

Introduction to Marketing Management

What is Marketing?

Promotion

Selling

Advertising

Public Relations

Brand
Building

Making Products
available in Stores

All of the above, plus much more...

What is Marketing?

“Marketing is convincing the Customer”

“Marketing is creating/ meeting the Needs Profitably”

“Marketing is building Relationships & generating Satisfaction for Customers”

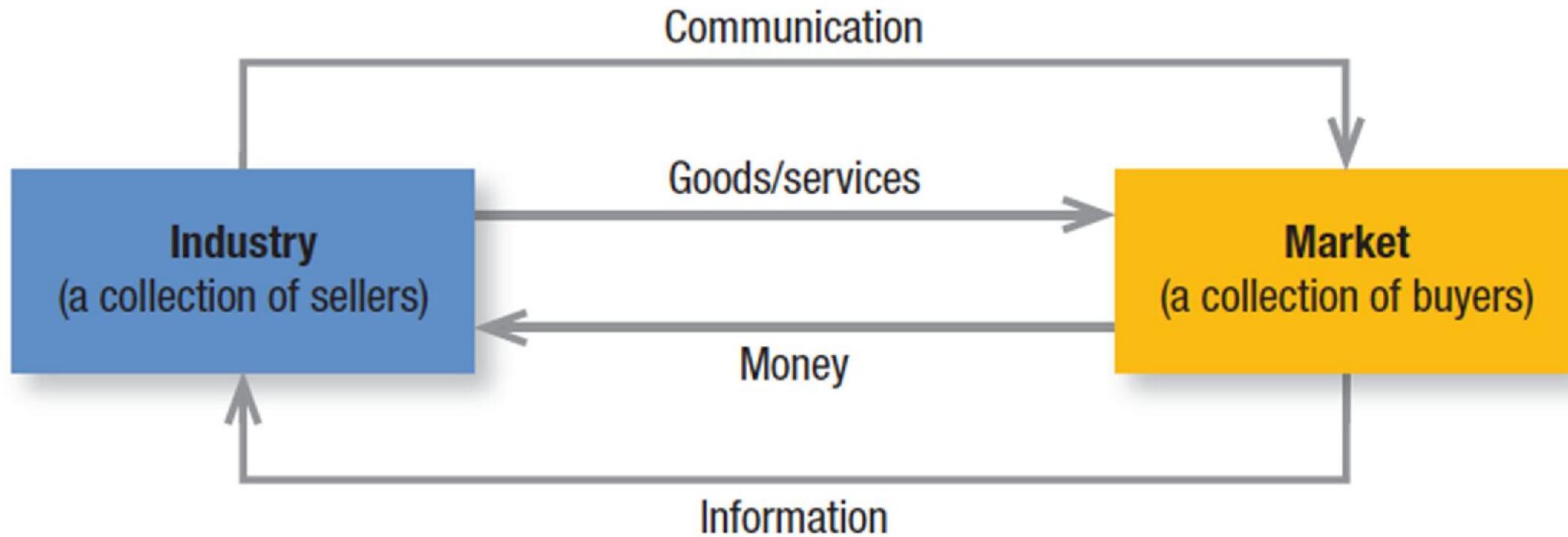
Marketing Definition

- ▶ According to American Marketing Association, “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.”

Marketing Management

- ▶ 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.

Marketing System



What is Marketed ?

- Goods
- Services
- Events
- Experiences
- Personalities
- Places
- Organizations
- Properties
- Information
- Ideas and concepts

Types of Needs

- ▶ **Stated Needs** (The Customer wants an inexpensive car)
- ▶ **Real Needs** (The customer wants a car whose operating cost is low & not the initial price)
- ▶ **Unstated Needs** (The customer expects good service from the dealer)
- ▶ **Delight Needs** (The customer would like the other dealer to include an onboard GPS navigation system)
- ▶ **Secret Needs** (The customer wants friends to see him/ her as a savvy consumer)

