

MARKETING MANAGEMENT

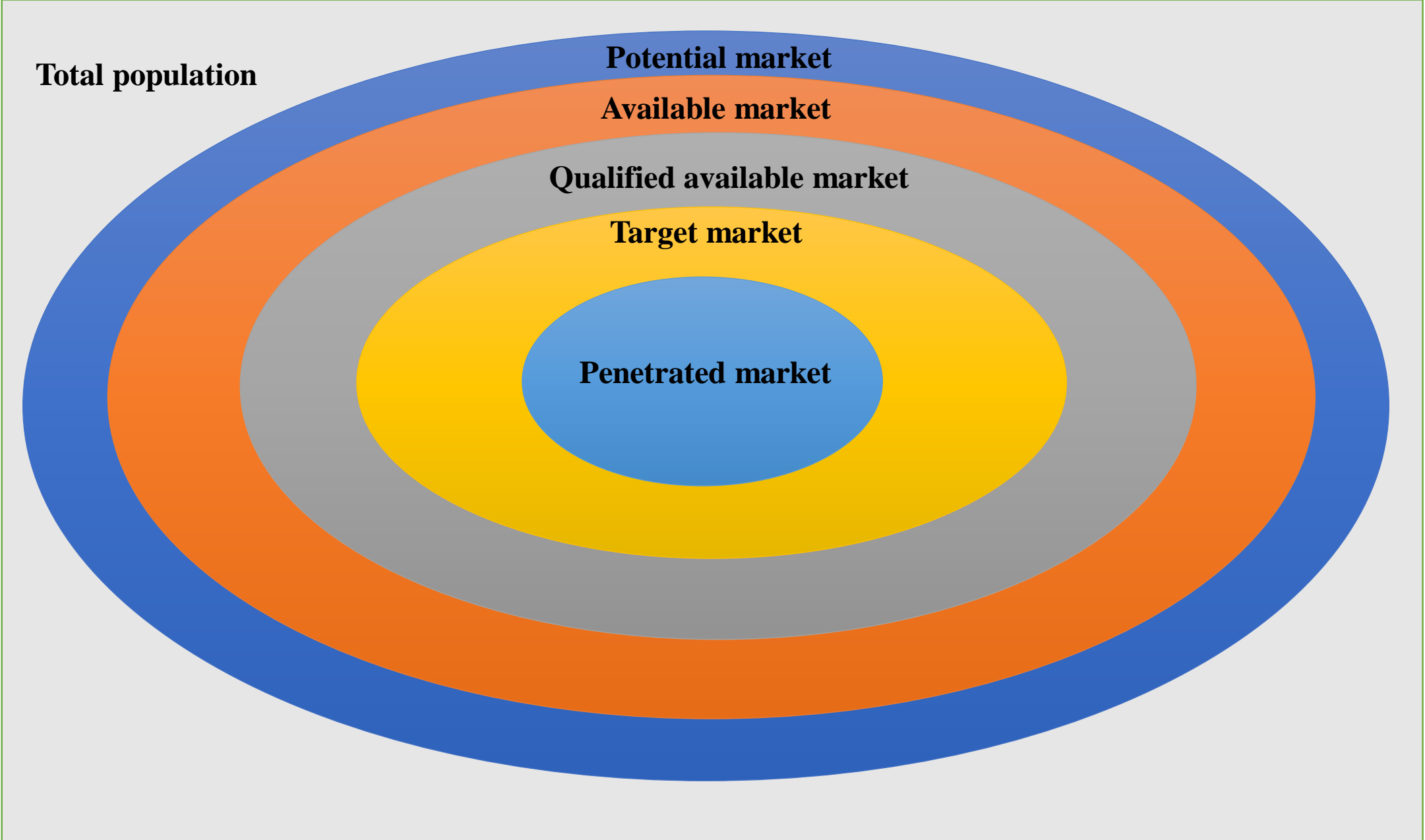
MODULE I

MARKETING MANAGEMENT

MARKET (MEANING)

- Derived from Latin word ‘ Marcatus’ which means “ a place or trade or merchandise.
- Traditional concept: a physical place where buyers and sellers meet together for exchanging goods and services for considerations.
Example: vegetable, fruits or fish market.
- Modern concept: an arrangement where the sellers and buyers meet directly or indirectly to buy or sell goods and services.

STRATA OR LAYERS OF MARKET



Total population: it is the aggregate of total people in the market.

Potential Market: a part of total population who have interest in acquiring the product.

Available market: a portion of potential market who have enough money to buy that product.

Qualified available market: a part of available market who are legally permitted to purchase that product.

Target market: the segment of qualified available market that the firm has decided to serve.

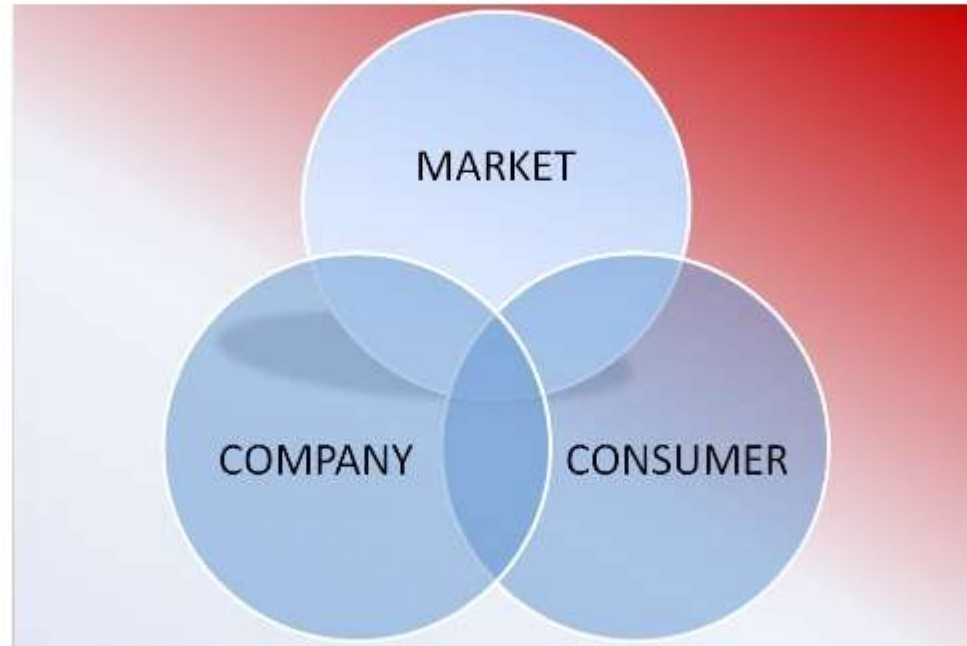
Penetrated market: a portion of target market who have actually purchased the product.

MARKETING

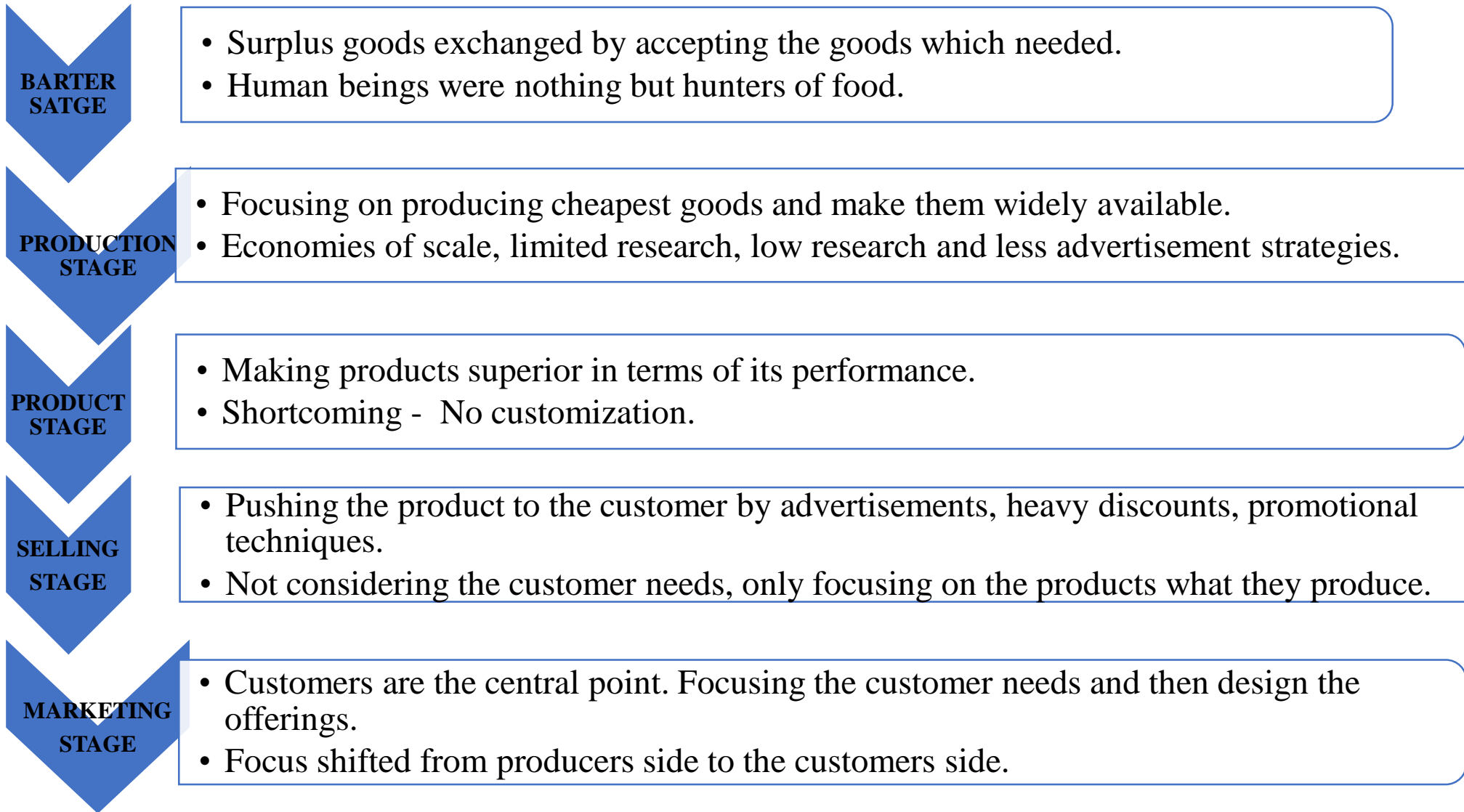
MEANING

- The process of planning and executing the **conception, price, promotion** and **distribution** of products and services that satisfy both **individuals** and **organizational goals**.

