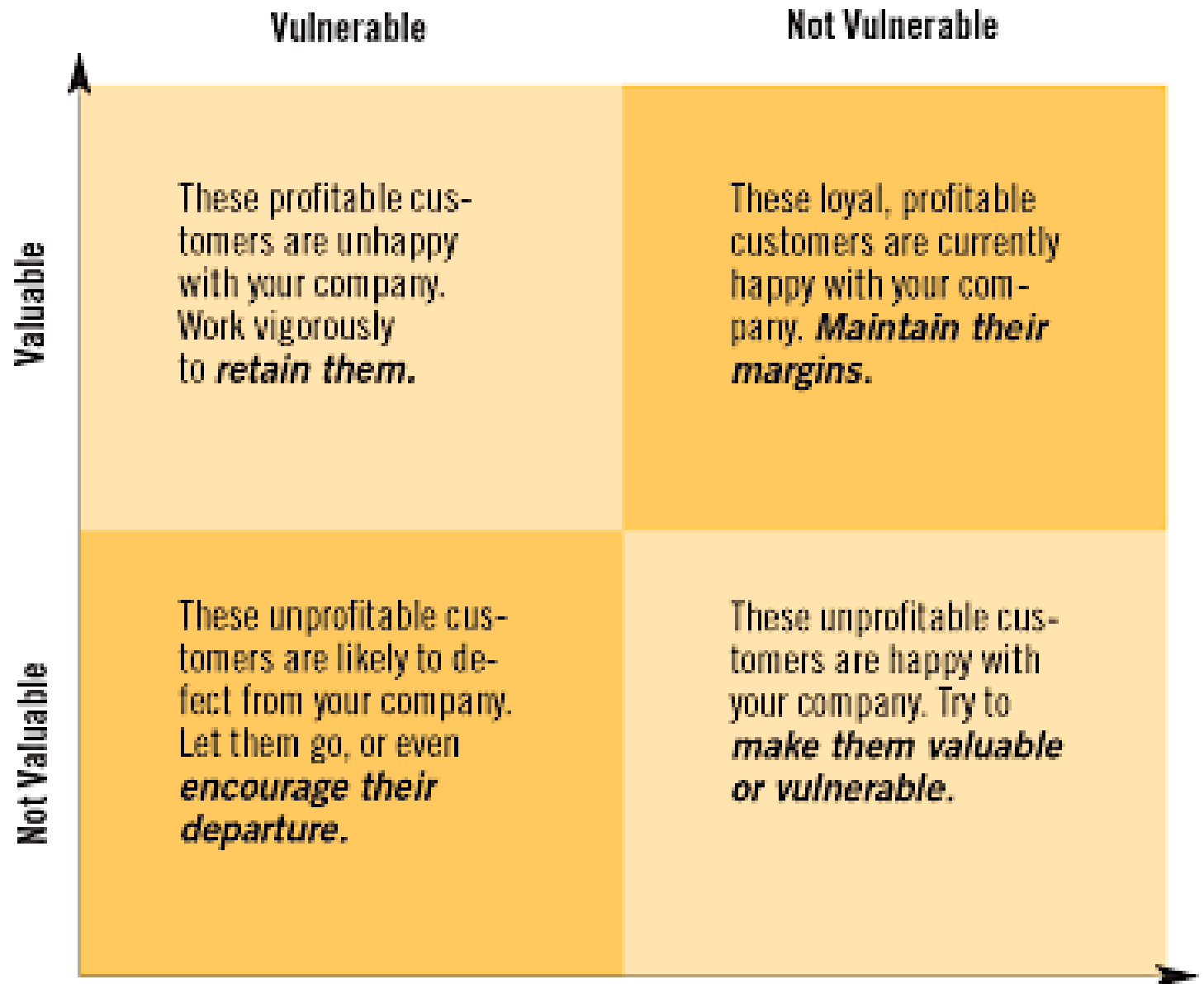
n = number of years to forecast

T_i = predicted number of purchases made by customer i until the end of the planning period

Customer Relationship Management

- Net Promoter Score (NPS)
 - From -100 to +100
 - Proxy for ***Real Customer Base***

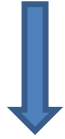
Customer: Valuable Vulnerable



Module 2: Value Identification

Marketing: Assessment

- Marketing Research vs. Market Research



| 4 Ps |
|-------------------------|
| New Product Development |
| Pricing Strategies |
| Channel Strategies |
| Promotional Activities |
| Advertising |
| Sales |
| Public Relations |



| Place |
|------------------------|
| Customer Information |
| Competition |
| External Environment |
| Market Demand & Supply |
| Emerging Trends |
| |
| |

What to Monitor?

