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Marketing Management

Unit I : Lecture I

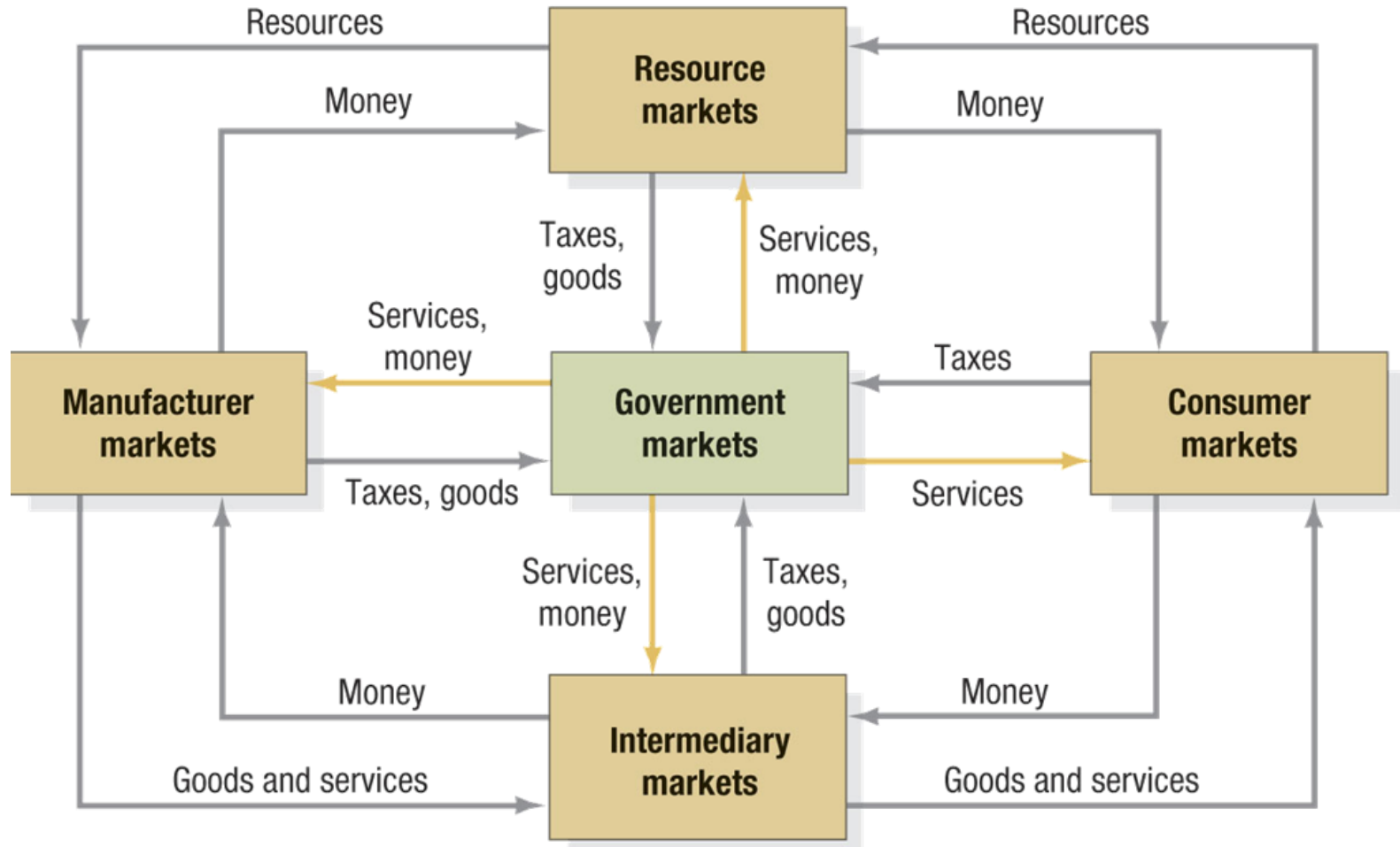
Unit I

- Concept of Markets
- What is Marketing
- Core Concepts of Marketing
- Value Delivery Process
- Marketing Planning
- Marketing Research

Market

- Set of all actual and potential buyers (prospects) of a product or services by providers (Marketers)

Structure of Flows in a Modern Exchange Economy



Three types of market

- Marketplaces
- Marketspaces
- Metamarkets - cluster of complementary products / services held in customer's mind

What is Marketing?