So we see the diagram between
Company-Market-Consumer



EVOLUTION OF MARKETING



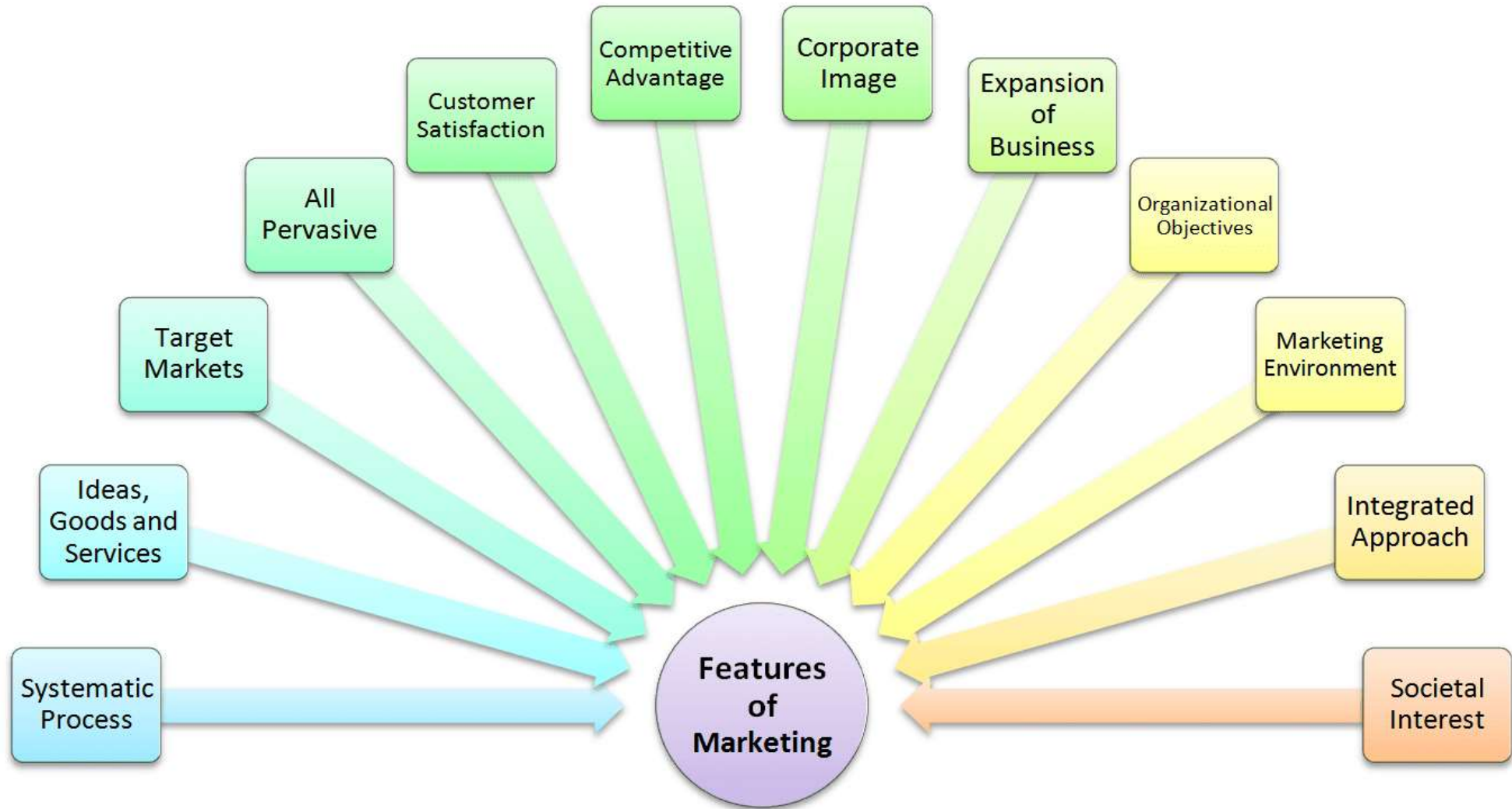


Conception of
idea

MARKETING

Satisfaction and
feedback

FEATURES OF MARKETING



OBJECTIVES OF MARKETING

- To identify the target market.
- To identify the needs of the customers.
- To convert the needs into demand by offering products.
- To determine the most appropriate price.
- To distribute the products to the customers at the right place.
- To disseminate product information to the customers at the right time.
- To conduct market research for retaining and attracting customers.

SMART OBJECTIVES OF MARKETING

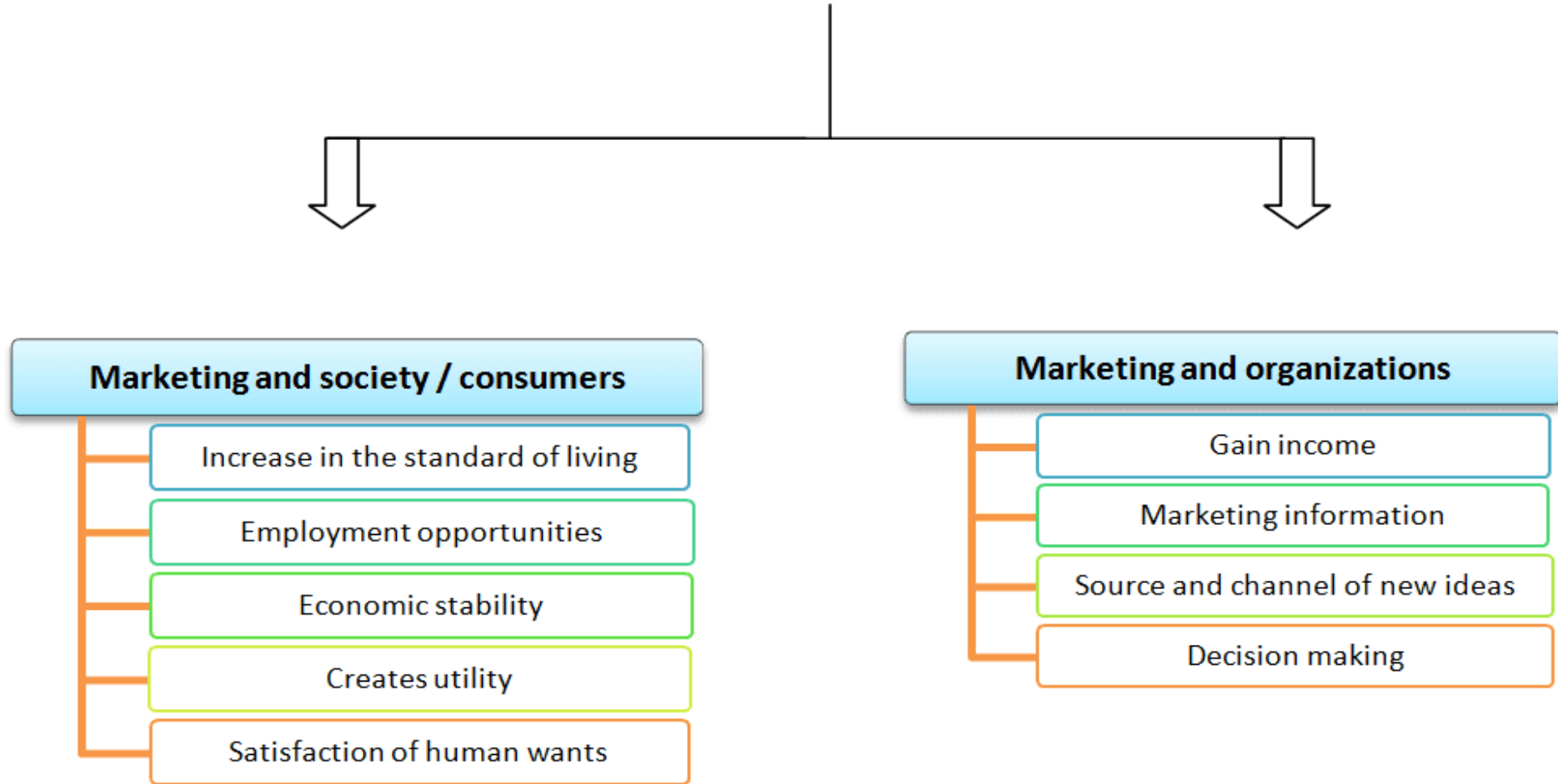


SMART OBJECTIVES

- **SPECIFIC** :marketing objectives should be clear and precise. Eg: it is not possible to the marketers to satisfy the whole market needs.
- **MEASURABLE** : marketing objectives should be defined by a measurable result. The result should be quantifiable otherwise it become vain. Eg: playing football without recording the score, amount of sales.
- **ACHIEVABLE** : the goal must not be an impossible one. Eg: target fixation ie, goal to attain 5% increase in sales in one day.
- **REALISTIC** : the goal should be the one which can be achievable using enough resources (man, material, money and machines) . Eg: increasing the sales by 5% during recession time is not realistic.
- **TIME** : objectives should be achieved within the time frame. Unless otherwise it will become meaning less. Eg: scoring football after the prescribed time.

BENEFITS OF MARKETING

Importance of Marketing



IMPORTANCE

- **Increase the standard of living** : by giving quality products at reasonable rate.
- **Employment opportunities**: increasing marketing activities increases need for people in several areas of selling, promotion, distribution, advertising etc.
- **Economic stability**: marketing activities helps to maintain an equilibrium between demand and supply thereby provides economic stability.
- **Creates utility**: utility means quality or the ability of a product to satisfy the customers need.
- **Market information**: mere products in the hands of producers doesn't create demand in the market. Demand can be created only by disseminating information about products to the customers.

FIVE FORMS OF UTILITIES

- **FORM UTILITY:** product must be in a useable form. Involves the development of products and give emphasis to the physical characteristics of products. Eg: creating customized shoes or shoes with different sizes.
- **PLACE UTILITY:** offer products at most convenient place to the customers. Eg: departmental stores in the cities, small retail shops in villages.
- **TIME UTILITY:** products should be made available to the customers at the right time. Eg: ATM.
- **POSSESSION UTILITY:** gives the buyer the legal permission to own and use that particular product or services after sales. Eg. Invoice bill, credit sales.
- **INFORMATION UTILITY:** communication of information triggers the buying activity. It helps to retain the existing customers and attracting the prospective customers.

SCOPE OF MARKETING

- IDENTIFY AND SELECT THE TARGET MARKET
- IDENTIFY AND SELECT THE CUSTOMER VALUE – study of customer needs and behavior.
- CREATION OF VALUE – production planning and development, pricing.
- COMMUNICATE THE VALUE - promotion
- DELIVER THE VALUE – distribution channels, warehousing.
- CUSTOMER RELATIONSHIP – customer satisfaction.
- MARKETING RESEARCH – basis of all marketing activities and market control.

MARKETING PROCESS



- Identify market opportunities
- Environmental analysis
- Segmentation and targeting

- Positioning
- Formulate strategy

- Product – customer solution
- Price – customer cost
- Place – convenience
- Promotion - communication

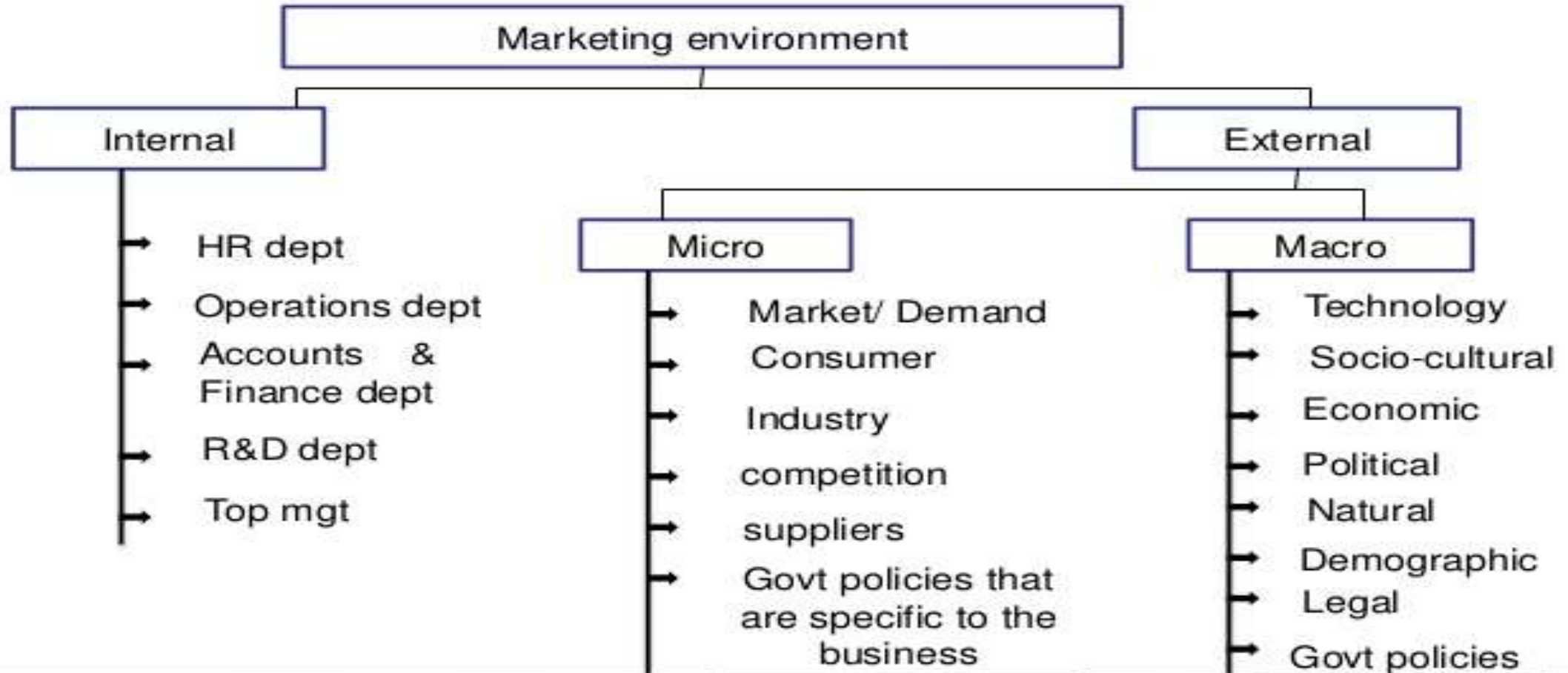
- Management of marketing efforts
- Action phase
- control