- Marketing Intelligence
 - New developments in market
 - Ghost shopper/ Ghost marketing/ Teasers
 - Use of internet
 - mouthshut.com, consumerreview.com
 - Use of database
 - Euromonitor, CMIE, Indiatat
 - Demographic shifts

Marketing Research Process

- Define problem and research objectives?
- Develop research plan
 - Data source
 - Research approaches (Asplor, Researchtree)
 - Ethnography, FGD, Survey – Double barrelled, Tending
- Information collection
- Analysis (FA, DA, CA)
- Findings
- Decision

Marketing Mix

- 4 Ps of Marketing
 - Product
 - Price
 - Place
 - Promotion

N H Borden; Jerome McCarthy

Marketing Mix

- 4 Cs of Marketing
 - Customer
 - Cost
 - Convenience
 - Communication

Bob Lauterborn

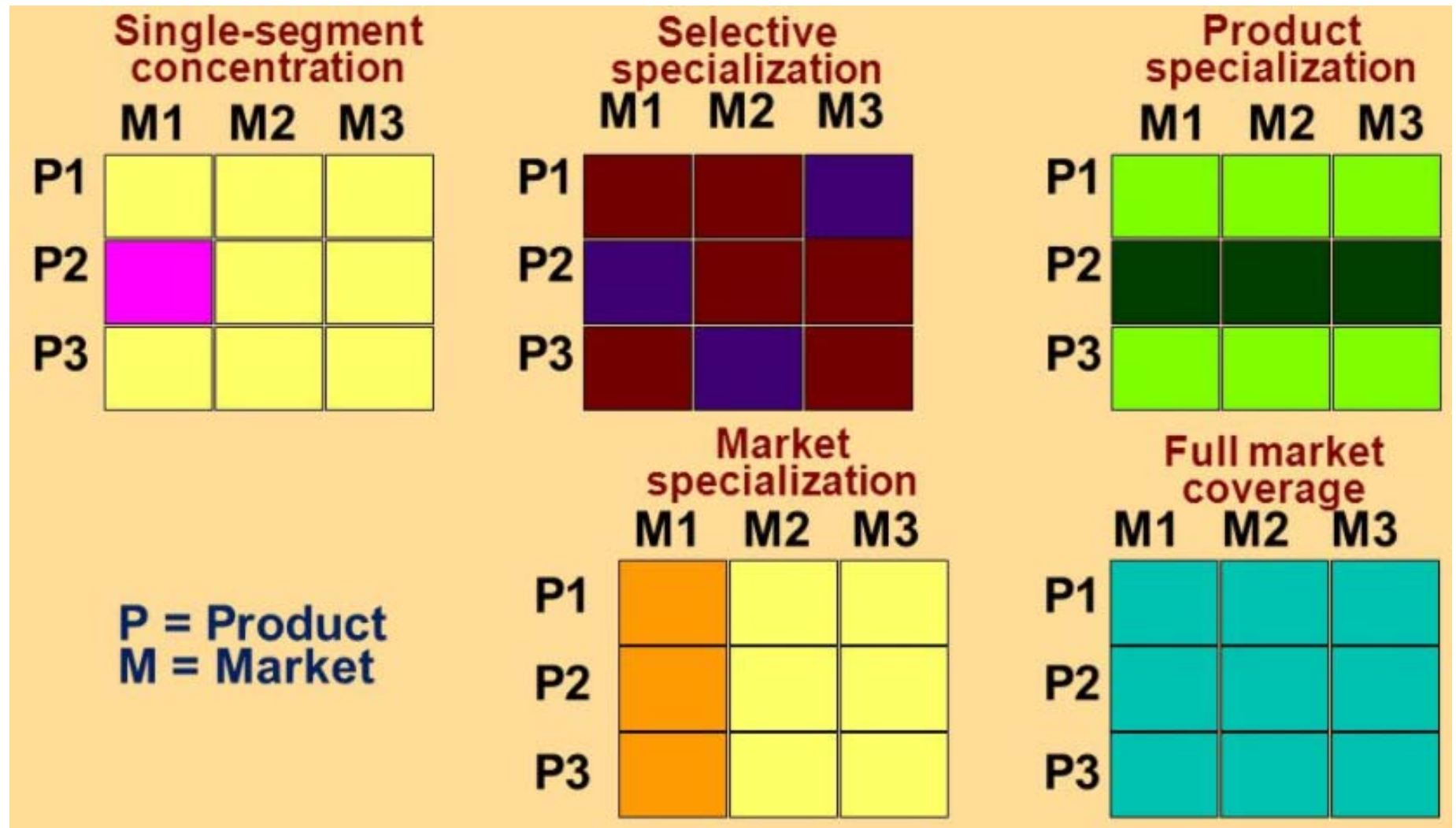
A Word of Caution for Start-Ups

- Faulty Need-Demand Analysis
- Overkill of an Existing Idea
- Digital Platform is NOT Be All and End All
- Questionable Financial Viability
- Low on Pragmatism

Strategic Marketing

- Segmentation
- Targeting
- Positioning

Patterns of Target Market Selection



Positioning

- To create a psychological impression in the minds of people
- “What emotion is triggered?”
- IMC follows from here...

Anchoring: Application in Marketing

- The art of associating two independent concepts for promotion
- **Major concept**
 - Existing, prevalent, well-known, highly regarded idea
- **Anchored concept**
 - My interest
- **Anchoring method**
 - Usually pathos based rhetoric

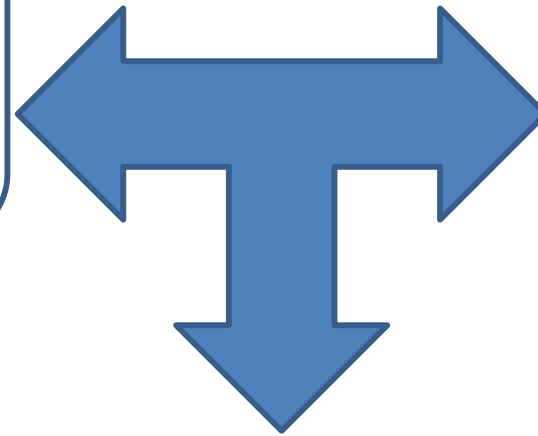
Examples

Major Concept

“Yoga is beneficial”
