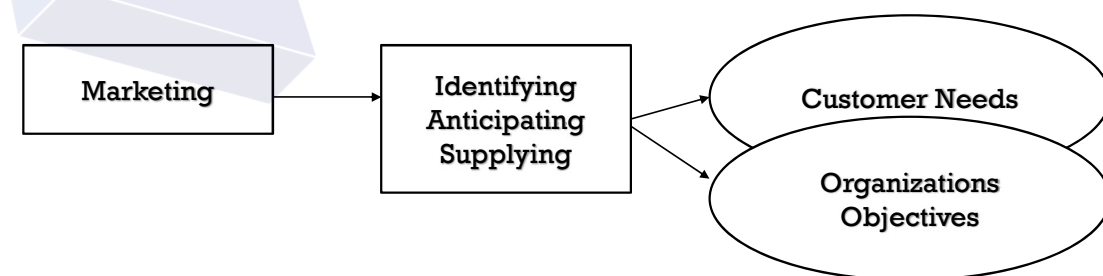


MARKETING MANAGEMENT

THE ROLE OF MARKETING

- The role of marketing is to **identify, anticipate** and **supply satisfactions** to **customers**, to facilitate mutually beneficial exchanges.



- **Marketing** is the process of planning and executing the concepts of pricing, promotion and distribution of ideas, goods and services in order to create exchanges that satisfy individual and organisational objectives
- 'Marketing is the management process which identifies, anticipates and supplies customer requirements efficiently and profitably.' - CIM UK

Strategic Marketing - Strategic marketing is tied in with corporate strategy, by identifying which products and markets the organisation wishes to operate in.

Tactical Marketing - Tactical marketing is focused more on the short term and on particular elements of the marketing mix.



DIFFERENT TYPES OF DEMAND

Type of Demand	Description	Example
Negative	Major part of market dislikes product but the product might be beneficial to customer	Dental work where people don't want problems with their teeth & use preventive measures to avoid.
Non-existent	Consumers are not aware of, or not interested in, product	Family Planning
Latent	A demand which the customer realizes later. Thus, while buying the product, he might not desire some features. But later on, he might think about those features and buy the product.	Normal Phone vs Smart Phones Normal Tv Vs Smart TV
Declining	Falling demand for products	Walkman
Irregular	Demand varies on a seasonal, daily or hourly basis	umbrellas, air conditioners or resorts
Full	Optimum level of demand	the demand is meeting the supply potential of the company.
Overfull	Higher demand than business can, or is willing to, handle (when the companies manufacturing capacity is limited but the demand is more than the supply)	Cement, Petrol
Unwholesome	the customer should not desire the product, yet the	cigarettes, alcohol, pirated movies, guns

THE MARKET

The market is the arena where exchange takes place.

- Market place is a physical location.
- Market space refers to buying and selling activities online.
- Metamarkets - Groups of products and services that consumers regard as closely related, but which are spread across several industries. The car metamarket, for example, consists of car manufacturers, new and used car dealers, finance companies, insurance companies, spare part dealers, vehicle servicing and the motoring media.



Marketing Concept - A BELIEF SYSTEM

A philosophy of business, permeating the whole organisation, that holds that the key to organisational success is meeting customers' needs more effectively and more closely than competitors

the marketing concept has three dimensions.

- (a) It is a culture. The marketing concept is to focus on consumer needs.
- (b) It involves strategy. A company must select the markets it intends to sell to and the products or services it will sell. These selections are strategic decisions.
- (c) It involves tactics. Marketing tactics can be considered as the 7Ps of the marketing mix.

