Marketing Management

Session Number – 1

MARKETING MANAGEMENT

Marketing management is an important to operative function (as distinct from managerial function) of management. It performs all managerial functions in the field of marketing. It is responsible for planning, organizing, directing and controlling the marketing activities. It is required to build up appropriate marketing-mix to achieve the objectives of the business.

NATURE OF MARKETING

1. Marketing is Customer-focused.
2. Marketing must Deliver Value.
3. Marketing is Business.
4. Marketing is surrounded by Customer Needs.
5. Marketing is a part of Total Environment.

SCOPE AND FUNCTIONS OF MARKETING

In order to achieve this purpose, the Marketing Manager performs the following functions:

(i) Marketing research
(ii) Product planning and development
(iii) Buying and assembling
(iv) Selling
(v) Standardization, grading and branding
(vi) Packaging
(vii) Storage
(viii) Transportation
(ix) Salesmanship
(x) Advertising
(xi) Pricing
(xii) Financing
(xiii) Insurance

Definition of Marketing

Marketing consists of the strategies and tactics used to identify, create and maintain satisfying relationships with customers that result in value for both the customer and the marketer.
Other definitions for marketing include:

- American Marketing Association (AMA): "Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals."

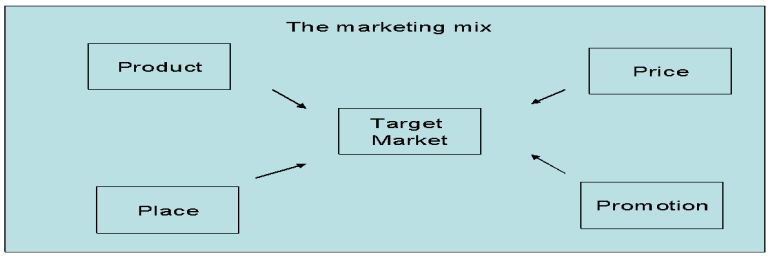
- World Marketing Association (WMA): “Marketing is the core business philosophy which directs the processes of identifying and fulfilling the needs of individuals and organizations through exchanges which create superior value for all parties.”
- Chartered Institute of Marketing (CIMU) [United Kingdom]: “Marketing is the management process for identifying, anticipating and satisfying customer requirements profitably.”

CUSTOMER DRIVEN MARKETING STRATEGY (THE 4 P'S OF MARKETING)

The term "marketing mix" became popularized after Neil H. Borden published his 1964 article, The Concept of the Marketing Mix. Borden began using the term in his teaching in the late 1940's after James Culliton had described the marketing manager as a "mixer of ingredients". The ingredients in Borden's marketing mix included product planning, pricing, branding, distribution channels, personal selling, advertising, promotions, packaging, display, servicing, physical handling, and fact finding and analysis. E. Jerome McCarthy later grouped these ingredients into the four categories that today are known as the 4 P's of marketing, depicted below:

Marketing decisions generally fall into the following four controllable categories:

- Product
- Price
- Place (distribution)
- Promotion



These four P's are the parameters that the marketing manager can control, subject to the internal and external constraints of the marketing environment. The goal is to make decisions that center the four P's on the customers in the target market in order to create perceived value and generate a positive response.

Session Number – 2

Introduction to Marketing Management

Marketing Myopia

Prof. Theodore Levitt described marketing myopia as:

- COLOURED PERCEPTION ABOUT MARKETING, SHORT-SIGHTEDNESS ABOUT BUSINESS
- EXCESSIVE ATTENTION TO PRODUCT OR PRODUCTION AT THE COST OF CUSTOMER & HIS ACTUAL NEEDS
- LEADS TO INADEQUATE UNDERSTANDING OF THE MARKET

When Does Marketing Myopia Strike

- Company more focused on selling rather than building relationships with the customers
- Predicting growth without conducting proper research.
- Mass production without knowing the demand. Giving importance to just one aspect of the marketing attributes without focusing on what customer actually wants
- Not changing with the dynamic consumer environment

Self-Deceiving Cycle

- Businesses should have a vision rather than a goal.
- They should be able to see themselves at a point ahead of what they are now.
- This vision should be set assessing their own capabilities, their competitors', as well as the trends, Or else, a business can get trapped in a self-deceiving cycle.