“Swadeshi is Indian”
“Ayurveda is elixir”

Anchored Concept

Patanjali Products



Positioning Cues

By using Patanjali products you endorse and support the major concept



Consumer Behaviour

- Cultural Aspects
- Social Aspects
 - Reference Group
 - Aspirational Group
 - Dissociative Group
 - Family of Orientation/Procreation
 - Roles and Status
- Personal Aspects
 - Age, Occupation, Personality, Lifestyle and Value

SEC: Urban India

| Occupation | Education | | | | | | |
|---|------------|----------------------|------------------|---------|----------------------|----------------------------------|---------------------------------------|
| | Illiterate | School up to 4 Years | School 5–9 Years | SSC/HSC | SSC/HSC Non-Graduate | Graduate/ Postgraduate (General) | Graduate/ Postgraduate (Professional) |
| Unskilled workers | E2 | E2 | E1 | D | D | D | D |
| Skilled workers | E2 | E1 | D | C | C | B2 | B2 |
| Petty traders | E2 | D | D | C | C | B2 | B2 |
| Shop owners | D | D | C | B2 | B1 | A2 | A2 |
| Businessmen/ Industrialists with number of employees: | | | | | | | |
| * None | D | C | B2 | B1 | A2 | A2 | A1 |
| * 1–10 | C | B2 | B2 | B1 | A2 | A1 | A1 |
| * 10 + | B1 | B1 | A2 | A2 | A1 | A1 | A1 |
| Self-employed/ Professionals | D | D | D | B2 | B1 | A2 | A1 |
| Clerical/ Salesmen | D | D | D | C | B2 | B1 | B1 |
| Supervisory level | D | D | C | C | B2 | B1 | A2 |
| Officers/ Executives – Junior | C | C | C | B2 | B1 | A2 | A2 |
| Officers/ Executives – Middle/Senior | B1 | B1 | B1 | B1 | A2 | A1 | A1 |