Marketing Orientation - ACTUAL PRACTICES

An approach to business that centres its activities on satisfying the needs and wants of its customers



Description	Production	Product	Selling	Marketing	Customer	Societal Marketing
Concentration/tactics	High production efficiency and wide distribution	Increase quality, innovative features	Aggressive selling and promotional campaigns	Integrated marketing programs	One to one marketing, integration and value chain	Relationship, internal marketing, social responsibility
Period	1850-1900 (IR)	1900-1930	1930-1950	During 1950s		In 1970s
Beginning	Factory	Factory	Factory	Target market	Individual customer	Market
Focus	Output	Products (goods and services)	Products (goods and services)	Customer needs and wants	Customer needs and values	Stakeholder requirements and societal expectations
Final objective	Higher profits through higher production	Higher profits from high quality products	Higher profits from higher sales	Higher profits through customer satisfaction	Profitable growth through capturing customer share, loyalty and lifetime value	Meet business objectives via satisfying all stakeholders including society



- **Market segmentation** may be defined as the subdividing of a market into distinct and increasingly homogeneous subgroups of customers, where any subgroup can conceivably be selected as a target market to be met with a distinct marketing mix
- **Geographical** – Country, Density, Region, Climate, City,
- **Demography** – Age, Gender, Education, Family Size, income Occupation, Religion, Social Class
- **Psychographic** – Life Style, Social Class, Perception, Attitude, Opinions,
- **Benefit Segmentation** – Occasion of purchase, Benefit, User class (Non User, Ex user, Potential user), User rate (Light User, Medium User, Heavy user)

Characteristics of an effective market segment. (MASDA)

- Measurable - Can the segment be measured?
- Accessible - Can the segment be reached?
- Substantial - Is the segment big enough?
- Differentiable - Do segments respond differently?
- Actionable - Can we reach the segment profitably?



INDUSTRIAL SEGMENTATION

- Location – geographical area
- Ordering characteristics – such as frequency of orders and average order size
- Company characteristics – type of business, the market they operate in, and their size.
- Expectations – what benefit does the company expect to get out of the product?

Benefits of Segmentation

- The organisation may be able to identify new marketing opportunities.
- Specialists can be used for each of the organisation's major segments. For example, small business counsellors can be employed by banks to deal effectively with small organisations. A computer consultancy can have specialist sales staff for, say, shops, manufacturers, service industries or local government authorities. This builds competences and establishes effective marketing systems.
- The total marketing budget can be allocated proportionately to each segment and the likely return from each segment. This optimises return on investment.
- The organisation can make small adjustments to the product and service offerings and to the promotional aspects for each segment. This again promotes efficient use of resources.
- The organisation can try to dominate particular segments, therefore gaining competitive advantage.
- The product range can more closely reflect differences in customer needs. Marketing relies on responsiveness to the consumer.

TARGETING

Targeting is the selection of potential customers to whom a business wishes to sell products & services.

- **Mass (or undifferentiated) marketing** - This policy is to produce a single product and hope to get as many customers as possible to buy it – segmentation is ignored entirely



- **Concentrated Marketing** - The company attempts to produce the ideal product for a single segment of the market. The disadvantage of concentrated marketing is the business risk of relying on a single segment of a single market



- **Differentiated Marketing** - The company markets several product versions, each aimed at a different market segment. The disadvantage of differentiated marketing is the additional costs of marketing and production.



Market positioning

- Market position refers to how customers perceive a brand or product relative to other brands or products. When positioning their products and services, most organisations want to achieve a clear, unique, and positive position, such as the cheapest supermarket or highest quality vehicle manufacturer.

Positioning Variables

- (i) Attributes (eg size)
- (ii) Benefits (eg convenience)
- (iii) Use/application (ease of use; accessibility)
- (iv) User (the sort of person the product is meant to appeal to)
- (v) Product category (consciously differentiated from competition)
- (vi) Image
- (vii) Quality/price (premium price)

PERCEPTUAL OR POSITIONING MAP



MARKETING MIX

4 Ps

Product

Price

Place

Promotion

4 Cs

Choice/ Customer Value

Cost

Convenience

Communication

Product

- A product (goods or services) is anything that satisfies a need or want. It is not a 'thing' with 'features' but a package of benefits.
- the organisation's point of view the **product element** of the marketing mix is what is being sold, whether it be widgets, power stations, haircuts, holidays or financial advice. From the customer's point of view, a **product is a solution to a problem or a package of benefits**. Many products might satisfy the same customer need
- On what basis might a customer choose a product?
 - (a) Customer value is the customer's estimate of how far a product or service goes towards satisfying their need(s).
 - (b) Every product has a price, and so the customer makes a trade-off between the expenditure and the value offered.
 - (c) According to Kotler, a customer must feel that they get a better deal from buying an item than by any of the alternatives