Conditions that lead to self-deceiving cycle

- A belief that growth of the business is guaranteed by growth in population.
- Belief that there is no competitive substitute for the company's product
- Supply creates its own demand, hence mass production.
- Overestimation of product's qualities without conducting scientific research.

Examples of Marketing Myopia

- Kodak lost much of its share to Sony cameras when digital cameras boomed and Kodak didn't plan for it.
- Nokia losing its marketing share to android and IOS.
- Hollywood didn't even tap the television market as it was focused just on movies.

BUILDING CUSTOMER RELATIONSHIP

A process of improving and maintaining relationships with your stakeholders by providing better products and services with right attitude at lesser costs. E.g. Companies announcing dividend is a part of CRM process. The outcome is building of a unique company asset called a marketing network consists of company and its stakeholders.
The operating principle is simple i.e. build an effective network of relationships with stakeholders and profit will follow.

It is the process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.

How to go about CRM

Companies are using following techniques:

- Emails

- Websites
- Call centers
- Data bases
- Social media tools
- CRM software

Basis of CRM: The following are the basis of CRM

- Trust
- Commitment
- Customer Retention
- Service and
- Speed

Different levels in CRM

- Basic Marketing – Selling
- Reactive Marketing – Selling + Service (Handling Complaint)
- Accountable Marketing – Check the customer satisfaction level and feedback through phone or survey.
- Proactive Marketing – Inform the customer about your innovative products and services
- Partnership Marketing – Company works continuously with its large customer to help improve their performance.

ISSUES AND CHALLENGES FOR 21ST CENTURY:

- Volatility or changes in market:
- A new replaces old, Potential level of product
- VUCA – Volatile, uncertain, complex, ambiguous situations in environment
- Diversity and convergence or meeting at same point
- Point of Parity and Differentiation
- Catering to the affluent means those having plenty of money
- Poor markets also need marketing but budget is a constraint there
- Rural markets having several challenges
- Changing consumption values and consumer behavior

SESSION NUMBER-3

Marketing Environment

Environmental scanning helps in assessing the impact the environment could create the business. From an external perspective, these contextual factors include the overall economic, social, cultural and political conditions that characterize modern India and shape, at least to a certain extent, the organizations operating in that reality. The core category identified was that of *environmental scanning*, to which a set of subsidiary categories was related. According to Aguilar, environmental scanning refers to the exposure to and acquisition of "information about

events and relationships in a company's outside environment, the knowledge of which would assist top-management in its task of charting the company's future course of action." This interrelated set of categories contributes to understanding how contextual factors - external and internal to the organization, influence the scanning activity, and also how perceived environmental change affects strategic change. The task of explaining variance among companies resides with a few key relationships among those categories. Now let us see each environment in detail.

SOCIAL ENVIRONMENT:

Indian society is multifaceted to an extent perhaps unknown in any other of the world's great civilizations. Living within the embrace of the Indian nation are vast numbers of different regional, social, and economic groups, each with different cultural practices. Particularly noteworthy are differences between social structures in the north and the south, especially in the realm of kinship systems. Throughout the country, religious differences can be significant, especially between the Hindu majority and the large Muslim minority; and other Indian groups--Buddhists, Christians, Jains, Jews, Parsis, Sikhs, and practitioners of tribal religions--all pride themselves on being unlike members of other faiths.