Marketing Vs. Selling

Marketing	Selling
Marketing focuses on identifying buyer's needs and try to fulfill the same i.e. converting " customer needs " into ' products '	Selling focuses on convincing customers to purchase company's products i.e. converting ' products ' into " Money ".
Marketing revolves around needs & interest of buyers	Selling revolves around needs & interest of seller (Company)
'Customer satisfaction' is the primary motive.	'Sales' is the primary motive.
Marketing involves ' Pull ' strategy	Selling involves ' Push ' strategy
Marketing considers an outside-in perspective	Selling considers an inside-out perspective
Marketing is broader concept and includes many activities like marketing research, product planning & development, pricing, promotion, distribution, selling etc.	Selling is a narrow concept and a part of marketing
Conceptual and analytical skills are required.	Selling and conversational skills are required.

Marketing of Services

- ▶ Service is any **act** or **performance** one party can offer to another that is essentially **intangible** and does not result in the ownership of anything
- ▶ It may or may not be tied to a physical product

Categories of the Services

An offering may include **minor or major Service component**, accordingly it can be divided into following categories

- ▶ A pure tangible good – No service component (e.g. FMCG)
- ▶ A tangible good with accompanying services (E.g. Consumer durables, Automobile)
- ▶ A hybrid (E.g. Restaurant, IT - H/W & S/W)
- ▶ A major service with accompanying minor goods/services (E.g. Air travel with Meal)
- ▶ A pure service (Healthcare, Insurance, Consulting etc.)

Distinctive Characteristics of Services

Intangibility:

- ▶ Services cannot be seen, tasted, felt, heard, or smelled before they are bought
- ▶ **E.g.** Healthcare, Finance, Consultancy



Distinctive Characteristics of Services

Intangibility:

- ▶ To reduce the Uncertainty, buyers look for Physical evidence and presentation tools:
 - ✓ Place
 - ✓ People
 - ✓ Equipment
 - ✓ Communication material
 - ✓ Symbols
 - ✓ Price

Distinctive Characteristics of Services

Inseparability:

- ▶ Services are typically produced and consumed simultaneously and can't be inventoried like tangible goods
- ▶ **E.g.** Hotel, Haircut, Cinema
- ▶ To address this issue, service provider can adopt 'Yield Management – Pricing strategy to manage the demand



Distinctive Characteristics of Services

Variability:

- ▶ The quality of services depends on who provides them, when, where, and to whom
- ▶ **E.g.** Education, Financial Advisory, Consultancy
- ▶ To address this issue
 - ▶ Invest in good hiring & training procedures
 - ▶ Standardize Service performance process
 - ▶ Monitor Customer satisfaction



Distinctive Characteristics of Services

Perishability:

- ▶ Services cannot be stored and get affected due to demand fluctuations
- ▶ Strategies to match demand & supply

On demand side

- Differential pricing (Ola, Uber)
- Nonpeak demand (Wednesday Bazaar)
- Complementary services (ATMs)
- Reservation services (Airlines)

On supply side

- Part-time employees
- Peak-time efficiency routines (employees focus on specific tasks)
- Increased consumer participation (Form fill up, Take away counter)
- Shared services (Connected Flights)
- Facilities for future expansion

Importance of Marketing in Service Sector

- ▶ Helps in Differentiating the Service Organization
- ▶ Enables firms in communicating the intangible aspect of Service
- ▶ Assists in Affecting Customers' Perception
- ▶ Helps in Building Relationships
- ▶ Useful to justify the Price being charged
- ▶ Enables firms in demonstrating the Process

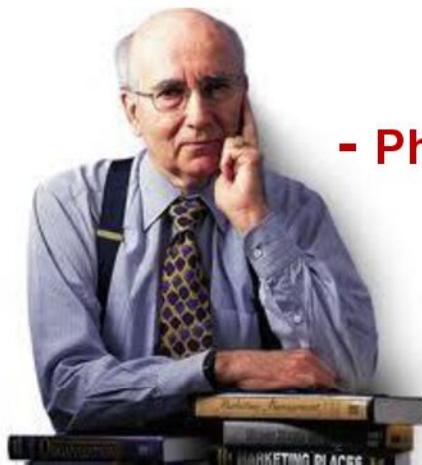
Marketing Mix:

The 4 P's of Marketing by Kotler.