CONCEPTS OF MARKETING



MARKETING ENVIRONMENT

Components of marketing environment.



INTERNAL ENVIRONMENT

- Factors internal to the organization
- Factors can be controlled by the marketer
- Can be adjusted with the changes in the external environment
- Components: Five M's – man, money, materials, markets
- Environment factors includes: sales, production, HR, R&D etc.

EXTERNAL ENVIRONMENT

- Factors external to the business.
- Marketers has little control over the factors.
- It cannot be adjusted by the marketers or organizations.
- External environment includes Micro and Macro environment.

Micro environment

- It is external but directly related to the business. components are:
- Supplier: parties who supplies raw materials to the organization.
- Market intermediaries: wholesalers, retailers and physical distribution firms.
- Customers: behavioral pattern and characteristics, needs, interests of customers.
- Competitors: nature and degree of competition of other competitors.
- Public: party interested in the marketing activities. It includes financial public, government public and media public.

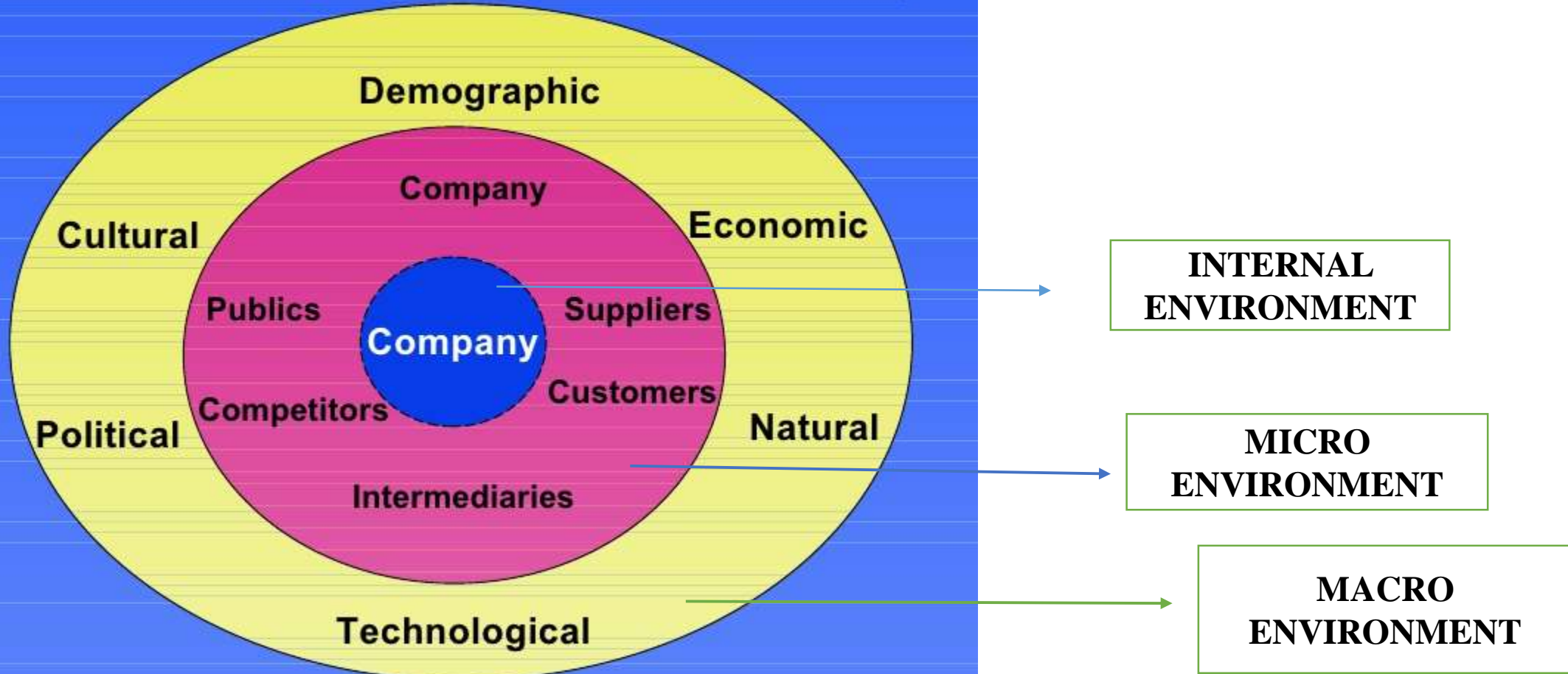
- **Macro environment**
Factors that are external to the business and also which affects the industry as a whole.
- Not directly related to the business.

Macro factors

- **Demographic:** describes the characteristics of total population like size, age , gender, occupation etc. Influence the buying behavior of people.
- **Economic factors:** economic system, business cycle , fiscal and monetary policies, foreign trade.
- **Social &cultural factors:** beliefs, values, norms, traditions etc.
- **Natural or physical factors:** natural resources, climatic change etc.
Geographical and ecological factors
- **Technological factors:** innovations and modifications.
- **Political and legal factors:** government policies and rules, rules, regulations, acts etc.

The Marketing Environment

3-4



ROLE OF MARKETING

ROLE OF MARKETING IN ECONOMIC DEVELOPMENT

- Marketing activities increases demand, production, income and national income there by leads to economic development.
- Helps in exporting the goods which have competitive advantage.

ROLE OF MARKETING IN BUSINESS

- Marketing process starts before all other functions and ends after all functions.
- Basis of all other functions
- Integrated approach

FUNCTIONS OF MARKETING

Functions of Exchange

- Buying
- Assembling
- Selling

Functions of Physical Supply

- Transportation
- Storage and warehouse
- Packaging

Facilitating functions

- Financing
- Risk bearing
- Standardization and grading
- Branding
- Market information
- Pricing
- Promotion

Modern Functions

- Market research
- Product planning and development

EXCHANGE FUNCTIONS

Exchange means the transfer of ownership and possession of goods and services from one person to another for money.

- **BUYING:** it is the first process of marketing process. It is concerned with purchasing of raw materials from suppliers, wholesalers buy goods from manufacturers, retailers buy goods from wholesalers.
- **ASSEMBLING:** it is a part of buying process. Creation and maintenance of goods purchased from different sources. Eg: computer parts assembling.
- **SELLING:** exchange process completes with the process of selling. It is done by producer, wholesaler and the retailer. Activity of transferring ownership and possession of goods from seller to buyer. It involves creation of demand, negotiating price and transferring the title.

FUNCTIONS OF PHYSICAL SUPPLY

This function creates time and place utility by providing goods available at right place at right time.

- **TRANSPORTATION:** helps in uninterrupted flow of goods and services from the place of origin to place of consumption. It creates place utility. Modes of transportation – road, water and airways.
- **STORAGE AND WAREHOUSING:** goods are produced in anticipation of demand. Storage means holding and preserving goods from the time they are produced till they are needed by consumers. This function is facilitated by warehouse.
- **PACKAGING:** traditionally this is done for protecting the goods from the damage under transit. But now it is for establishing a

FACILITATING FUNCTIONS

Supporting functions which helps the primary functions of marketing such as buying, selling, storage etc.

- **FINANCING:** finance is the lifeblood of every business. Effectiveness of marketing functions depends on the availability of funds. Procurement of fund is a major function of marketing. Requires short term, medium term and long term finance. Like Oil through engine.
- **RISK BEARING:** risk is inherent in business activities. Means the possibility of loss due to unfavorable happenings in the future. Efficient marketer should bear risk factors inherent in business.
- **STANDARDIZATION AND GRADING:** it is the fixing and maintaining norms or grade for a commodity on the basis of desired features like quality, durability, color etc. grading begins when standardization ends. It is the classification of standard products into certain classes.

- **BRANDING:** a name or symbol or design or combination of these giving to the product to identify the goods of one seller in order to differentiate from competitors.
- **MARKET INFORMATION:** it is the key input for all the marketing decisions. Marketer requires information like needs and wants of consumers, market condition, competitor's etc. Market surveys, feedback, experiment etc are the means to gain market information.
- **PRICING:** Exchange value of goods expressed in terms of money. Ideal price should be fixed.
- **PROMOTION:** it helps to make the product known to the customers through advertising, personal selling, public relation etc. persuade consumers to buy a product.
-

MODERN FUNCTIONS

- **MARKET RESEARCH:** complete analysis market. To know about customers need, competitors, market condition etc.
- **PRODUCT PLANNING AND DEVELOPMENT:** a journey from consumption to sales. Eg: ipod converting demand into product.

MARKET VS MARKETING

DIFFERENCE ON THE BASIS OF:	MARKET	MARKETING
MEANING	It is a physical place which facilitates the interaction of parties.	It covers all the activities which fulfill the purpose of this interaction.
SCOPE	Market is narrow in scope.	Marketing is wider in scope.
PLACE	It is a part of marketing.	Marketing is made with full of discipline.
COMPONENTS	Marketing only take place so it covers only place component.	Marketing covers all 7 P`s i.e. price, place, promotion, product, people, process and physical evidence.
AIM	The main aim is interact and bring buyers and customers together.	The main aim is to satisfy the customers.
CHANGES	Market is change with the changes of buyers, sellers,, price, place and time etc.	When all strategies and policies once framed, it never changed easily.
CONCEPTS	Core concept in market is only interaction between two parties	Core concept in marketing are individual needs, demands, utility, quantity etc.

MARKETING VS SELLING

Basis	Marketing	Selling
Scope	It is a wider term and includes selling also. It covers all the activities concerned with identifying and satisfying the wants of the customers.	It is only a part of marketing process. It is limited to exchange of goods or services for some consideration.
Focus	It focuses on the needs of customers.	It focuses on transfer of title of goods from sellers to buyers.
Objective	It aims to earn profits through customer satisfaction.	It aims to maximise profit through increase in sales volume.
Start and end	It starts much before production and continues even after sale.	It starts after production and ends with the sale of product.
Strategy used	It involves strategies like product promotion, pricing and distribution.	It involves efforts like promotion and persuasion for selling the product.
Emphasis	It emphasises on development of product according to customers' needs .	It emphasises on bending the customers according to product.