CULTURAL ENVIRONMENT

A society's culture includes its values, its ethics and the material objects produced by its people. It is the accumulation of shared meanings and traditions among members of a society. A culture can be described in terms of its ecology (the way people adapt to their habitat), its social structure and its ideology (including people's moral and aesthetic principles). Culture refers to the set of values, ideas and attitudes that are accepted by a homogeneous group of people and transmitted to the next generation. Subculture refers to the norms and values of subgroups within the larger or national culture. African American, Hispanics, and Asians represent sizable subcultures. It is inappropriate to think in terms of stereotypes when marketing to these subcultures. African Americans represent the largest racial/ethnic subculture in the United States. While price-conscious, they are motivated by product quality and choice. Indian consists of people who are either Aryans or Dravidians to a large extent. Current research indicates that stereotypes are misleading. Christians are the subculture in India where as in United States, it is the culture by itself. Asians are the fastest growing subculture in the United States. The growth of this subculture is due primarily to immigration. Like Hispanics, Asians represent a diverse subculture including Chinese, Japanese, Asian-Indians, and many other nationalities.

ECONOMIC ENVIRONMENT

Business fortunes and strategies are influenced by the economic characteristics and economic policy dimensions. The economic environment includes the structure and nature of the economy, the stage of development of the economy, economic resources, the level of income, the distribution of income and assets, global economic linkages, economic policies etc. A widely used classification of economies is on the basis of per capital income,ie.,the average annual income per person. Accordingly, countries are broadly classified as low income, high income economies and the middle income economies. Low income economies are those economies with very low per capital income. All economies with per capita $755 or less in2000 are regarded as low income economies. There are 63 low income economies in 2000. High income economies

are countries with very rich income per capital. Those with a per capital GNP of$ 9266 or above in2000 fall in the category of high income economies.

POLITICO-LEGAL ENVIRONMENT

Every business is limited by the political environment. This involves laws, government agencies and pressure groups. These influence and restrict organizations and individuals in society. Therefore, marketing decisions are strongly influenced and affected by developments in the political environment.
Before entering a new market in a foreign country, the company should know everything about the legal and political environment. How will the legislation affect the business? What rules does it need to obey? What laws may limit the company's ability to be successful? For example, laws covering issues such as environmental protection, product safety regulations, competition, pricing etc. might require the firm to adapt certain aspects and strategies to the new market.

Legal environment is the legal system in the host country which includes different laws that regulate the companies and Individuals. It goes in synchronization with political environment. The legal system arms which affect the trade are:

- Civil Laws
- Contract Laws
- Patent Laws
- Tax Laws
- Competitive Law
- Dispute resolution like conciliation/reunion, arbitration/settlement and litigation/Legal Action.

Session Number - 4

Marketing Environment

MARKETING ENVIRONMENT – MICRO

The Microenvironment consists of factors that are close to the company that affect its ability to engage and serve its Customers. The factors are:
1. The Company
2. Suppliers
3. Marketing Intermediaries
4. Customers
5. Competitors
6. Publics

THE COMPANY

In designing a marketing plan, the science of Marketing Management takes into account:

- Top Management
- Finance & R&D
- Purchasing, Operations
- HR & Accounting.
- Top management sets the company's Vision, Mission, Objectives & broad objectives.
- Managers make marketing strategies basis the Vision & Mission of the company.
- All departments share the responsibility for understanding Customer needs & creating customer Value.

SUPPLIERS

- Suppliers are an important link in company's overall value delivery network.
- They provide the necessary resources needed by the company to produce its goods & services.
- Supplier problems can seriously affect marketing.
- Marketing managers must watch supply availability & cost.

MARKETING INTERMEDIARIES

Marketing intermediaries help the company promote, sell & distribute its product to final buyers. The following are the marketing intermediaries:

1. Resellers

They are distribution channel firms that help the company find customers or make ales to them. They include wholesalers & retailers.

2. Physical Distribution firms

They help the company stock & move goods from Point-of-Origin to the Point-of-Sale.

3. Marketing service agencies

Consist of Marketing Research firms, advertising agencies that help the company in targeting & marketing the product.

4. Financial Intermediaries

Include banks, credit companies, insurance companies that help in financial transactions.

CUSTOMERS

- Most important actor in the company's microenvironment.
- The aim should be to direct the entire value delivery system to engage target customers & build strong relationship.