“If the marketer does a good job of **identifying consumer needs, developing appropriate products, AND pricing, distributing, and promoting them effectively**, these good will **sell very well**”

- Philip Kotler



Product

DUSTER'S SUCCESS FORMULA

Attributes of
an SUV



Performance
of a sedan



Heavily
Indianised



Attention to
detail



Attractive
pricing



Perfect positioning
in the market

Product

- Features
- Design
- Quality
- Variety

Price

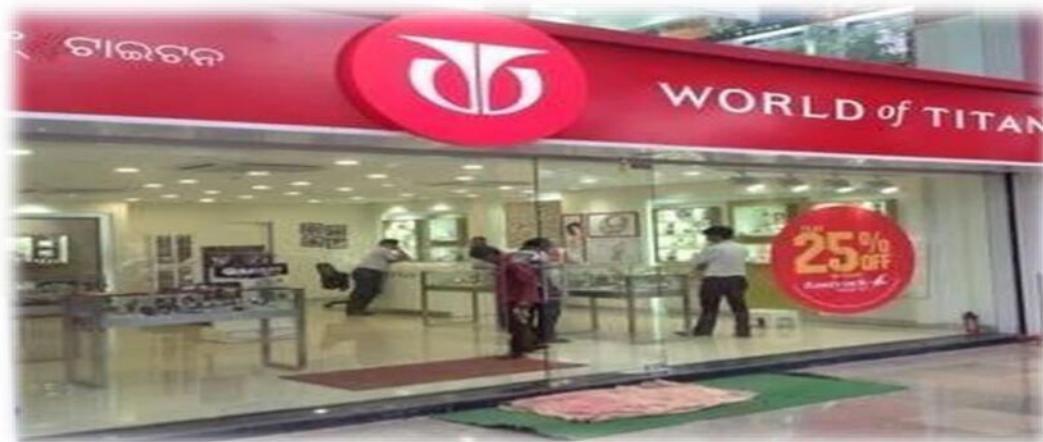
Today
is Wednesday...
**... Hafte ka sabse
sasta din!**