Difference Between Marketing and Selling

Bases of difference	Selling	Marketing
Focus	Focus on product	Focus on Customer wants
Primary Motive	Sales	Customer Satisfaction
Customer Needs	Without Knowing customer needs , Production and Selling takes place.	First customer need is known and then production takes place, then product is sold at profit.
Orientation	Internal company oriented	External Market Oriented
Motive	Consumer Need is motive	Buyer Need is motive
Determination of Price	Cost determines price	Consumer determines price, price determines cost
Customer	Views Customer as last link	Views customer as first link



MARKETING MANAGEMENT

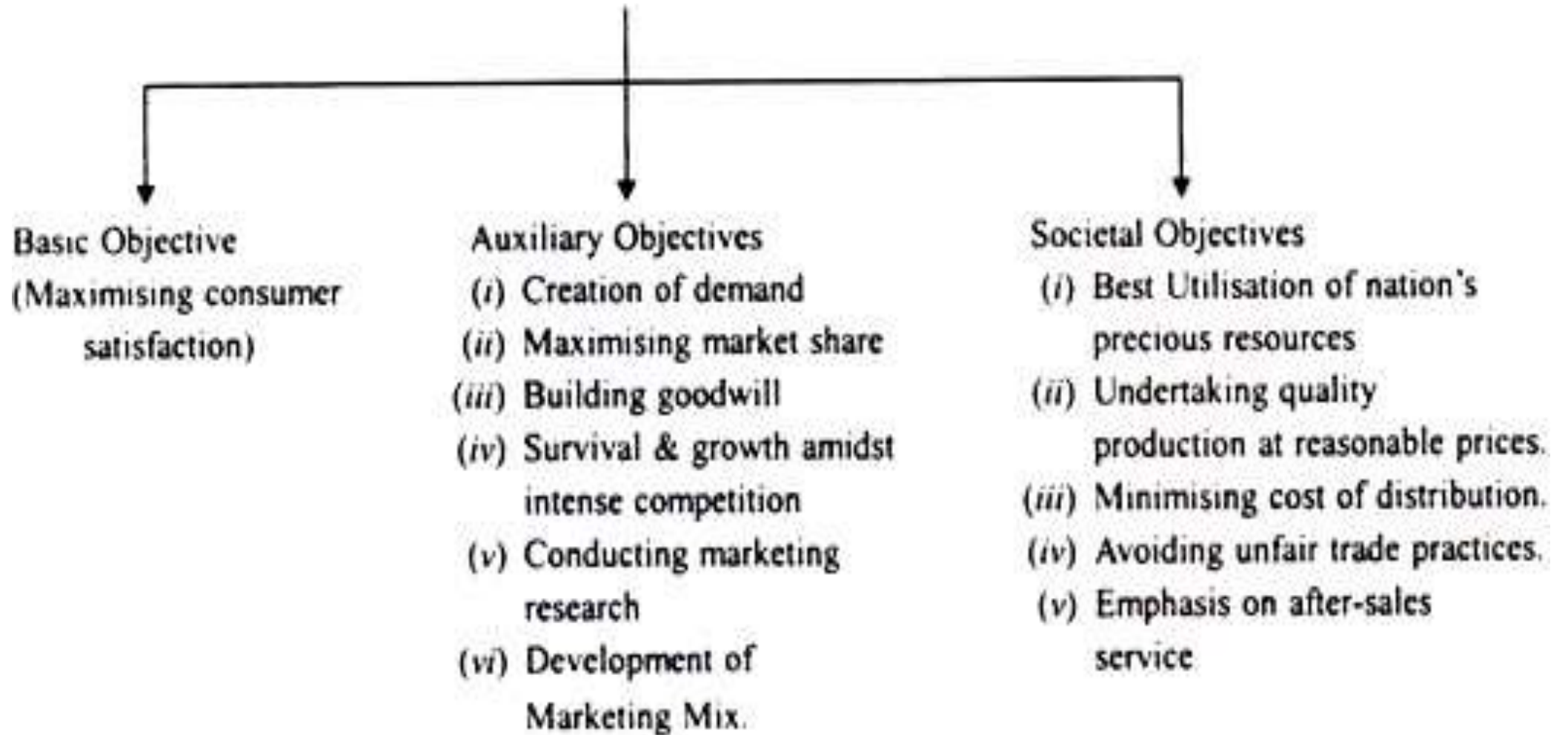
- Management of marketing activities.
- It is the process of planning, organizing, staffing, directing, controlling and coordinating the activities to attain the marketing objective.
- Aim – to create customers, to satisfy customers, to protect the social interest and attain profits to the organization.

FEATURES OF MARKETING MANAGEMENT

- Branch of business management: managers are involved in management functions like planning, organizing, staffing and controlling.
- Both science and art: Science – follows general principles of management to guide marketing activities. Art – managing every situation in efficient and effective manner requires a skill.
- Optimum utilization of resources: brings together the efforts of people and resources in the organization to attain the goals of the firm.
- Putting marketing concepts into practice: process of planning and executing marketing function.
- Social function: should cater the needs of society.
- Integrative function: combines all other business functions of the firm to attain marketing goal.
- Universal function: applicable to both profit and non profit organizations.

OBJECTIVES OF MARKETING MANAGEMENT

OBJECTIVES OF MARKETING MANAGEMENT



FUNCTIONS OF MARKETING



- ❖ **Marketing objectives:** identification and defining the marketing objectives is the foremost function of marketing management. Objectives can be short term (achieving sales target) or long term (customer retention).
- ❖ **Planning:** after identifying marketing objectives the next important function is to formulate plans, policies, programmes, strategies to achieve these marketing objectives. Roadmap directing towards objectives.
- ❖ **Organising:** collection and coordination of resources (man, material, money, machines) to implement the marketing plan. Defines authorities and power and fixes duties and responsibilities (structure of organization) for effective coordination.
- ❖ **Coordination:** integration of various marketing activities such as product planning, development, pricing, distribution, promotion, transportation and warehousing.
- ❖ **Directing:** guiding and issuing directions to the human resources to put the marketing plans and policies into action. Involves activities like leadership, motivation, supervision and direction to attain the desired objectives.
- ❖ **Controlling:** establishing standards according to the plans, measuring the actual performance, comparing the actual with standards, and take corrective measures if any deviations.
- ❖ **Staffing:** placing right people at right job through scientific selection and training and development.
- ❖ **Analysis and evaluation:** evaluate the marketing activities to determine the long term success or not.



- Combination of factors which can be controlled by an organization to persuade the customers to purchase it.
- 4 p's of marketing: product, price, place and promotion.

The Extended Marketing Mix



ELEMENTS OF MARKETING MIX

PRODUCT

- Quality
- Design
- Variety
- Brand name

PRICE

- Discount
- Allowances
- List price
- Credit terms

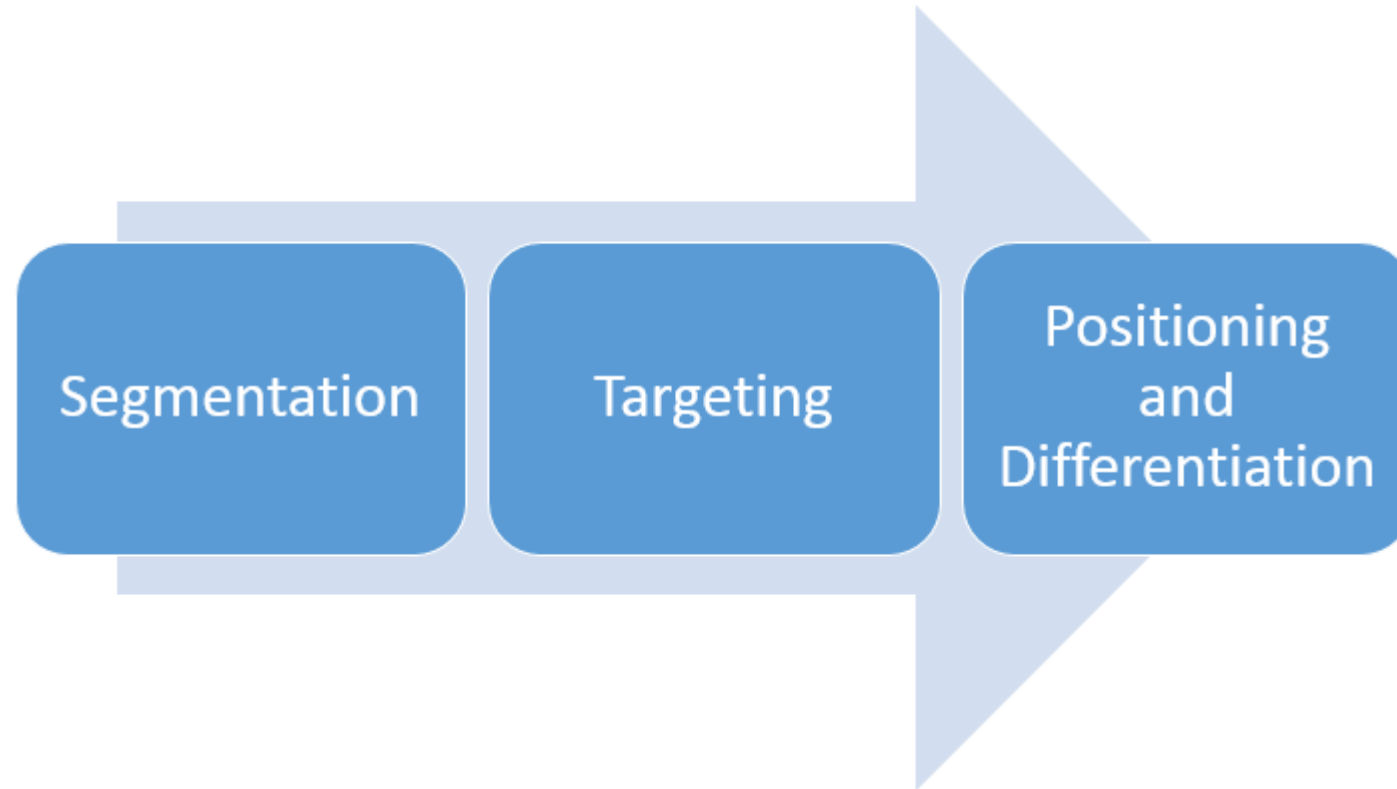
PLACE

- Channels
- Inventory
- Transport
- Coverage

PROMOTION

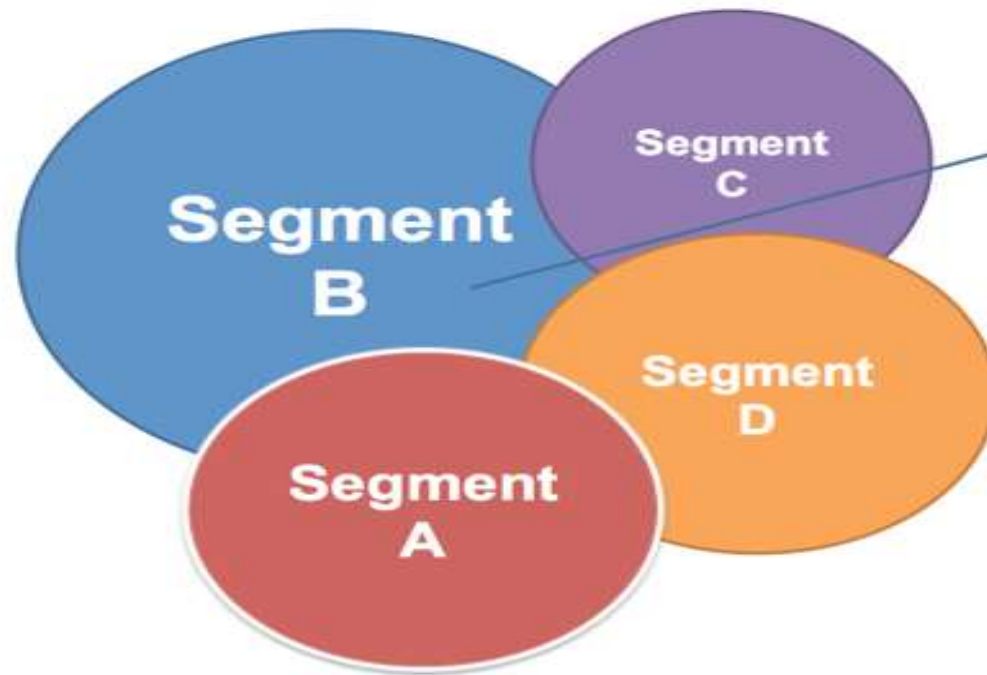
- Advertising
- Personnel selling
- Publicity
- Sales promotion