COMPETITORS

Philip Kotler is of the opinion that the best way for a company to grasp the full range of its competition is to take the viewpoint of a buyer. What does a buyer thinks about that which eventually leads to purchasing something? So, tracing of the consumer mind set will help to retain the market share for all the firms.

RESPONDING TO THE GLOBAL DYNAMIC MARKETING ENVIRONMENT:

The following are the multiple dimensions a marketer should look towards, these are as follows:

- Innovation
- Product development
- Market development
- Market penetration
- Diversification
- Economies of scale
- Forecasting
- Analytics
- Artificial intelligence
- CRM software
- Skill Development
- Effective leadership
- Collaborations
- Cost cutting measures
- Research and Development etc.

Session Number-5

Strategic Planning & Marketing Process

Strategy Definition:

The art of planning and directing overall military operations and movements in a war or battle
In business perspective A Course of action by which companies or business gain competitive advantages.

Marketing Strategy:

A marketing strategy is all of a company's marketing goals and objectives combined into a single comprehensive plan. Business executives draw a successful marketing strategy from market research. They also focus on the right product mix so that they can get the most profit.

Strategic Level:

There are four levels

Strategic Business Unit:

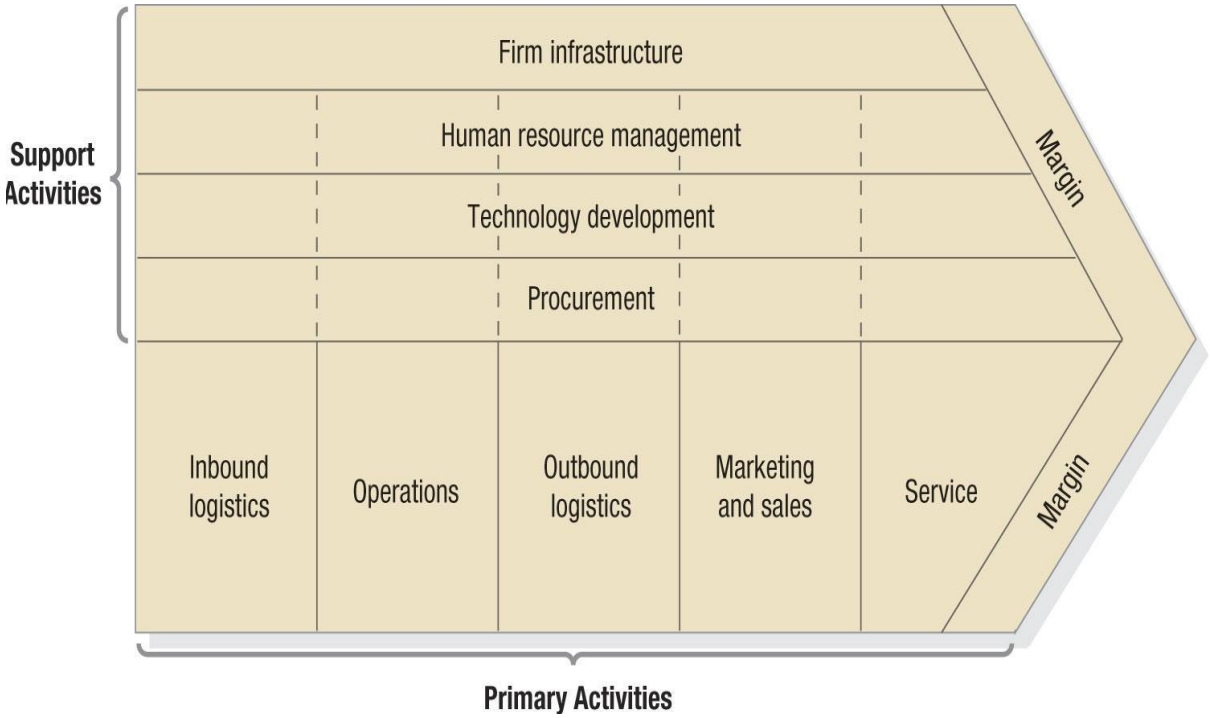
A **strategic business unit**, popularly known as **SBU**, is a fully-functional unit of a business that has its own vision and direction. Typically, a **strategic business unit** operates as a separate unit, but it is also an important part of the company.