Pricing Strategies

- Penetration
- Competition
- Bundle
- Skimming/ Premium

Place



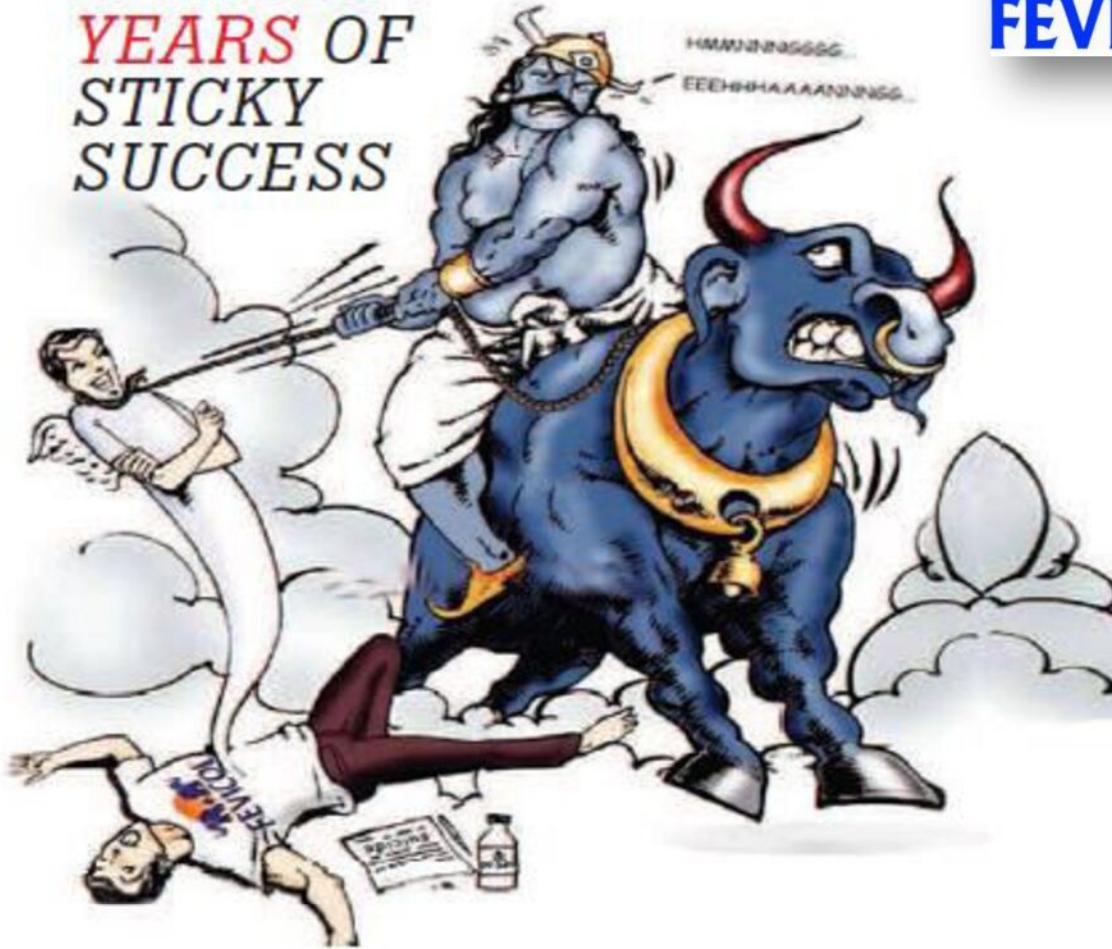
Place

- **Where** and **How** to sell the product to the consumers
- **Direct** Distribution
- **Indirect** Distribution



Promotion

OVER 50
YEARS OF
STICKY
SUCCESS



Promotion





4Ps - Physical Goods

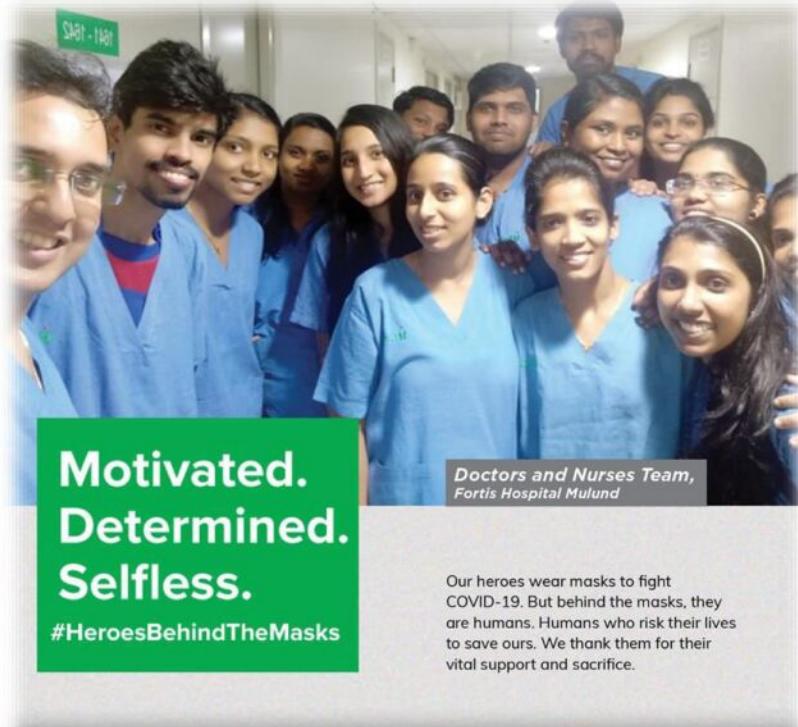


7Ps - Services

People

- **Front line employees** during service encounter
- **After sales representatives** for post purchase support
- **Other employees** involved in service delivery process

People



Physical Evidence

- **Environment** in which the service is delivered
- **Sub elements of service** like ambience, store/ facility design, equipment, signage, employee attire, displays