STP PROCESS(SEGMENTATION, TARGETING AND POSITIONING)



MARKET SEGMENTATION

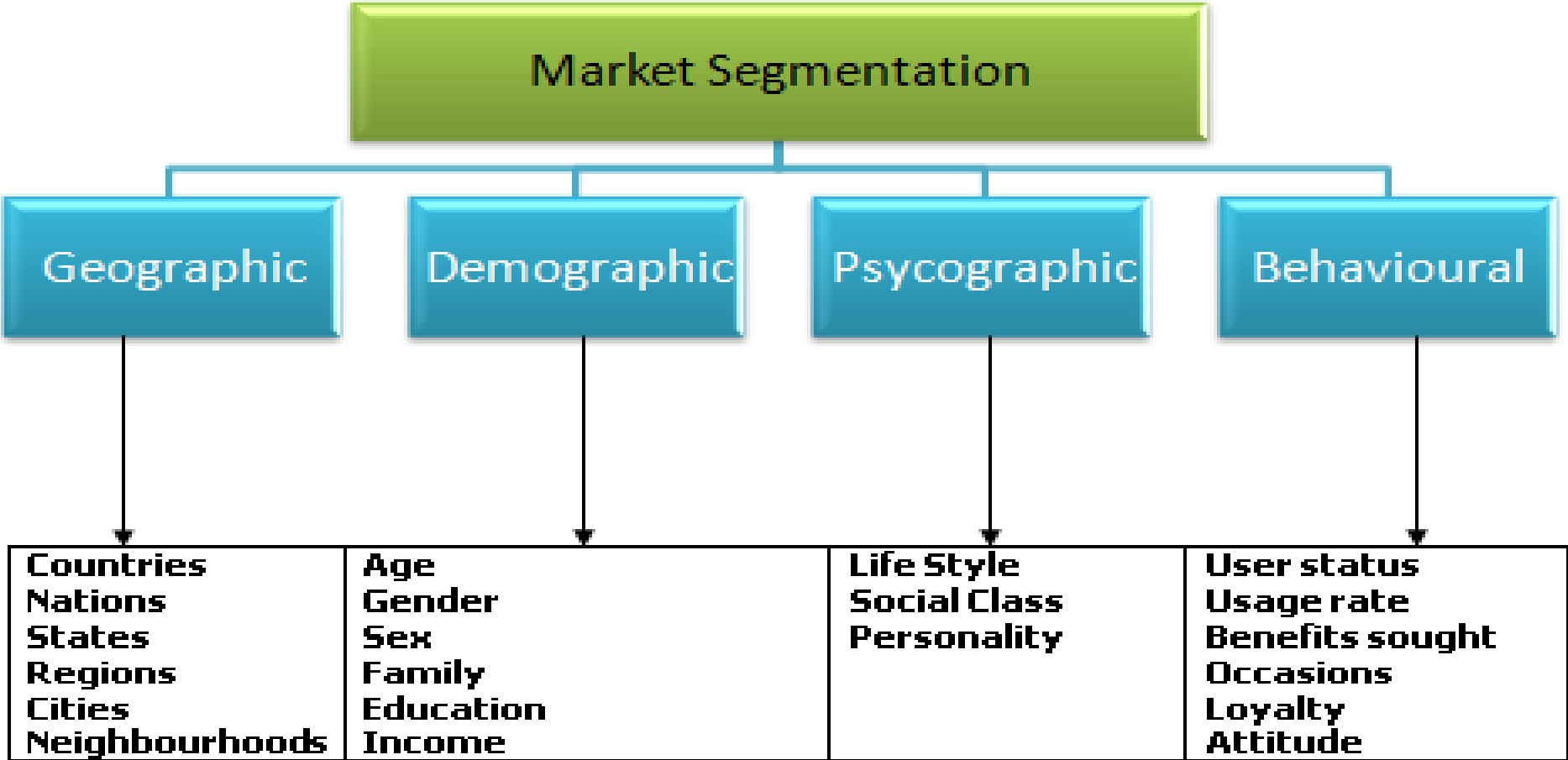
In any market there will be several segments



Segments are usually measured in terms of sales value or volume

E.g. segment B is approx twice the size of segment C

BASIS OF SEGMENTATION



MARKET SEGMENTATION PROCESS

Steps in Segmentation, Targeting, and Positioning (fig 7.1)



MARKET TARGETING




Process of Targeting

Once the firm has decided its market segments then it has to decide how many segments to be selected for targeting purpose. Market targeting is a process of capturing the target market to cultivate profits and Targeting Process consist following steps:



MARKET TARGETING STRATEGIES

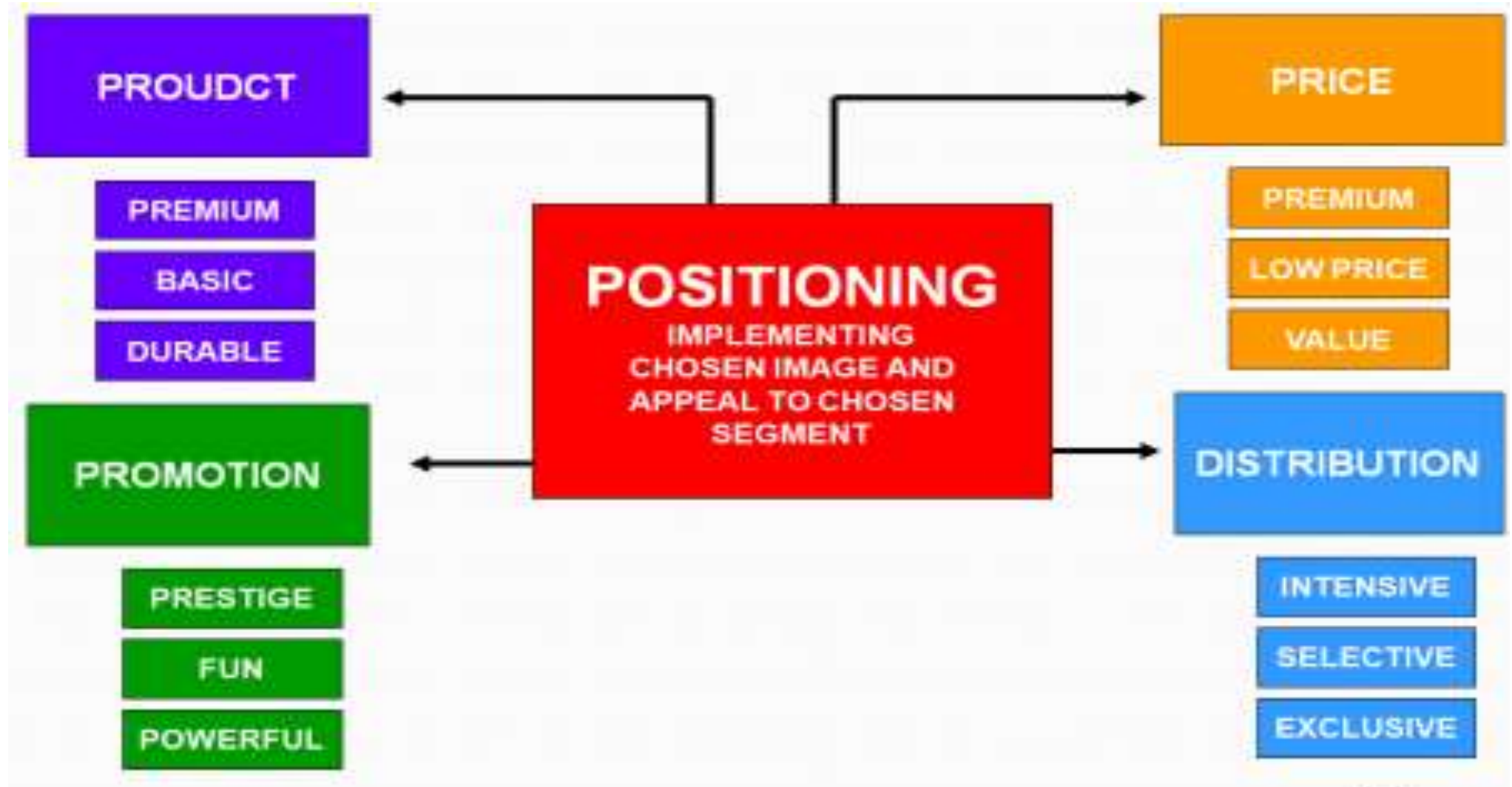
Market Targeting Strategies

Undifferentiated (Mass) Marketing	Differentiated (Segmented) Marketing	Concentrated (Niche) Marketing	Micromarketing	
			Local Marketing	Individual Marketing
Whole market with one offer → Ignore segments	Decide to target several different market segments, separate offers for each	Concentrate on one or a few segments or niches	→ cities, neighbourhoods, specific stores	→ 1 person

Targeting broadly

Targeting narrowly

MARKET POSITIONING



POSITIONING STRATEGIES

BASES AND STRATEGIES FOR POSITIONING

Product or Service Attribute - May include features such as size, color, ingredients, speed, etc. Ex: Computer, financial planning services

Technology Positioning - Positioning on the basis of technology shows that a firm is on the cutting edge. Ex: Oracle as database software, Microsoft for PC market

Benefit Positioning - Benefit positioning is generally a stronger basis for positioning because it answers the consumer question: What will this product/service do for me? Ex: Volvo for safety

STP PROCESS

Market Segmentation

- Identify bases for segmentation
- Determine important characteristics of each market segment



Market Targeting

- Evaluate potential and commercial attractiveness of each segments
- Select one or more segments



Product Positioning

- Develop detailed product positioning for selected segments
- Develop a marketing mix for each selected segment