- Identifying and meeting human and social needs 'profitably'



FOUNDED 1943 – 301 stores – 37 countries

AMA on Marketing

- “Marketing is an organisational function and a set of processes for **creating, communicating and delivering value** to customers and for managing **customer relationships** in a way that it benefits the organisation and its stakeholders.”

Marketing Management

- “The art and science of choosing **target markets** and getting, keeping, and growing customers through creating, delivering and communicating **superior customer value.**”
- TATA ACE
- TATA MAGIC



Defining Marketing for the 21st Century

- Marketing is all around us;
- Good marketing is key to success;
- Marketing affects our daily life;
- Marketing is behind everything we use, everything we do, everything we experience;
- Marketing is too important to be left just to marketers.

1969

- **Surf : Rs 15.00 /kg**
- **Karsan Bhai Patel's yellow powder at Rs 3.50 /kg**
- **Early 1970's this yellow powder introduced as NIRMA. HLL rejected it as a competitor.**
- **In 1990's it had 38% market share for detergents.**
- **Largest manufacturer of detergents.**

Marketing Management

- A social and managerial process whereby individuals and groups obtain what they need and want through creating and exchanging products and value with others.

Core Concepts of Marketing

- **Needs, Wants & Demands**
- *Needs*: Hunger
- *Wants*: Dosa
- *Demands*: Money to satisfy want.

Needs & Wants are not Simple

Five Types of Needs

- Stated Needs – inexpensive mobile
- Real Needs –with long battery life
- Unstated Needs - trouble free service
- Delight Needs – sim free with handset
- Secret Needs – brand should depict high standard

Marketer's Manage Demand

- Marketer's influence level, timing and composition of demand. Demand states are:
- *Negative Demand*
- *Nonexistent Demand*
- *Latent Demand*
- *Declining Demand*
- *Irregular Demand*
- *Full Demand*
- *Overfull Demand*
- *Unwholesome Demand*

Segmentation, Target Marketing & Positioning



800



ZEN ESTILLO



WAGON R



ALTO



A STAR



RITZ



DEZIRE



SWIFT



GYPSY

STP defined

- Market Segmentation- Dividing market (heterogeneous) into distinct (homogenous) group.
- Target Marketing- Process of evaluation each segment attractiveness and selecting one segment over another.
- Market Positioning- Arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers.

Marketing Channels

- Target market reached through:
 1. Communication channel
 2. Distribution channel
 3. Service channel

Offerings & Brands

- Needs addressed through Value Proposition i.e. set of benefits
- Product + Service + Information + Experiences = makes VP physical
- Brands carry association in customer's mind. Disneyland associated with fun, children, outings, picnics, entertainment
- Strive for strong brand building

Value & Satisfaction

- Success \longrightarrow through delivering value & satisfaction
- Buying decisions based on delivered perceived value
- Value = sum of perceived tangible / intangible benefits & cost
- Value is combination of quality, service & price
- Satisfaction = performance vs expectations

Marketing Mix

- 4 P's

- Product

- Price

- Place

- Promotion

4 C's

Customer Solution

Customer Cost

Convenience

Communication

Marketing Mix - Product

- I. Variety*
- II. Quality*
- III. Design*
- IV. Features*
- V. Brand*
- VI. Packaging*
- VII. Sizes*
- VIII. Services*
- IX. Warranties*



Marketing Mix - Price

- I. List price*
- II. Discounts*
- III. Allowances*
- IV. Payment period*
- V. Credit terms*



Marketing Mix - Promotion

- I. Sales promotion*
- II. Advertising*
- III. Sales force*
- IV. Public relations*
- V. Direct marketing*



Marketing Mix - Place

- I. Channels*
- II. Coverage*
- III. Assortments*
- IV. Locations*
- V. Inventory*
- VI. Transport*



Marketing Environment

- Micro Task Environment: Company, Suppliers, Marketing Intermediaries, Customers, Competitors, etc.
- Macro Environment: demographic, economic, physical, technological, political-legal and socio-cultural environments.