Physical Evidence



Process

- **Flow of activities and procedures** by which the service is delivered



Marketing Environment



General Motors

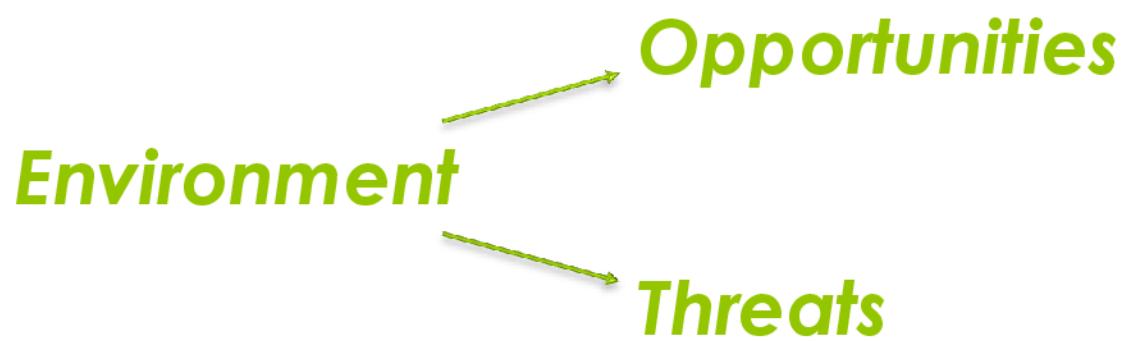


TOYOTA



HONDA

Strategic Response to the
Environment, possible only with the
Sound Knowledge of Environment



What is the Marketing Environment?

- The **actors and forces**, **outside** marketing that affect marketing management's ability to build and maintain successful relationships with target customers

Macro Environment?

Needs and Trends in Environment

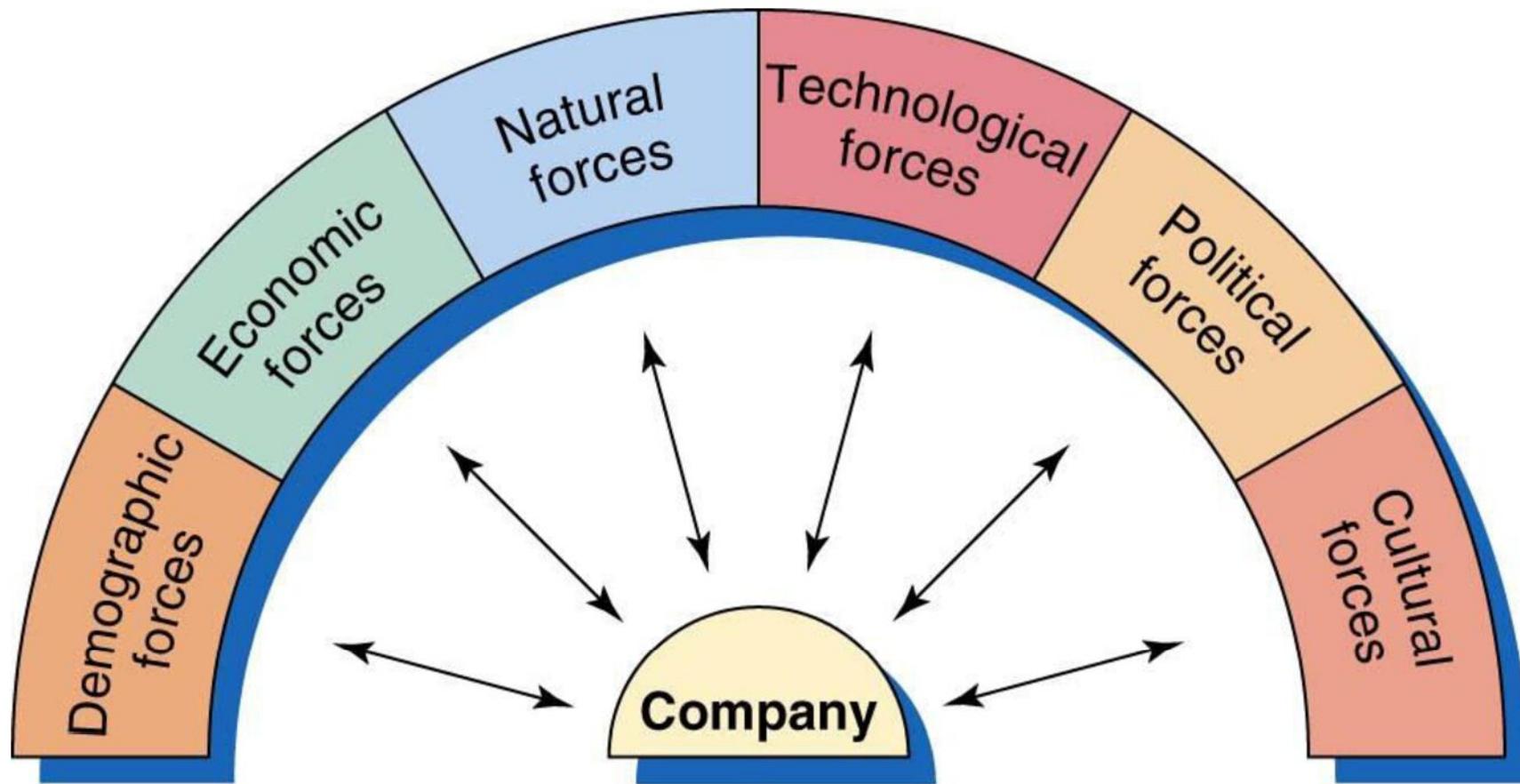
- Fad: Unpredictable, short-lived, and without social, economic, and political significance - quickly gains in popularity and may fade just as quickly
- Trend: Reveal the shape of the future and can provide strategic direction - more predictable and durable than a fad