The STP process

Segmentation → targeting → positioning

Marketing mix



MODULE II

PRODUCT MIX

PRODUCT

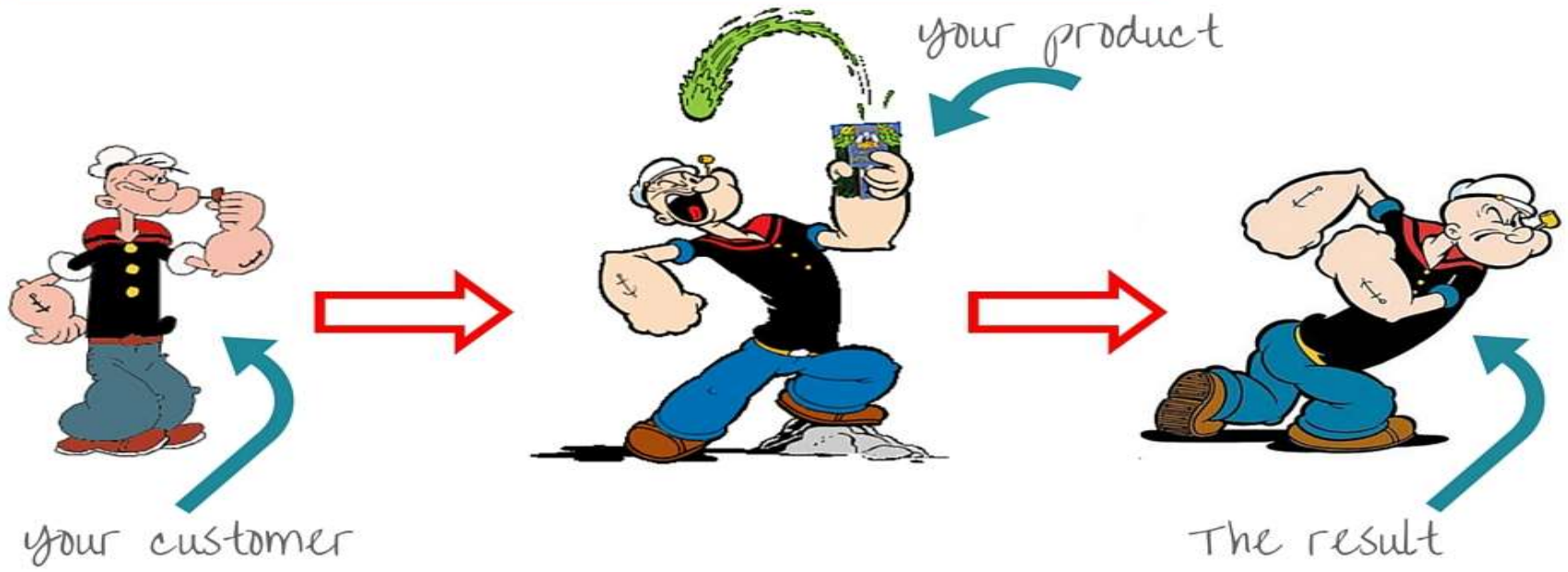
The Meaning of “Product”

- A **product** is the **need-satisfying offering** of an organization.
- It may be a **good, service, idea, person or place**.
- A **product** is a set of **tangible and intangible attributes/characteristics** that allow the need satisfaction to occur.

8-1

FEATURES OF PRODUCT

Sell the result, not the product

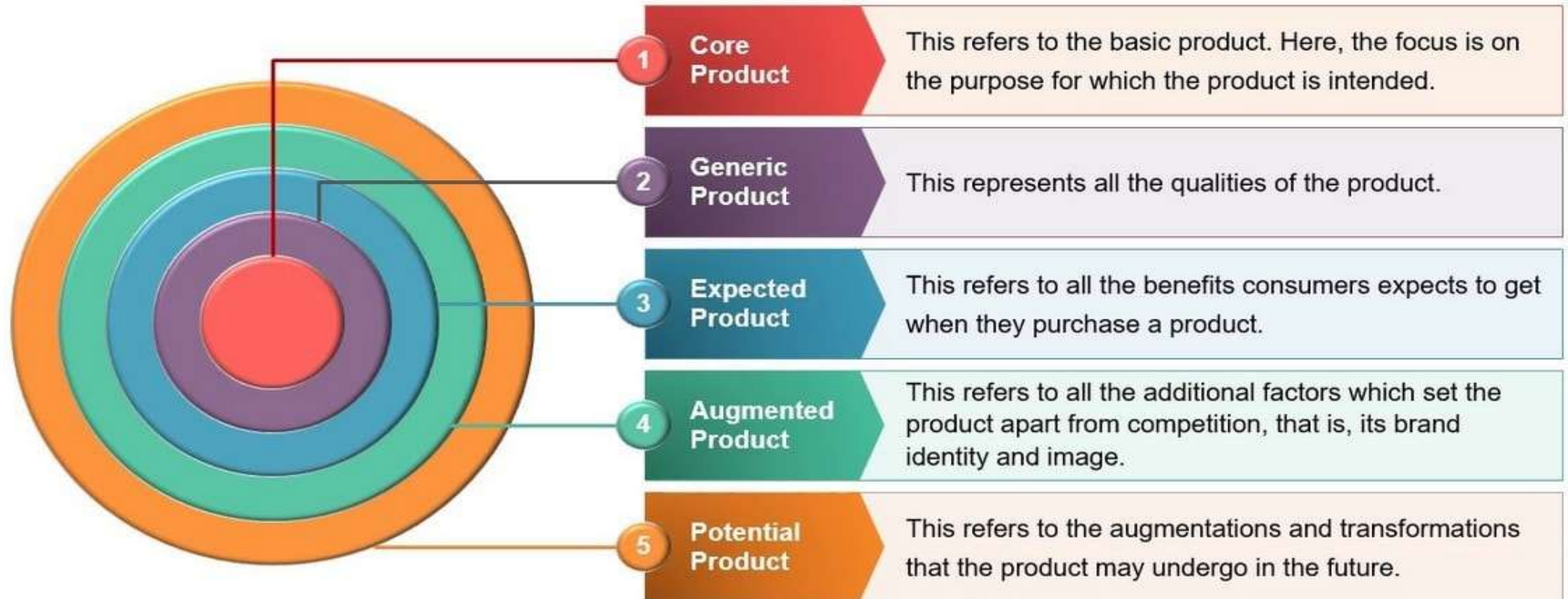


FEATURES

- Want satisfying power
- Tangible and intangible products
- Collection of tangible and intangible features
- Commercial and personal needs

LEVELS OF PRODUCT

Product Levels



PRODUCT LEVELS THROUGH AN EXAMPLE EDIT TV BY FOOD ITEM OR MOBILE PHONE

Cont'd

Product Level	Characteristics	Example	Rural Vs Urban
Core Benefit	<u>Fundamental</u> benefit/ services	Entertainment	Same
Basic Product	Benefit/service into tangibles	Television Set	Same
Expected Product	Attributes & conditions buyers normally expect	Digital sound, flat screen	Appearance of differences in expectations
Augmented Product	Exceeding customer expectations	Battery Operated TV	Pleasant surprise for rural customer
Potential Product	Encompassing all augmentations & transformations	Jolly Startek TV	Uniquely rural value proposition

PRODUCT IS A TANGIBLE SERVICES AND SERVICE IS AN INTANGIBLE PRODUCT

Products vs Services

Criteria	Product (product manufacturer)	Service (service provider)
Durability	A physical, durable product	Intangible, perishable product
Inventory	Output can be inventoried	Output cannot be inventoried
Customer involvement	Low contact with customers	High contact with clients
Operation facility	Large production facility	Small service facility
Resource intensity	Capital intensive	Labour intensive
Quality	The quality of the product is easily measured	The quality of the service is not easily measured
Re-usability	The product can be resold	The service cannot be resold
Patents	A product can be patented	A service can only be patented with difficulty

PRODUCT TYPES



Consumer Products

- Bought by final consumers for personal consumption
- Differ in the way consumers buy them

Industrial Products

- Bought for further processing or for use in conducting a business
- Bought by other businesses, not consumers

TYPE OF CONSUMER PRODUCT

BASIS OF COMPARISON

CONVENIENCE

SHOPPING

SPECIALTY

UNSOUGHT

Product

Toothpaste, cake mix, hand soap, ATM cash withdrawals

Cameras, TVs, briefcases, airline tickets

Rolls-Royce cars, Rolex watches, heart surgery

Burial insurance, thesaurus

Price

Relatively inexpensive

Fairly expensive

Usually very expensive

Varies

Place (distribution)

Widespread; many outlets

Large number of selective outlets

Very limited

Often limited

Promotion

Price, availability, and awareness stressed

Differentiation from competitors stressed

Uniqueness of brand and status stressed

Awareness is essential

Brand loyalty of consumers

Aware of brand but will accept substitutes

Prefer specific brands but will accept substitutes

Very brand loyal; will not accept substitutes

Will accept substitutes

Purchase behavior of consumers

Frequent purchases; little time and effort spent shopping

Infrequent purchases; needs much comparison shopping time

Infrequent purchases; needs extensive search and decision time

Very infrequent purchases; some comparison shopping



Mercedes-Benz



CONVENIENCE PRODUCTS

BUY FREQUENTLY AND IMMEDIATELY

- Low priced
- Many purchase locations
- Includes:
 - *Staple goods*
 - *Impulse goods*
 - *Emergency goods*

SHOPPING PRODUCTS

BUY LESS FREQUENTLY

- Gather product information
- Fewer purchase locations
- Compare for:
 - *Suitability & quality*
 - *Price & Style*

SPECIALTY PRODUCTS

SPECIAL PURCHASE EFFORTS

- Unique characteristics
- Brand Identification
- Few purchase locations

UNSOUGHT PRODUCTS

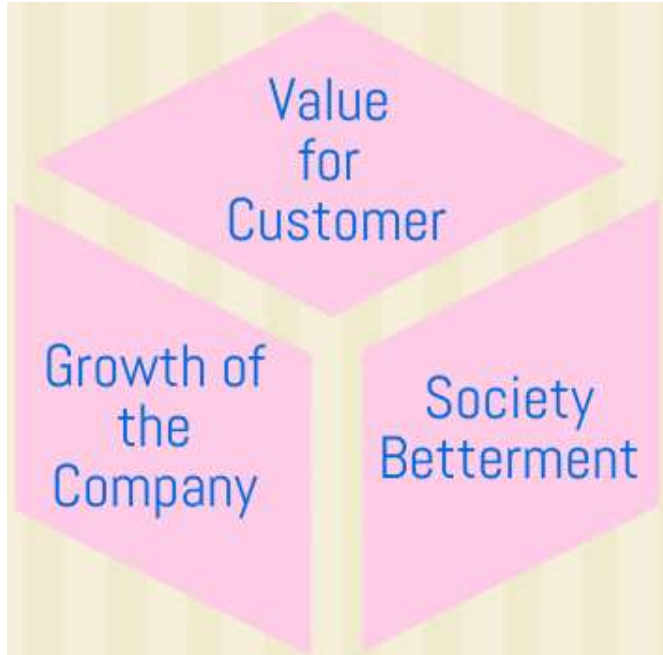
NEW INNOVATIONS

- Products consumers don't want to think about
- Require much advertising and personal selling