Product attributes

The marketer will be concerned with the following attributes when considering the marketing mix:

(a) Tangible attributes

- Availability and delivery
- Instructions
- Performance (usefulness, effectiveness, efficiency)
- Product features and the availability of accessories
- Product variety (for example, the number of sizes in which clothes are offered)
- Design (appearance, feel, strength of brand image etc)
- Size (for example, in relation to storage or transportation needs)
- Packaging (durability, convenient size, information given)
- Warranty and guarantees
- The range of complementary products in a 'line'
- Service (for example installation and availability of help when product is in use)

(b) Intangible attributes

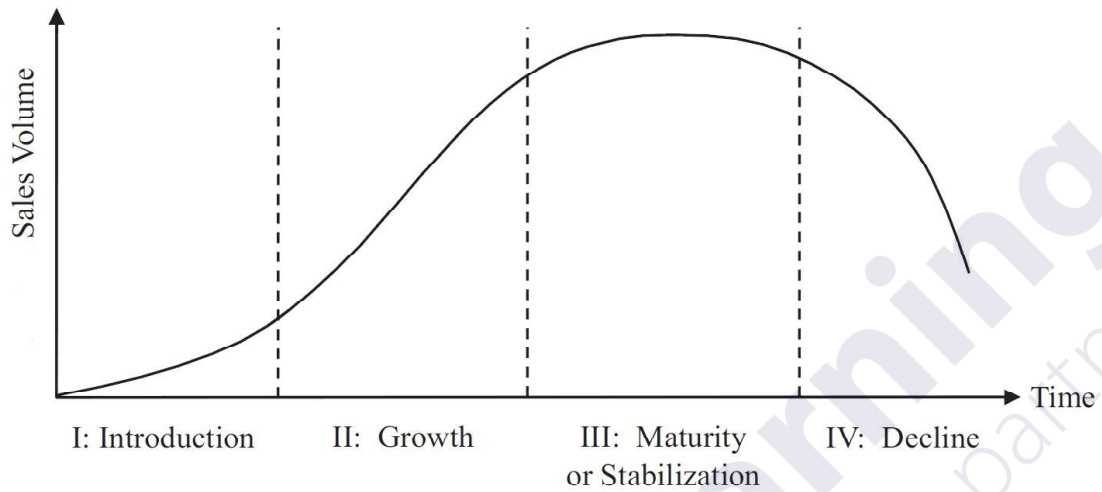
- Image
- Perceived value



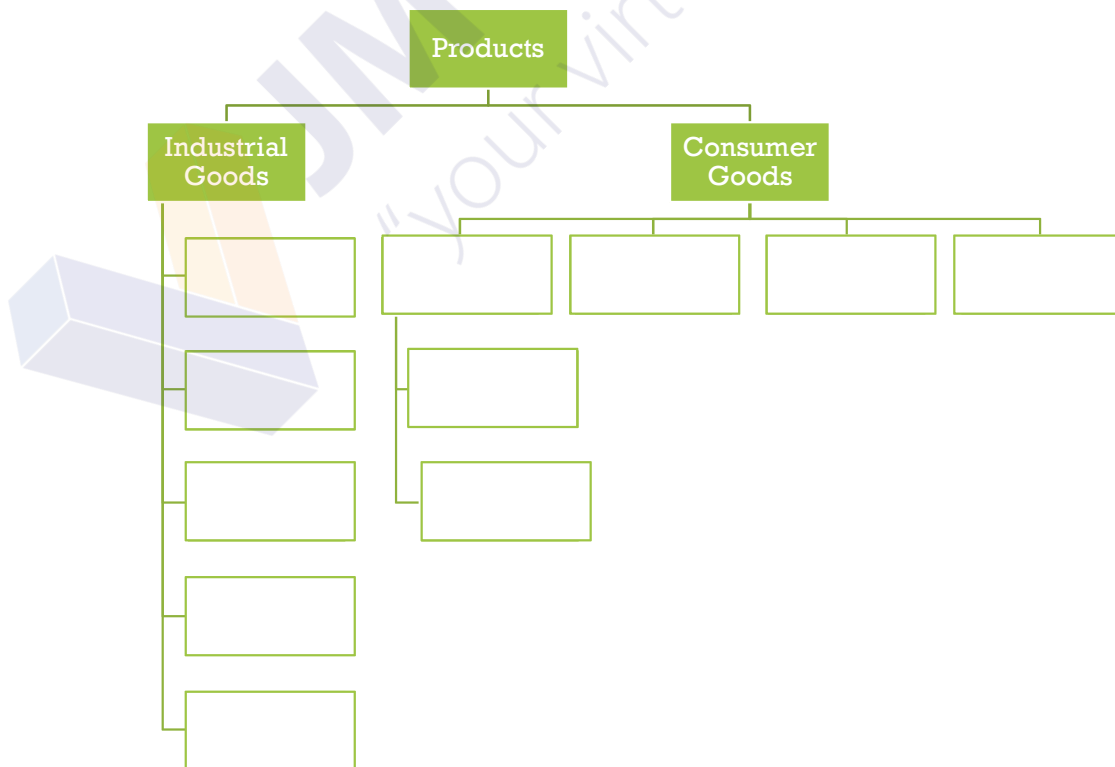
PRODUCT



PRODUCT LIFE CYCLE



CLASSIFICATION OF PRODUCTS



Place

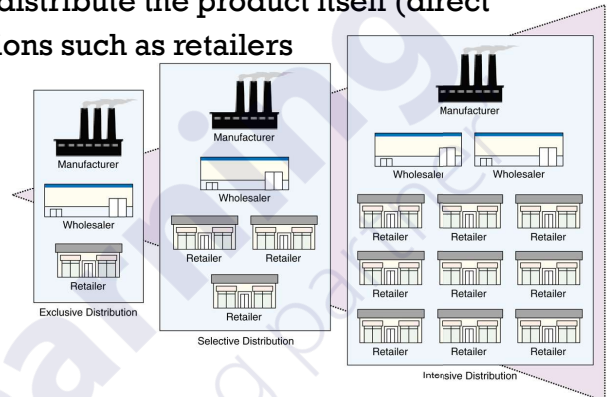
- Place deals with how the product is distributed, and how it reaches its customers.

(a) Channel. Where are products sold? Supermarkets or corner shops? Which outlets will be chosen? Zero level distribution is where the organization sells directly to the customer. In one level distribution, the organization sells to the retailer, who sells to the customer. Two level distribution involves the organisation selling to a wholesaler who in turn sells to the retailer.

(b) Logistics. The location of warehouses and efficiency of the distribution system is also important. A customer might have to wait a long time if the warehouse is far away. Arguably, the speed of delivery is an important issue in place. An organisation can distribute the product itself (direct distribution) or distribute it through intermediary organisations such as retailers

Distribution strategies

- Intensive distribution
- Selective distribution
- Exclusive distribution



DISTRIBUTION

Distribution means making the goods reaching the customers' hands. In other words, it is the process where the buyer who require the goods getting for their usage.

Methods of Distribution

1. Direct Distribution

The seller directly hands over the goods to the buyer. Here, either the seller transports the goods to the buyer's destination, or the buyer visits the seller's location and get the goods. This is called, "Zero intermediary distribution channel"

- Close relationship with customers.
- Small volume of distribution.
- Beneficial for easily perishable items.
- Cost of distribution is relative lower.

2. Indirect distribution

The seller and buyer do not meet each other, but some intermediaries are involved in transporting and delivering the goods from the seller to the buyer.

a. Single intermediate distribution channel

The business may use only one intermediary between them and the customers to distribute the goods.

- No direct touch with customers.
- The market prices maybe relativity little higher.
- Volume of distribution is relative lower.
- Mostly applicable for low shelf life goods.

b. Multi intermediary distribution channel

More than one intermediary is taking part in the distribution, but all of them are in the control or instruction of the business.

- Relationship with customers is remote.
- Market price of the goods maybe high.
- Time taken for distribution is relatively high
- Very high market coverage of products.