Macro Environment?

Needs and Trends in Environment

- Megatrend: large social, economic, political, and technological change that is slow to form, and once in place, influences for long time

Macro Environment



Demographic



- Demography gives '**Consumer Profile**'
- It is the study of population in respect of its **size, density, location, age, occupation, marital status, education, income level, household patterns** etc.
- These factors helps in - **Market segmentation, demand forecasting**, determination of market potential

Economic



- Consists of factors that affect **consumer's purchasing power** and **spending patterns**
- Such Factors includes:

Income	Exchange Rates
Savings	Business Cycles
Debt	Interest rates & Credit availability
Credit availability	Standard of living
Price level	Price Levels

Upscale



Downscale

Walt Disney markets different products to match its two-tiered market

Natural



- Availability of **natural resources** as inputs/ raw materials
- Pollution, Protection of wildlife & ocean wealth
- Environmental regulations for packaging materials & disposal of wastages
- Environment friendly measures

Best example are.....

- Whirlpool introduced CFC free Refrigerators.
- Introduction of LED bulb.
- CNG used in vehicles.
- Jute bags used by various companies.
- Energy efficient products introduced by various organization like 5 star rating electrical equipment's.



Mc Donalds started giving out its products in a paper bag to the customers instead of a polythene bag, thereby doing "Green Marketing" at a reduced cost. This campaign was a big hit



Coca-Cola in order to save water does Rain Water Harvesting at a huge level thus saving water and giving back to the environment a small part of the water that it consumes for its production.

Technological



- Marketers must be aware of **new developments in technology**
- Technological developments may put some players out of business and at the same time, open up new business opportunities to others
- **E.g.** Smartphones have stolen the market of Music Players, Digi Cam, Calculators etc.; Fitness Bands impacting the sales of wrist watches