Importance of Marketing Planning

- Helps in avoiding future uncertainties
- Helps in achieving Objective
- Helps in coordination and communication
- Helps in Controlling
- Helps in satisfying customer

Value Chain:

he process or activities by which a company adds value to an article, including production, marketing, and the provision of after-sales service.



There are five primary activities and four support activities .

Session Number-6

Strategic Planning & Marketing Process

Marketing Plan: A marketing plan establishes the goals and tactics of every marketing campaign. It keeps everyone in your organization on the same page about the direction and purpose of your marketing efforts.

Company wise strategic planning

5 Essential Steps for a Successful Strategic Marketing Process

1) Mission

First, identify and understand the company's mission. Maybe it's written down and promoted throughout the organization. If not, talk to stakeholders to find out why your company exists. A mission statement explains why a company is in business and how it can benefit consumers.

2) Situation analysis

There are several methods to conduct this analysis. A typical analysis is called a SWOT analysis: strengths, weaknesses, opportunities, and threats, PESTL.

3) Marketing strategies

Now that you've identified opportunities through your analysis, you should prioritize and map out which ones you are going to pursue. Writing a marketing plan will specify your target customers and how you will reach them, and should also include a forecast of the anticipated results.
Define Your Target Audience
Set Measurable Goals
Identify and Set a Marketing Budget

4) Marketing mix

At this stage of the strategic marketing process, it's time to focus on the ―how‖ of planning. Your marketing mix is based on the 4Ps of marketing, including Product, Price, Promotion, and Place.

5) Implementation and control

Identify how and when you will launch your plan. At this stage of the strategic marketing process, you will reach out to customers to inform and persuade them about your product or service. Your next steps include getting the resources (cash and staffing) to market your product, organizing the people who will do the work, creating calendars to keep the work on track, and managing all the details for each goal.

Porter's Generic (Competitive) Strategies

Michael Porter's Generic Strategies are a useful framework for organisations to identify a potential niche in which they can gain a competitive advantage in any industry.

There are three Generic Strategies

1) **Cost leadership**
2) **Differentiation**
3) **Focus**

Cost Leadership

This strategy generally consists of an organisation attempting to gain a market share by appealing to cost-conscious or cost-restricted customers or consumers. Therefore, it is the aim of the organisation to become the **lowest-cost producer** in their chosen industry. Although any organisation will aim to remove any unnecessary costs, those employing this strategy prioritise lowering all overheads.

Often, this can be achieved through mass-production of products, allowing the organisation to exploit the economies of scale; however, costs can be cut during many stages of the production process. This will allow the organisation to sell products or services for around or below the average price for the industry, and as a result of cost-limitation will achieve the greatest profits.

These mass-produced products will often be very standard, and will exhibit little-to-no differentiation.

Differentiation

The general focus of **differentiation** -led organisations is to make their products different or more attractive than any other within the industry to achieve a competitive advantage.

Cost Focus

Cost-focus refers to organisations who seek to develop a lower-cost advantage, but only within a small market segment. These products will generally be basic, vaguely similar to the average market-leading products (though more popular products can be charged at a higher price) and will be acceptable to a sufficient number of customers in order to make a profit.

Differentiation Focus

In a **differentiation-focus** strategy, the organisation will look to develop product differentiation, but only within one or a smaller number of market segments. As these organisations have identified a smaller consumer group to focus on, they can more specifically appeal to the needs and wants of this group than could an organisation which is attempting to differentiate for a wider population.