TRENDS IN TRADE

- Online trade
- Technology orientation
- One roof solution
- Extended business hours
- Extended Market
- Enhanced customer service

- **Promotion**

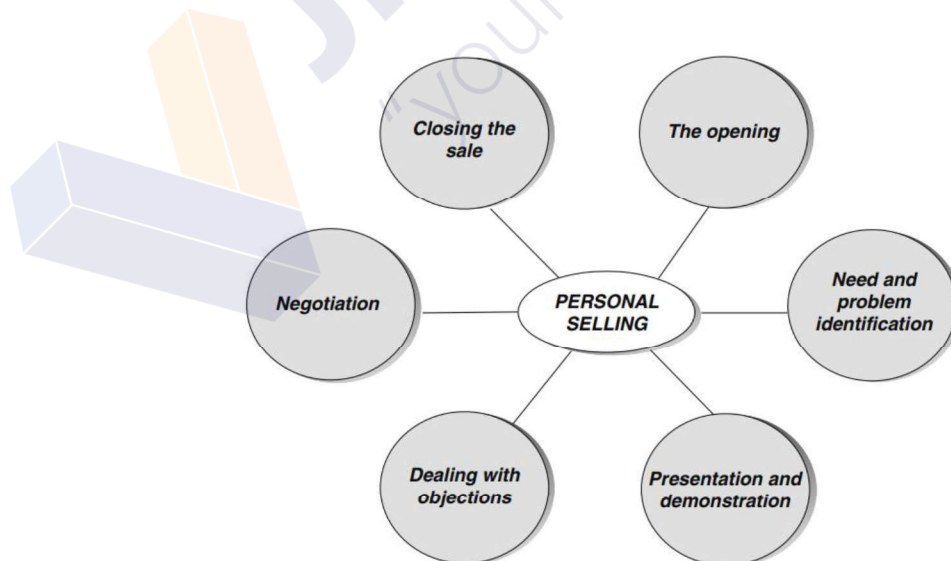
Many of the practical activities of the marketing department are related to promotion. Promotion is the element of the mix over which the marketing department generally has most control. A useful mnemonic is AIDA, which summarises the aims of promotion.

- Arouse **Attention**
- Generate **Interest**
- Inspire **Desire**
- Initiate **Action** (ie buy the product)

Lancaster and Withey (2005) identified the following elements of successful advertising, which must be

- Well-planned and executed
- Effective, as a method of communication
- Part of an overall effective promotional mix
- Aligned with the overall values and mission of the company

PERSONAL SELLING



Direct marketing

Direct marketing creates and develops a direct relationship between the consumer and the company on an individual basis. It involves the use of a wide variety of media to communicate directly with the target market and to elicit a measurable response.

Eg: Emails, online adverts, flyers, database marketing, promotional letters, newspapers, outdoor advertising, phone text messaging, magazine adverts, coupons, phone calls, postcards, websites, and catalog distribution

Features of Direct Marketing

- (a) **Response.** Direct marketing is about getting people to respond by post, telephone, email or web form to invitations and offers.
- (b) **Interactive.** The process is two-way, involving the supplier and the customer.
- (c) **Relationship.** Direct marketing is in many instances part of an ongoing process of communicating with, and selling to, the same customer.
- (d) **Recording and analysis.** Response data are collected and analysed so that the most cost-effective procedures may be arrived at.

Advertising

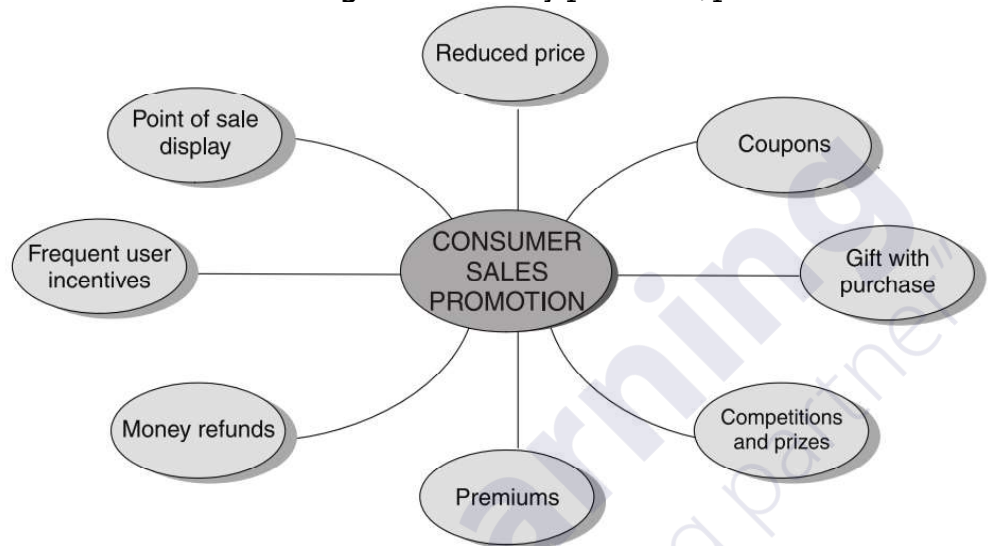
Advertising is paid-for mass communication. The selection of media for a campaign depends on matching the target market and budget to the characteristics of the media themselves