Political/ Legal



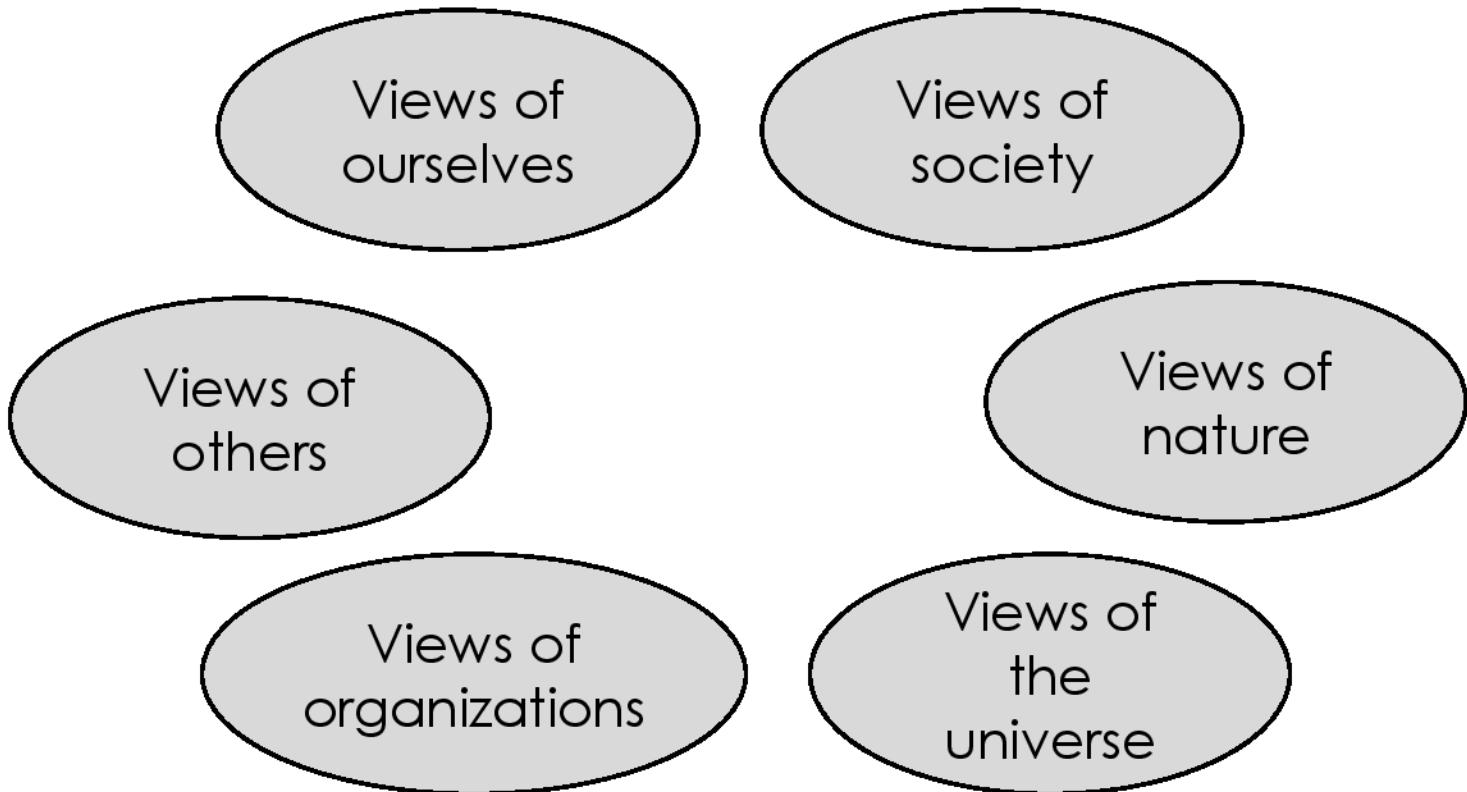
- Includes Laws, Government Agencies, and Pressure Groups that influence or limit various Organizations and Individuals in a Given Society
- Some of the Acts applicable are as follows:
 - Essential Commodities Act
 - Prevention of Food Adulteration Act
 - Trade and Merchandise marks Act
 - Packaged Commodities Act
 - Companies Act

Socio-cultural



- Forces that affect a society's basic values, perceptions, preference, and behaviors
- Advertisements and culture
- Festivals
- Dressing Style
- Food habits

Socio-cultural



Socio-cultural

- **Core cultural values**

- Values are passed from parents to children and reinforced by social institutions

- **Subcultures**

- Groups with shared values, beliefs, preferences, and behaviors emerging from their special life experiences or circumstances