Session Number-7

Strategic planning and Marketing Process

Steps in strategic planning

- Defining the company Vision and Mission
- Setting company objectives and goals
- Designing the business portfolio: Define SBU, Analyse performance
- Companywide strategic planning:
  - Corporate level strategies
    - Assess organization growth opportunities
  - Business level strategies
    - Assess SBU
  - Functional level strategies
    - Develop marketing Plan
- Planning Marketing: Partnering to build Customer relationship
- Marketing strategy and marketing Mix

- Managing the marketing effort
- Measuring Return or marketing investment

Corporate level marketing: Untapped opportunities, business and products to be entered
It means new markets, new products, new services, related product lines, mergers and acquisitions, diversification etc.

Business level marketing: My business vs. competition
STPD, demand and supply, marketing intelligence, marketing research, forecasting

Functional level marketing: 4Ps or internal departments
Marketing mix, HR mix, production mix, finance mix, IT mix etc.

Managing the marketing efforts

- It requires 4 marketing management functions
    - Marketing analysis
        - SWOT
    - Marketing Planning
        - Making objectives and plan on how to achieve
    - Marketing Implementation and
    - Marketing control

Contents of a marketing plan

- Executive Summary
    - Major point's review & recommendations
- Current marketing situation
    - Target market and its characteristics, Product mix, CoD, Competition
- Threats and opportunities analysis
    - Goal is to understand external environment
- Objectives and issues
    - How to achieve objectives
- Marketing strategy

- Target market + marketing mix + Positioning while managing environment

- Action programs (Implementation)
  - What, when and who will do
  - Marketing mix – operational strategies
- Budgets
  - Profit and loss statement
- Controls
  - Monitor planned results and take corrective action wherever necessary

Session Number-8

Consumer Markets and Consumer Buying Behaviour

Introduction:

Consumer behavior refers to the actions of consumers in the market place and the underlying motives for those actions.

Marketers expect that by understanding what causes consumers to buy particular goods and services they will be able to determine which products are needed in the market place, which are obsolete, and how best to present the goods to the consumers.

"Consumer behavior is defined as the process and physical activity individuals engage in when evaluating, acquiring, using or disposing of goods and services."

Personal Consumer:

The individual who buys goods and services for his or her own use, for household use, for the use of a family member or for a friend .

Industrial Consumer:

A business, government agency, or other institution (profit or nonprofit) that buys the goods, services, and/or equipment necessary for the organization to function

Buying Roles in Consumer Behaviour

i. Initiator:

A person who first suggests the idea of buying the particular product or service .

ii. Influencer:

A person whose view or advice influences the decision .

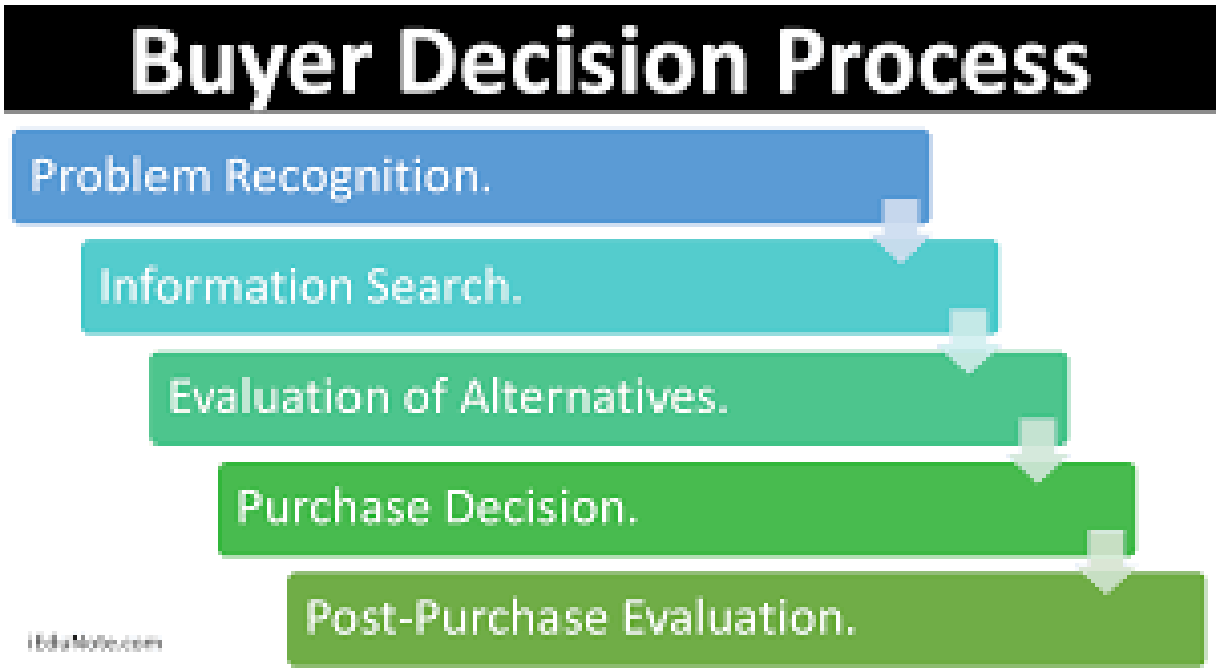
iii. Decider:

A person who decides on any component of a buying decision; whether to buy, what to buy, how to buy, or where to buy

iv. Buyer:
The person who makes the actual purchase .
v. User:
A person who consumes or uses the product or service .

The Buyer Decision Process:
The **buying decision process** is the **decision-making process** used by consumers regarding the market transactions before, during, and after the **purchase** of a good or service. It can be seen as a particular form of a cost–benefit analysis in the presence of multiple alternatives.

There are 5 steps in a consumer **decision making process** a need or a want is recognized, search **process**, comparison, product or service selection, and evaluation of **decision**.
Most **decision making** starts with some sort of problem.



Session Number 9

Consumer Markets and Consumer Buying Behaviour

A **consumer buyer behavior** is **influenced** by **four major factors**; cultural, social, personal, and psychological **factors**. These **factors** cause **consumers** to develop product and brand preferences.

Psychological Factors: The human psychology plays a crucial role in designing the consumer's preferences and likes or dislikes for a particular product and services. Some of the important psychological factors are:

- Perception - our perception of reality drives our behaviour.
- Motives or motivation plays an important role in the consumer decision process - particularly at problem recognition stage. A need exists and the person is motivated to search for alternatives.
- Learning - changes in a person's behaviour caused by information and experience.
- Beliefs & Attitude - knowledge and positive or negative feeling.
- Personality & Self-Concept- a person's distinguishing psychological characteristics that leads to relatively consistent and lasting responses to his or her environment

Social Factors: The human beings live in a complex social environment wherein they are surrounded by several people who have different buying behaviors. Since the man is a social animal who likes to be acceptable by all tries to imitate the behaviors that are socially acceptable. Hence, the social factors influence the buying behavior of an individual to a great extent. Some of the social factors are:

- Family
- Reference Groups
- Roles and status

Household Type can strongly influence buyer behaviour eg parents in families

The wife, husband and children's roles in buying decisions is very important for marketers

Reference Groups - groups people generally identify with. Most people have reference groups - such as family, friends, religious or professional organisations

An individual's **roles** influences both general behaviour and buying behaviour.

To develop a marketing mix that precisely meets the needs of the target market, marketers must know:

- who does the actual buying
- what other roles influence the position.

Cultural Factors: It is believed that an individual learns the set of values, perceptions, behaviors, and preferences at a very early stage of his childhood from the people especially, the family and the other key institutions which were around during his developmental stage. Thus, the behavioral patterns are developed from the culture where he or she is brought up. Several cultural factors are:

- Culture
- Subculture
- Social Class

Culture is the basic determinant of much of our decision- making and buying behaviour. Each of us belongs to several cultural groups.