Marketing Process

- The process of:
 - Analyzing market opportunities
 - Selecting target markets
 - Developing the marketing mix
 - Managing the marketing effort



Thank you

- End of Lecture I Unit I



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Marketing Management
Unit I : Lecture 2

The New Marketing Realities

- Significant developments are taking place in the marketplace. Marketers need to respond to these developments.
- Societal forces are creating new behaviour, opportunities and challenges.

Major Societal Forces

- *Information Technology* – shift from industrial age to *information age*.
- *Globalisation* – global access
- *Deregulation* – increased competition resulting in growth opportunities
- *Privatisation* – increased efficiency – hotels, railways, etc.
- *Increased Competition*- increased promotion, shrunk profits
- *Industry Convergence* – computing and electronics converging ... Dell with MP3

- 
- *Consumer Resistance* – resist in buying products which overmarket
 - *Retail Transformation* – now retail outlets offer ‘experiences’
 - *Disintermediation* – dot com companies bypassed normal channel. Result in brick companies becoming brick and click companies

New Consumer Capabilities

- *Increase in buying power* – buyers can quote their buying prices
- *Greater variety of goods & services* – Amazon.com from books to everything
- *Greater amount of information* – consumers have no shortage in information
- *Compare products & services* – MouthShut.com, travel sites



MouthShut India

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- 
- Easier interacting and placing & receiving orders (24X7)
 - Amplified voice to influence peer and public opinion (MySpace, Wikipedia, YouTube, Facebook etc)

New Company Capabilities

- Internet is powerful information and sales channel
- Helps researchers collect richer information and also conduct MR
- Speedier internal and external communication
- Helps target marketing and two way communication. Sites help personalize messages

- 
- Marketers can send promotional schemes, use data bases or even send samples
 - Opened new avenue for ‘mobile marketing’
 - Improves purchasing, recruiting, training
 - Price comparisons ensure best purchase price

Company's Orientation towards the Marketplace

- **Production Concept**
- **Product Concept** – develop better mousetrap
- **Selling Concept**
- **Marketing Concept** (reactive [basic innovations] & proactive [probe and learn 3M] marketing)
- **Holistic Marketing Concept** – it recognizes that 'everything matters'... broad integrated perspective necessary.



Holistic Marketing Concept

- Development, design and implementation of marketing programmes, processes and activities that recognises their breadth and interdependencies.

Holistic Marketing Concept



Source: www.marketingholistics.com

Relationship Marketing

- Aim is to build mutually satisfying long term relationships with key constituents in order to retain them. Ensures maximum value capturing over constituents life time.
 - a) Customers
 - b) Employees
 - c) Marketing partners
 - d) Financial Community

Integrated Marketing

- Task is to assemble fully integrated marketing activities to create, communicate and deliver value
- McCarthy classified these activities as *Marketing Mix* – a set of tactical tools used for achieving marketing objectives.

Internal Marketing

- Ensures everyone in organisation embraces appropriate marketing principles.
- Internal customers should be satisfied.



The Value Delivery Process

- The traditional view of marketing is that the firm makes something and then sells it.

Will not work in economies where people face abundant choice.

- New belief: marketing begins with the planning process.

Value creation and delivery

- Choosing the value (segment the market, define target market, develop “offering”).
- Providing the value (product features, prices, and distribution channels).
- Communicating the value (sales force, advertising, and promotional tools).

The Value Chain

- Michael Porter's Value Chain identifies nine strategically relevant activities that create value and costs (five primary and four support activities).

“Value” in Holistic marketing

- Holistic marketing addresses three key management questions:
 - Value exploration—identify new value opportunities.
 - Value creation—create more promising new value offerings.
 - Value delivery—deliver the new value offerings more efficiently.

Primary activities

- Inbound logistics (material procurement).
- Operations (turn into final product).
- Outbound logistics (shipping and warehousing).
- Marketing (marketing and sales).
- Servicing (service after the sale).

Support activities

- Procurement.
- Technology development.
- Human resource management.
- Firm infrastructure.



Thank you

- End of Lecture 2 Unit I



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Marketing Management Unit I : Lecture 3

What is a Marketing Plan?

A marketing plan is the central instrument for directing and coordinating the marketing effort.