PRODUCT DEVELOPMENT

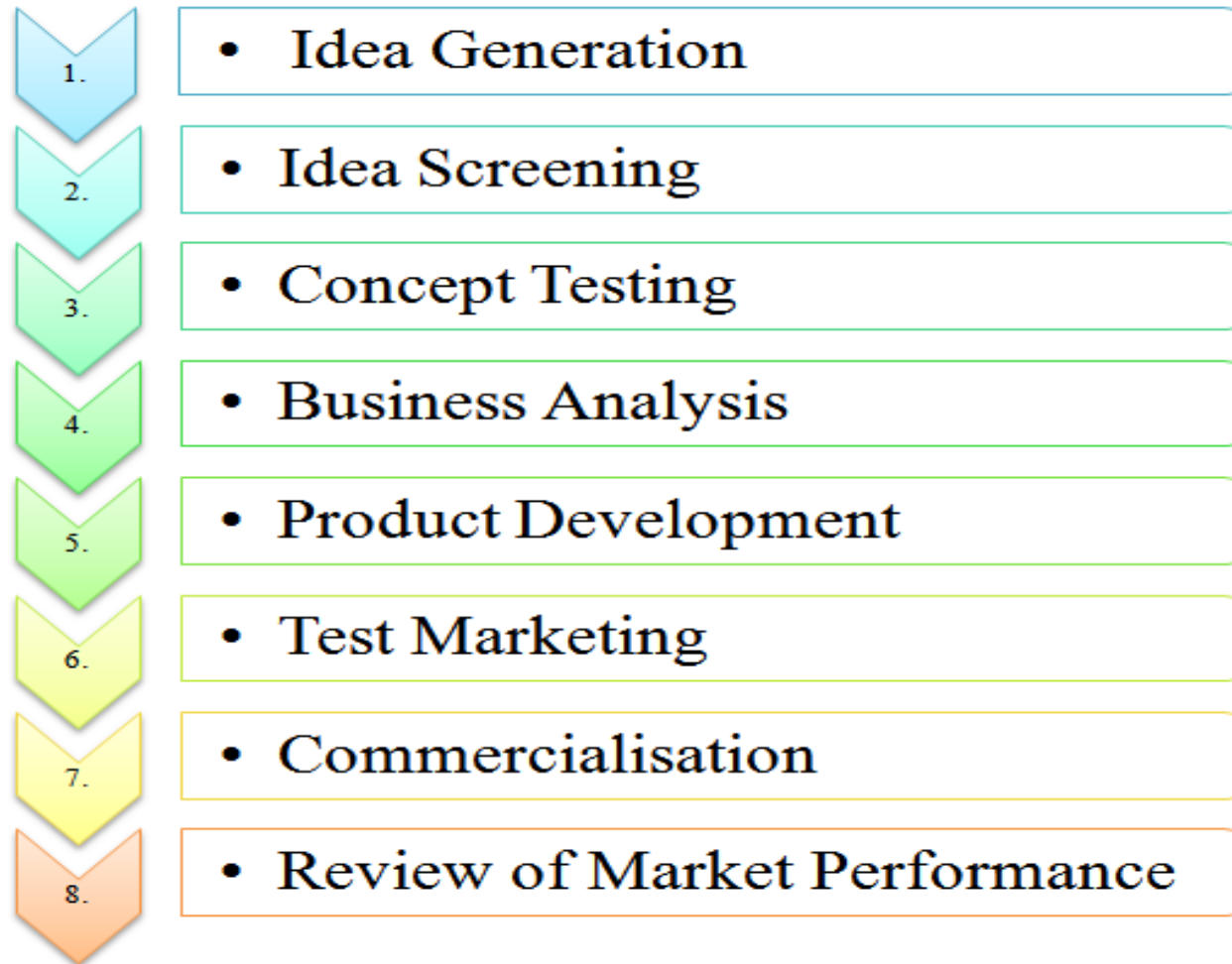
- Introduction of new product into the market(NPD).
- Modifications to the existing products.

NEED FOR PRODUCT DEVELOPMENT



- Customization of product
- Innovation
- Adjust with product life cycle
- Improving brand loyalty
- Increasing market share
- Fighting competition

PRODUCT DEVELOPMENT PROCESS



Idea Generation

- Idea generation is continuous, systematic search for new product opportunities. It involves delineating sources of new ideas and methods for generating them.
- Ideas for new products can be obtained from basic research using a **SWOT** analysis (OPPORTUNITY ANALYSIS), Market and consumer trends, company's R&D department, competitors, focus groups, employees, salespeople, corporate spies,





New Product Development Process

Step 2. Idea Screening

- ✦ Process to spot good ideas and drop poor ones as soon as possible.
- ✦ Many companies have systems for rating and screening ideas which estimate:
 - Market Size
 - Product Price
 - Development Time & Costs
 - Manufacturing Costs
 - Rate of Return
- ✦ Then, the idea is evaluated against a set of general company criteria.

3. Concept Development & Testing.

- ▶ Here, the **Product Idea** is converted into **product concept**.
- ❖ **Product Ideas** means Possible product that company may offer to the market.
- ❖ **A product concept** is a detailed version of the idea stated in meaningful consumer terms
- ▶ When developing product concept following criteria should be consider.
 - Who will use the product.*
 - What primary benefit should this product provide.*
 - When will this product be consumed.*
- ▶ Concept Testing means presenting the product concept to target consumers, physically or symbolically, and getting their reactions.

Business Analysis

Review of Product Sales, Costs,
and Profits Projections to See if
They Meet Company Objectives

If No, Eliminate
Product Concept

If Yes, Move to
Product Development



PRODUCT AND MARKETING MIX DEVELOPMENT

-
- The marketing strategy formulation takes place in three parts
 - The first part describes the size, structure and behavior of the target market, the planned product positioning and the sales, market share and profit goals sought in the first few years.
 - The second part outlines the product's planned price, distribution strategy and marketing budget for the first year.
 - The third part describes the long run sales and profit goals and marketing mix strategy overtime.

TEST MARKETING

- ▶ Now the product is ready to be branded with a name, logo, and packaging, and go into a preliminary market testing.
- ▶ Marketing Testing involves placing a product for sale in one or more selected areas and observing its actual performance under the proposed marketing plan.
- ▶ **Methods for market testing:**
 1. Sales wave research.
 2. Simulated test marketing.
 3. Controlled testing marketing.
 4. Test markets.

Standard Test Market

Full marketing campaign
in a small number of
representative cities.

Controlled Test Market

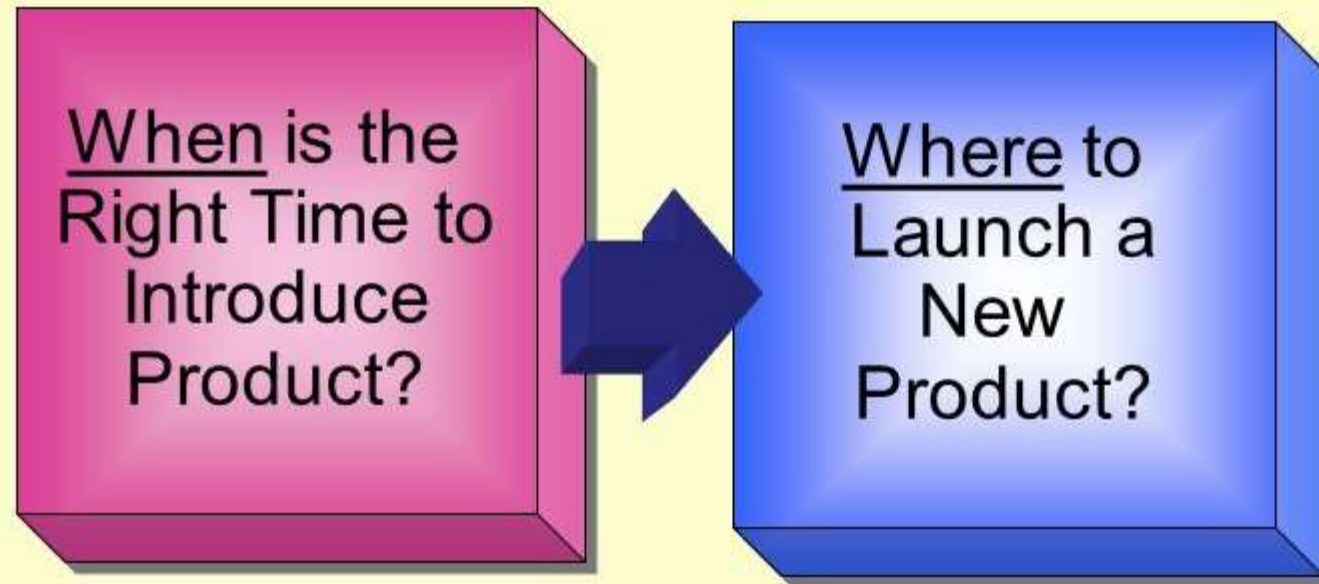
A few stores that have
agreed to carry new
products for a fee.

Simulated Test Market

Test in a simulated
shopping environment
to a sample of
consumers.

COMMERCIALISATION OF PRODUCT

Commercialization is the Introduction of the New Product into the Marketplace.



POST LAUNCH ANALYSIS

It's about managing performance!

Post-Launch Product Management

Performance Management
Growth-Maturity-Decline

- Refers to strategies and tactics to optimize the performance of current products in the market
- Data collection, analysis, and re-planning new marketing mix initiatives is vital
- Using the cross-functional team like the product's board of directors to make informed, relevant business decisions