We are also members of smaller groups and **sub-cultures** -which reflect geographic, religious or ethnic differences. A group of people with shared value systems based on common life experiences and situations

Social Class has a bearing on many aspects of a person's life - it also affects buying decisions. Members of a social class tend to share similar vakues, interests and behaviours

Personal Factors: There are several factors personal to the individuals that influence their buying decisions. Some of them are:

- Numerous personal factors
- Age and lifecycle stages
- Occupation
- Level of education
- Economic situation (income level)
- Level of involvement

These are some of the underlying factors that influence the consumer behavior, and the marketer must keep these in mind, so that appropriate strategic marketing decision is made.

Session Number-10

Market Segmentation

INTRODUCTION

Market segmentation is based on the generally true concept that the market for a product is not homogenous as to its needs and wants. The opposite of market segmentation is market aggregation, which is looking into one mass market.

MARKET SEGMENTATION

A company can segment its market in many different ways. And the bases for segmentation vary from one product to another. However, the first step is to divide a potential market into two broad categories; ultimate consumers and business users. The sole criterion for this first cut at segmenting a market is the customer's reason for buying.

LEVEL OF SEGMENTATION

A. Segment Marketing

A market segment consists of a large identifiable group within a market with similar wants, purchasing power, geographical location, buying attitudes, or buying habits. For example, an auto company may identify four broad segment; car buyers who are primarily seeking basic transportation, or high performance, or luxury, or safety.

B. Niche Marketing

A niche is a more narrowly defined group, typically a small market whose needs are not well served. Marketers usually identify niches by dividing a segment into sub segments or by defining a group seeking a distinctive mix of benefits. For example, the segment of heavy smokers includes those who are trying to stop smoking and those who don't care.

C. Local Marketing

Target marketing is leading to marketing programs being tailored to the needs and wants of local customers groups (trading areas, neighborhoods, even individual stores).

D. Individual Marketing

The ultimate level of segmentation leads to "segments of one", "customized marketing", or "one-to-one marketing". For centuries, consumers were served as individuals. The tailor made the suit and the cobbler designed shoes for the individual. Much business-to-business marketing today is customized, in that a manufacturer will customize the offer, logistics, communication, and financial terms for each major account.

BASES FOR SEGMENTING CONSUMER MARKETS:

Two broad groups of variables are used to segment consumer markets. Some researchers try to form segments by working at "consumer characteristics": geographic, demographic and psycho graphic. Then they examine whether these customer segments exhibit different needs or product responses. Other researchers try to form segments by looking at consumer responses to benefits sought, use occasions, or brands. Once the segments are formed, the researcher sees whether different characteristics are associated with each consumer- response segment.

Geographic Segmentation:

Geographic segmentation calls for dividing the market into different geographical units such as nations, states, regions, counties, cities or neighborhoods. The company can operate in one or few geographic areas or operate in all but pay attention to local variations.

Demographic Segmentation:

Segmentation based on age of the customer group, sex, family size, race, religion, community, language, occupation, educational level, social level, family life cycle, nationality and income level comes under demographic segmentation.

Psychographic Segmentation:

In psychographics segmentation, buyers are divided into different groups on the basis of life style or personality and values. People within the same demographic group can exhibit very different psychographic profiles.

Behavioral Segmentation:

In behavioral segmentation, buyers are divided into groups on the basis of their knowledge of, attitude toward, use of, or response to a product. Many marketers believe that behavioural variables-occasions, benefits, user status, usage rate, loyalty status, buyer-readiness stage, and attitude-are the best starting points for consulting market segments.

Multi-Attribute Segmentation (Geo-clustering):

Several variables are combined to identify smaller, better-defined target groups. Thus a bank may not only identify a group of wealthy retired adults, but also within that group distinguish several segments depending on current income, assets, savings, and risk preferences. One of the most promising developments in multi attribute segmentation is called geoclustering. Geo clustering yields richer descriptions of consumers and neighborhoods than traditional demographics. The groupings take into consideration 39 factors in 5 broad categories. (1) Education and affluence, (2) family life cycle, (3) urbanization, (4) race and ethnicity and (5) mobility.