It operates at a strategic and tactical level

Levels of a Marketing Plan

- Strategic

- Target marketing decisions
- Value proposition
- Analysis of marketing opportunities

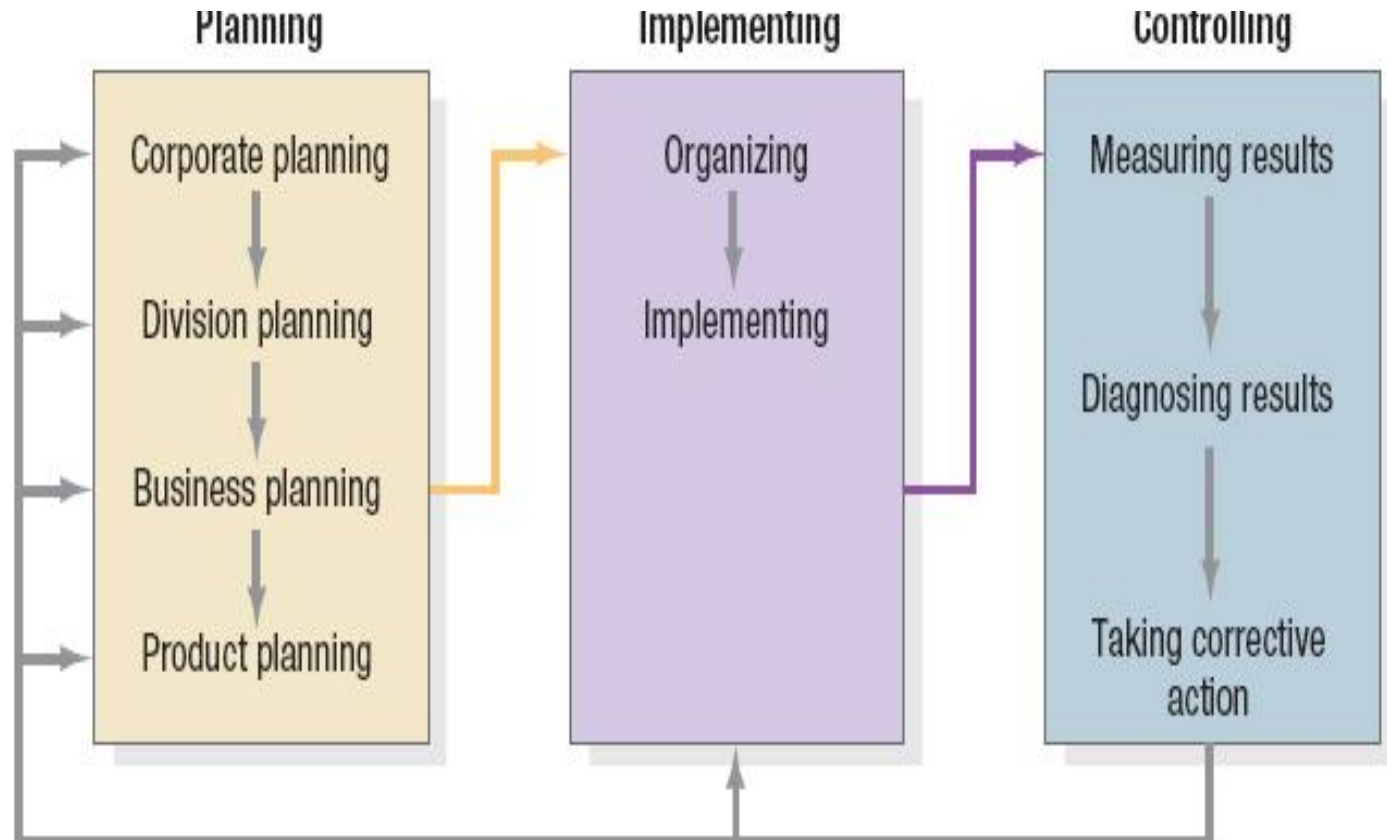
Lays down target markets and value to be delivered

- Tactical

- Product features
- Promotion
- Merchandising
- Pricing
- Sales channels
- Service