PRODUCT MIX



Soft drinks

Minute Maid

Mineral Water

Width

Coca cola

Diet Coke

Coke zero

Fanta

Sprite

Guava

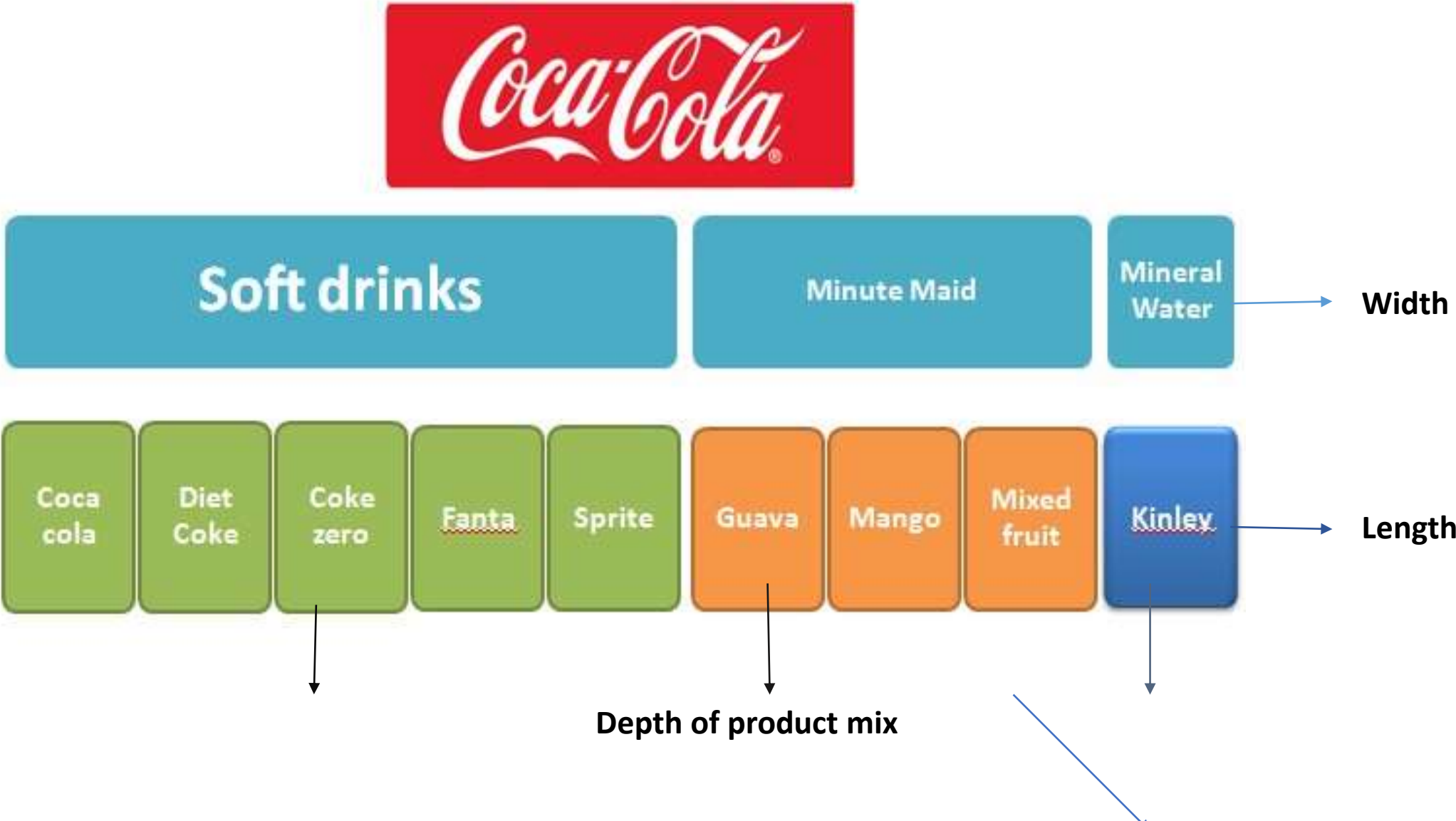
Mango

Mixed fruit

Kinley

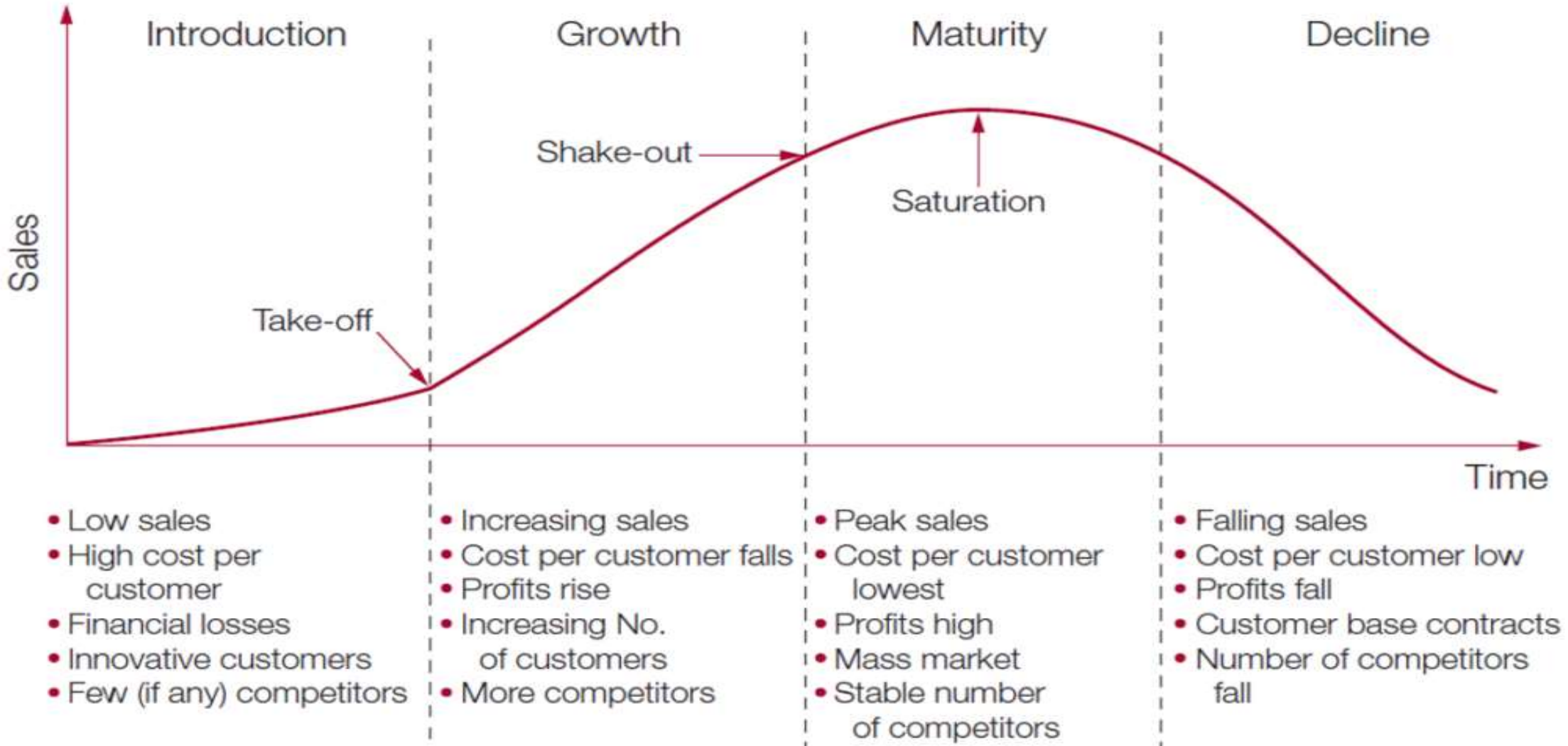
Length

Depth of product mix

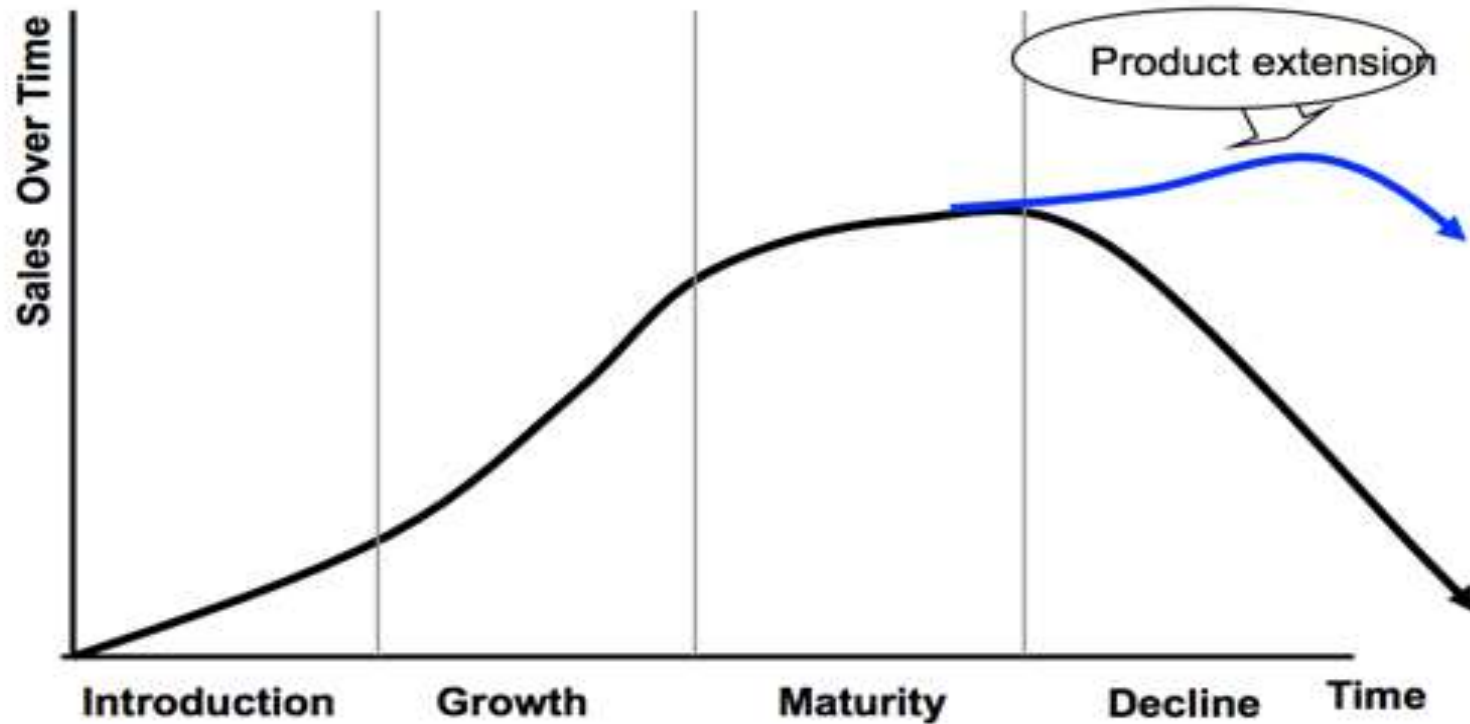


PRODUCT LIFE CYCLE

The 4 Life Cycle Stages and their Marketing Implications



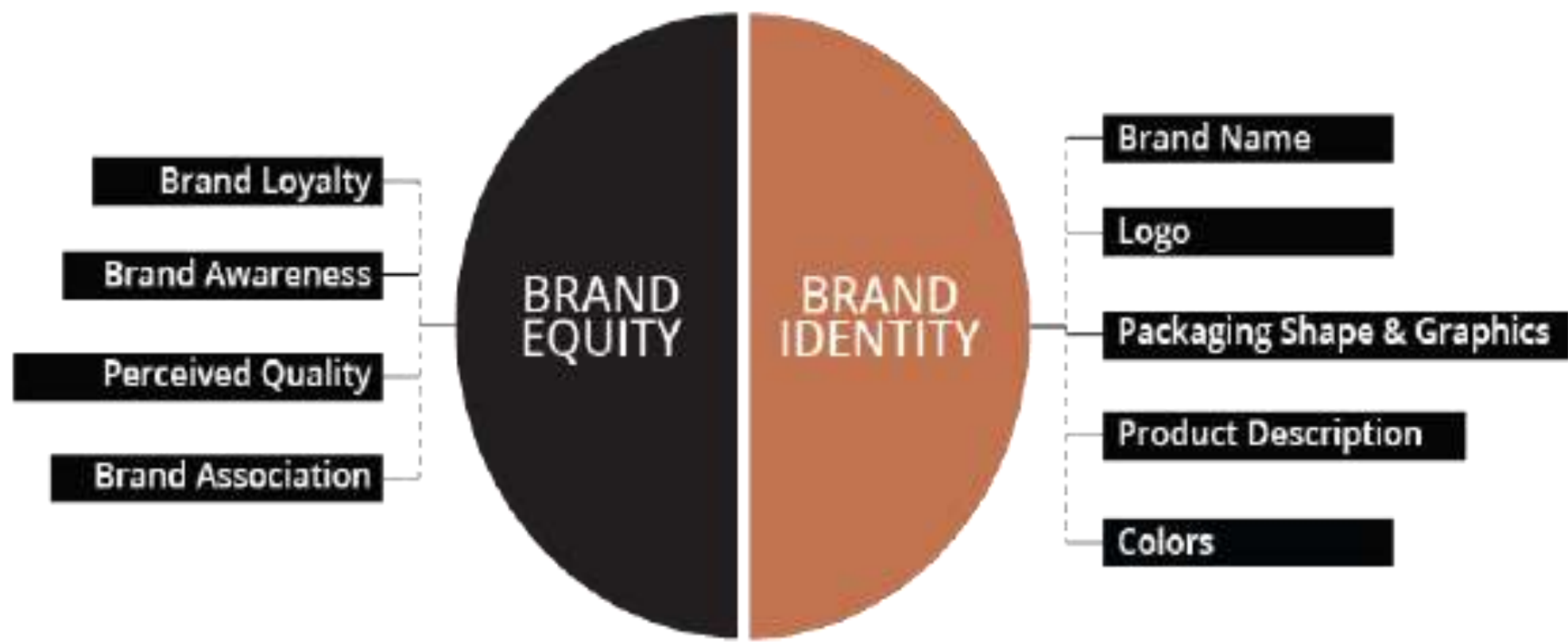
Product Life Cycle - Overview



BRANDING

- The art and science of influencing perception about a product, services or organization.
- The process involved in creating a unique name and image for a product in the mind's of customers.

THE BRAND



PACKAGING

INTRODUCTION

- ❖ Packaging is a process of covering, wrapping of goods into a package. Packaging involves desinging & producing the wrapper for a product.
- ❖ Packaging is next to grading and branding
- ❖ Packaging is essential for Offering goods in safe, and secured position to consumer



TYPES OF PACKAGING

CONSUMER PACKAGING

- Designed for consumers convenience and appeal, marketing consideration and display.
- The main emphasis is on marketing.



INDUSTRIAL PACKAGING

- It is designed to focus on the handling convenience and protection during transportation.
- The main focus is on logistic.



PRICING STRATEGIES



SERVICE MARKETING MIX

The 7 Ps of Services Marketing