Advertising can be effective for a range of purposes

- Promote sales
- Create an image or to promote an organisation or idea
- Support personal selling
- Offset competitor advertising
- Remind and reassure

Sales promotion

Sales promotion activity is typically aimed at increasing short-term sales volume, by encouraging first time, repeat or multiple purchase within a stated time frame ('offer closes on such-and-such a date'). It seeks to do this by adding value to the product or service: consumers are offered something extra – or the chance to obtain something extra – if they purchase, purchase more or purchase again



Public relations

'The planned and sustained effort to establish and maintain goodwill and mutual understanding between an organisation and its publics'.

This is an important discipline, because although it may not directly stimulate sales, the organisation's image is an important factor in whether it attracts and retains employees, whether consumers buy its products/services, whether the community supports or resists its presence and activities and whether the media reports positively on its operations.

An organisation can be either reactive or proactive in its management of relationships with the public.

- Reactive PR is an organization or individual defending against a negative event or any negative publicity that has occurred.

Eg: an oil company coming out to promote environmental health just shortly after an oil spill occurs on their watch in one of the major oceans

- Proactive public relations refers to the **ability of an organization to take control of the PR message that's being relayed to the general public**

Eg: Post to social media every day, Send a press release once a month, Send a newsletter once a month & Send a Constant Contact message once a week etc.

The techniques of PR

(a) Consumer marketing support

- Consumer and trade press releases (to secure media coverage)
- Product/service literature
- Special events (celebrity store openings, product launch events)
- Publicity 'stunts' (attention-grabbing events)

(b) Business-to-business communication

- Corporate identity design (logos, liveries, communications house style)
- Corporate and product videos
- Direct mailings of product/service literature and corporate brochures
- Trade exhibitions and conferences

(c) Internal/employee communications

- In-house magazines and employee newsletters (or intranet pages)
- Recruitment exhibitions/conferences
- Employee communications: briefings, consultation, works councils and so on

(d) Corporate, external and public affairs

- Corporate literature
- Corporate social responsibility and community involvement programmes: liaison with pressure and interest groups
- Media relations: networking and image management through trade, local, national (and possibly international) press
- Lobbying of local/central government and influential bodies
- Crisis and issues management: minimising the negative impacts of problems and bad publicity by managing press/public relations

(e) Financial public relations

- Financial media relations
- Design of annual and interim financial reports
- Facility visits for analysts, brokers, fund managers etc
- Organising shareholder meetings and communications

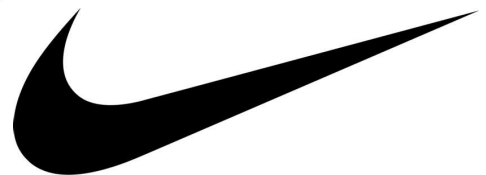
• **Branding**

A brand is a name, term, sign, symbol or design intended to identify the product of a seller and to differentiate it from those of competitors.

Branding is a very general term covering brand names, designs, trademarks, symbols, jingles and the like. A **brand name** refers strictly to letters, words or groups of words which can be spoken. A **brand image** distinguishes a company's product from competing products in the eyes of the user.