Specifies marketing tactics

The Strategic Planning, Implementation, and Control Processes



```
graph LR; BM[Business mission] --> SWOT[SWOT analysis]; subgraph SWOT [SWOT analysis]; EE[External environment (opportunity & threat analysis)]; IE[Internal environment (strengths/weaknesses analysis)]; end; SWOT --> GF[Goal formulation]; GF --> SF[Strategy formulation]; SF --> PF[Program formulation]; PF --> IM[Implementation]; IM --> FC[Feedback and control]; FC --> BM;
```

Business Mission

- Business unit mission must be within the broader company mission.
- Good mission statement must focus on:
 1. Focus on limited number of goals
 2. Stress major policies and values
 3. Define major competitive spheres



Motorola

“The purpose of Motorola is to honorably serve the needs of the community by providing products and services of **superior quality at a fair price** to our customers; to do this so as to earn an adequate profit which is required for the total enterprise to grow; and by doing so, **provide the opportunity** for our **employees and shareholders** to achieve their personal objectives.”



eBay

“We help people **trade anything** on earth. We will continue to enhance the online trading experiences of all – collectors, dealers, small businesses, unique item seekers, bargain hunters, opportunity sellers, and browsers.”



SWOT Analysis

- It is a way of monitoring the external and internal marketing environment.

1. Strengths

2. Weaknesses

3. Opportunities

4. Threats

Goal Formulation

- After knowing SWOT analysis results, we can develop specific goals for planning period. These are time bound objectives. Normally multi-objectives
- Objectives could be like sales growth, reducing risks, innovation etc.
- MBO done for managing them.

MBO System Criterion

- Unit's objectives must be hierarchical
- Objectives should be quantitative
- Goals should be realistic
- Objectives must be consistent

Strategic Formulation

- *Strategy*: game plan for getting there.....
 1. Marketing Strategy
 2. Technology Strategy
 3. Sourcing Strategy

Porter's Generic Strategies

- Overall cost leadership
 - Differentiation
 - Focus
-
- Firms pursuing same strategy directed to same target market constitute a *strategic group*

Strategic Alliances

- Product or Service Alliances - (HUL/Pepsi for Lipton Iced Tea)
- Promotional Alliances - (P&G and Bombay Dyeing for Ariel)
- Logistics Alliances – Mitsui Co Ltd Japan & Transport Corporation of India joined hands for Toyota Kirloskar
- Pricing collaborations – Emirates, Hilton Hotels and Hertz Rent a car

Programme Formulation, Implementation, Feedback & Control

- Post strategies development, detailed support plan to be developed.
- Poor implementation can sabotage excellent strategies
- Estimate implementation costs
- Strategy one of the 7 elements of successful businesses practices.

The 7 S Elements

- Strategy
- Structure
- Systems
- Style
- Skills
- Staff
- Shared Values

hardware

software

Nature & Contents of Marketing Plan

- A marketing plan is a written document that summarizes what the marketer has learned about the marketplace and indicates how firms plan to reach its marketing objectives.

Contents of Marketing Plan

- Executive Summary & Table of Contents
- Situation Analysis
- Marketing Strategy
- Financial Projections
- Implementation Controls



Thank you

- End of Lecture 3 Unit I



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Marketing Management

Unit I : Lecture 4



Marketing Research

The American Marketing Association (AMA)
redefined **Marketing Research** as:

The function that links the consumer, the
customer, and public to the marketer
through **INFORMATION**

Definition of Marketing Research

Marketing research is the systematic and objective

- identification
- collection
- analysis
- dissemination
- and use of information

For the purpose of improving decision making related to the

- identification and
- solution of problems and opportunities in marketing

Market Research

- Specifies the information necessary to address these issues
- Manages and implements the data collection process
- Analyzes the results
- Communicates the findings and their implications
- Helps managers use this information to make decisions