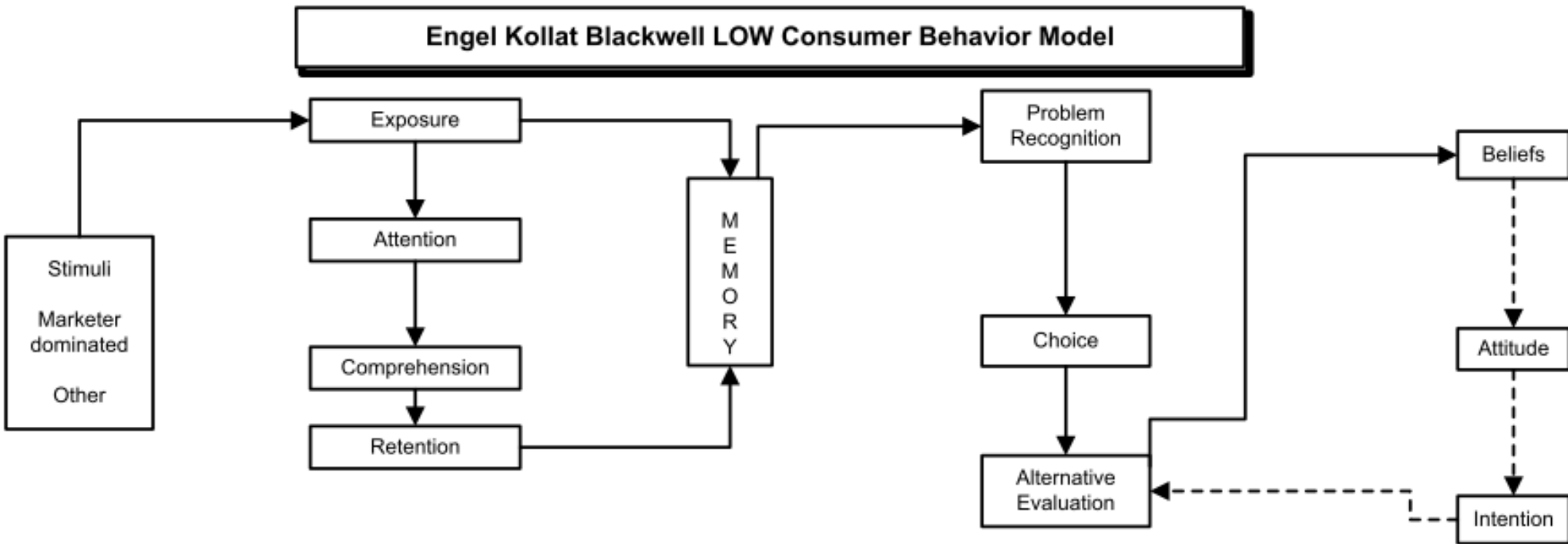
SEC: Rural India

| Education | Type of House | | |
|---|---------------|------------|--------|
| | Pucca | Semi-Pucca | Kuccha |
| Illiterate | R4A | R4A | R4B |
| Below SSC | R3A | R3B | R4A |
| SSC/HSC | R2 | R3A | R3B |
| Some college, Not Graduate | R1 | R2 | R3B |
| Graduate/Postgraduate (General) | R1 | R2 | R3A |
| Graduate/Postgraduate (Professional) | R1 | R2 | R3A |

New SEC (2011)

- Discriminating durables
 - Electricity Connection
 - Ceiling Fan
 - Gas Stove
 - Refrigerator
 - Two Wheeler
 - Washing Machine
 - Colour TV
 - Computer
 - Four-wheeler
 - Air Conditioner
 - Agricultural Land (in rural areas)

| No. of Durables Owned | Education of CWE | | | | | | |
|-----------------------------|------------------|--|----------------------------|----------|---|----------------------|--------------------------|
| | Illiterate | Literate but no formal school/ School up to 4 yrs | School: 5 to 9 years | SSC/ HSC | Some College (incl Diploma) but not Grad | Grad/ PG: General | Grad/PG: Professional |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| None | E3 | E2 | E2 | E2 | E2 | E1 | D2 |
| 1 | E2 | E1 | E1 | E1 | D2 | D2 | D2 |
| 2 | E1 | E1 | D2 | D2 | D1 | D1 | D1 |
| 3 | D2 | D2 | D1 | D1 | C2 | C2 | C2 |
| 4 | D1 | C2 | C2 | C1 | C1 | B2 | B2 |
| 5 | C2 | C1 | C1 | B2 | B1 | B1 | B1 |
| 6 | C1 | B2 | B2 | B1 | A3 | A3 | A3 |
| 7 | C1 | B1 | B1 | A3 | A3 | A2 | A2 |
| 8 | B1 | A3 | A3 | A3 | A2 | A2 | A2 |
| 9 + | B1 | A3 | A3 | A2 | A2 | A1 | A1 |



FCB Grid (Richard Vaughn, 1980)