Dialog



- **Price**

There are three main types of influence on **price setting**: **costs**, **competition** and **customers** (the 3Cs). Other aspects of the **pricing mix** include factors such as any **bulk purchase discounts given**, **credit offered** and **methods of payment**.

- Skimming Pricing Strategy
- Penetration pricing Strategy

- Markup pricing
- Target return pricing
- Perceived value pricing
- Value based pricing
- Going rate pricing
- Auction type pricing
- Promotional pricing
- Discriminatory pricing or differential pricing

Extended Marketing Mix

People

The role of employees in the marketing mix is particularly important in service marketing, because of the inseparability of the service from the service

provider. Front-line staff must be selected, trained and motivated with particular attention to customer care and public relations

Processes

Efficient processes can become a marketing advantage in their own right. If an airline, for example, develops a sophisticated ticketing system, it can offer shorter waits at check-in or wider choice of flights through allied airlines. Efficient order processing not only increases customer satisfaction, but cuts down on the time it takes the organisation to complete a sale.

Physical evidence

As we saw earlier, services are intangible – there is no physical substance to them. This often means that the customer has no evidence of ownership. This may make it difficult for consumers to compare the qualities of service provision and reduce the incentive to consume.

Issues of intangibility and ownership can be tackled by making available a physical symbol or representation of the service and the benefits it confers. For example, tickets and programmes relating to entertainment and certificates of attainment in training are symbolic of the service received and provide a history of past positive experiences.

QUESTIONS

1. Dividing a market into distinct segments based on the homogeneous nature or respond to similar marketing action is known as:
(1) Market segmentation. (2) Target marketing.
(3) Market positioning. (4) Niche marketing.
2. Of the following, select the product marketing mix:
(1) Product, Price, Promotion, People. (2) Product, Price, Promotion, Place.
(3) Product, Price, Process, Place. (4) Product, People, Process, Physical evidences.
3. (Differentiated Marketing / Undifferentiated Marketing) does not target a particular segment of the market
4. In the marketing philosophy, increase in quality is a tactic of:
(1) Production concept. (2) Product concept.
(3) Marketing concept. (4) Selling concept.
5. Which one of the following is a tool of Promotional Mix?
(1) Sales promotion. (2) Public relations. (3) Direct marketing. (4) All of the above.
6. A characteristics of an effective market segment is (unmeasurable / differentiable)
7. Which one of the following is a disadvantage of branding?
(1) It reduces the consumer's risk in purchasing.
(2) It helps consumers to take quick buying decisions.
(3) It helps consumers to easily identify the products.
(4) It involves a high cost to build a new brand.
8. Higher profits from high sales is the final objective of the (selling concept / customer concept)
9. Which one of the following is correct with reference to the final objective of Marketing Concept included in evolution of marketing philosophy?
(1) Higher profits through higher production.
(2) Higher profits through high quality products.
(3) Higher profits through customer satisfaction.
(4) Higher profits through higher sales.
10. According to the marketing mix (4ps), credit terms are included in:
(1) Place. (2) Product. (3) Price. (4) Promotion.
11. Which one of the following describes value based pricing?
(1) Pricing based on how much customers are willing to pay for the goods or services.
(2) Pricing by adopting a constant percentage to the cost price of goods or services.
(3) Pricing based on the prevailing market price of goods or services.
(4) Pricing based on the perceived worth of goods or services to its intended customers

12. (Positioning / Market segment) refers to the place that a brand occupies in the minds of customers and how it is distinguished from products of competitors

13. Which one of the following marketing concepts is concerned with profit growth by capturing customer share, loyalty and life-time value?

- (1) Societal marketing concept. (2) Customer concept.
(3) Holistic marketing concept. (4) Selling concept.

14. Under (differentiated marketing / concentrated marketing), a firm will develop products and services with separate marketing mix strategies for each of the segments

15. When there is lack of demand shown for certain mobile packages in the market, mobile communication providers design and offer different mobile packages to cater to the diverse needs of the customers. The demand for such mobile packages is called:

- (1) Negative demand. (2) Full demand.
(3) Latent demand. (4) Unwholesome demand.

16. Which one of the following is not a characteristic of an effective market segment?

- (1) Measurable. (2) In differentiable.
(3) Accessible. (4) Actionable.