Classification of Marketing Research

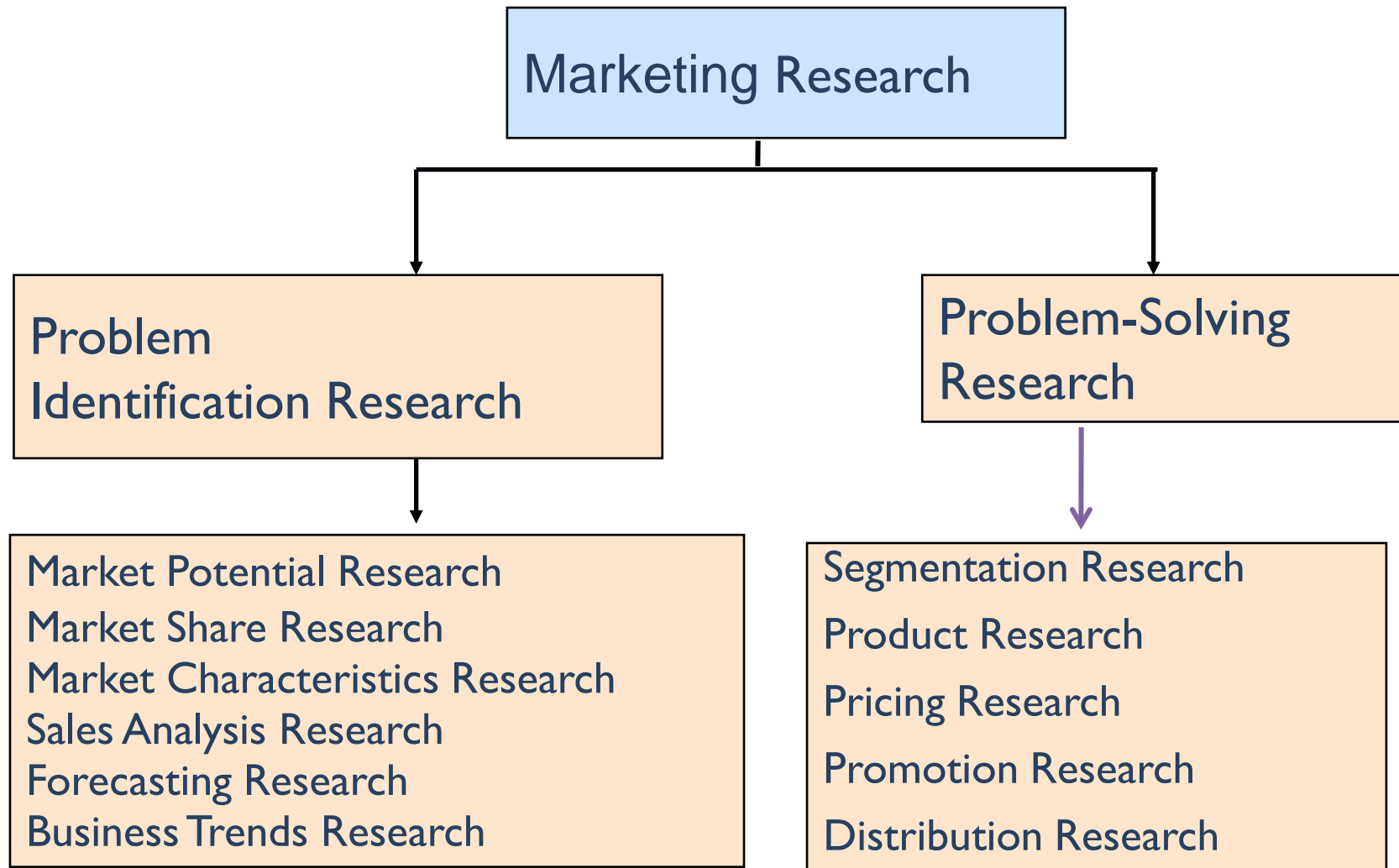
Problem-Identification Research

- Research undertaken to help identify problems which are not necessarily apparent on the surface and yet exist or are likely to arise in the future. Examples: market potential, market share, image, market characteristics, sales analysis, forecasting, and trends research.

Problem-Solving Research

- Research undertaken to help solve specific marketing problems. Examples: segmentation, product, pricing, promotion, and distribution research.

A Classification of Marketing Research





Marketing Research Process

Step 1 : Problem Definition

Step 2 : Development of an Approach to the Problem

Step 3 : Research Design Formulation

Step 4 : Fieldwork or Data Collection

Step 5 : Data Preparation and Analysis

Step 6 : Report Preparation and Presentation

The Role of Marketing Research





Thank you

- End of Lecture 4 Unit I