

Marketing Management

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INTRODUCTION

What is Marketing?

Marketing, more than any other business functions, deals with customers. Although we will soon explore more detailed definition of marketing, perhaps the simplest definition is this one:

marketing is managing profitable customer relationships. The twofold goal of marketing is to attract new customers by promising superior value and to keep and grow current customers by delivering satisfaction. Hence, we define marketing as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return.

Examples:- Wal-mart has become the world's largest retailer – and the world's largest company – by delivering on its promise, “*save money, Live better*”. At Disney theme park, “*imagineers*” work wonders in their quest to “*make a dream come true today*”. Apple fulfills its motto to “*Think different*” with dazzling, customer driven innovation that captures customer imaginations and loyalty.

Marketing Management Orientations:-

There are five alternatives concepts under which organizations design and carry out their marketing strategies. Those are:-

- 1. The production concept:-** The production concept holds that consumers will favor products that are available and highly affordable. Therefore, management should focus on improving production and distribution efficiency. This concept is one of the oldest orientations that guide sellers.

Examples: computer maker Lenovo dominates the highly competitive, price-sensitive Chinese PC market through low labor costs, high production efficiency, and mass distribution.

- 2. The product concept:-** The product concept holds that consumers will favor products that offer the most in quality, performance, and innovative features. Under this concept, marketing strategy focuses in making continuous product improvements.

Examples: Some manufacturers believe that if they can “build a better mousetrap, the world will beat a path to their door”. A better mousetrap will not sell unless the manufacturer designs, packages, and prices it attractively; places it in convenient distribution channels; brings it to the attention of people who need it; and convinces buyers that it is better product.

3. **The selling concept:-** Many companies follow the selling concept, which holds that consumers will not buy enough of firm's product unless it undertakes a large scale selling and promotion efforts. Such aggressive selling, however, carries high risks. It focuses on creating sales transaction rather than on building long-term, profitable customer relationships. The aim often is to sell what the company makes rather than what the market wants.
4. **The marketing concept:-** The marketing concept holds that achieving organizational goal depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do.
Examples:- As Herb Kelleher, Southwest Airlines' colorful CEO, puts it, " we don't have a marketing department; we have a customer department."
5. **The societal marketing concepts:-** The idea that a company's marketing decisions should consider consumer's want, the company's requirement, consumers' long term interest and society's long run interests. Companies should balance three considerations in setting their marketing strategies: company profits, consumer wants and society's interests.

Nature of marketing:-

- Marketing is an economic function.
- Marketing is a legal process by which ownership transfer.
- Marketing is a system of interacting business activities.
- Marketing is a managerial function.
- Marketing is a social process.
- Marketing is a philosophy based on consumer orientation and satisfaction.
- Marketing had a dual objectives – profit making and consumer satisfaction.

Scope of marketing:-

1. **Study of consumer wants and needs:-** Goods are produced to satisfy consumers wants. Therefore, study is done to identify consumer need and wants. These needs and wants motivates consumer to purchase.
2. **Study of consumer behavior:-** Markets performs study consumer behavior. Analysis of buyer behavior helps marketer in market segmentation and targeting.
3. **Production planning and development:-** Product planning and development starts with the generation of product idea and ends with the product development and commercialization.

4. **Pricing policies:-** Marketer has to determine pricing policies for their products. Pricing policies differ from product to product. It depends on the level of competition, product life cycle, marketing scope and objectives etc.
5. **Distribution:-** Study of distribution channel is important in marketing. For maximum sales and profit goods are required to be distributed to the maximum consumer at minimum cost.
6. **Promotion:-** Promotion includes personal selling, sales promotion and advertising. Right promotion mix is crucial in accomplishment of marketing goals.

Marketing Vs. Selling:-

- Objective of marketing is the satisfaction of human needs and wants, while selling is oriented to stimulating customer's interest in product, attracting and holding customers.
- Selling focuses on the needs of the seller, while marketing on the needs of the buyer.
- In selling, company first makes the product and then figure out how to sell it profitably. In marketing, company determines what the customer wants and the firm figures out how profitably to make and deliver a product to satisfy those wants.
- Selling is internal and company oriented, while marketing is external and market oriented.
- In selling, the company is bending demand to fit the company's supply. In marketing, the company is bending its supply to the will of the consumer demand.

Marketing mix:-

Marketing mix as a concept refers to the various ingredients and components that give shape to the package or the product portfolio offered by the marketer to its target audience. The marketing mix is the set of controllable, tactical marketing tools that the firm blends to produce the response it wants in the target market. The marketing mix consists of everything the firm can do to influence the demand for its product. This ingredients, which form the package is popularly known as 4P in marketing management. In other words product, price, place and promotion form the package of the marketer.

- **Product** means the goods-and-services combination the company offer to the target market. **Example:** Tata Indigo consists of nuts and bolts, spark plugs, pistons, headlights and thousands of other parts. Tata Motors offers several Indigo models and dozens of optional features. The car comes fully serviced and with a comprehensive warranty.
- **Price** is the amount of money customers must pay to obtain the product. **Example:** Tata Motors calculates suggested retail prices that its dealer might charge for each Indigo. But Tata dealers rarely charge the full sticker price. Instead, they negotiate the price with each customer, offering discounts, trade in allowances and credit terms.

- **Place** includes company activities that make the product available to target customers. **Example:** Tata partners with a large body of independently owned dealership that sell the company's many different models.
- **Promotion** means activities that communicate the merits of the product and persuade target customers to buy it. **Example:** Tata Motors spends a huge amount each year on advertising to tell consumers about the company and its many products.

Marketing Environment:

A company's marketing environment consists of the actors and forces outside marketing that affects marketing management's ability to build and maintain successful relationship with target customers.

The marketing environment is made up of a micro environment and macro environment.

Micro environment:-

The micro environment consist of the actors close to the company that affect its ability to serve its customers – company , suppliers, marketing intermediaries, customer, competitors and publics. These actors can be controlled by the company with its own actions, and hence can also be called controllable factors.

1. **The company:-** In designing marketing management takes other company groups in account – groups such as top management, finance, research and development, purchasing, operations and accounting. All of these interrelated groups form the internal environment.
2. **Suppliers:-** suppliers form an important link in the company's overall customer value delivery system. They provide the resources needed by the company to produce its goods and services. Suppliers' problems can seriously affect marketing. Marketing manager must watch supply availability and costs. Supply shortage or delay, labour strike, and other events can costs sales and in the short run and damage customer satisfaction in the long run.
3. **Marketing intermediaries:-** Marketing intermediaries help the company to promote, sell and distribute its products to final buyers. They include resellers, physical distribution firms, marketing service agencies, and financial intermediaries. **Example:-** Coca-cola signs with McDonald's and Subway for sell their soft drink.
4. **Competitors:-** The marketing concept states that to be successful, a company must provide greater customer value and satisfaction than its competitors. **Example:-** Apple is the apex of smart phone. Apple can satisfied customer more than other company do.

5. **Publics:-** The company's marketing environment also includes various publics. A public is any group that has an actual or potential interest in or impact on an organization's ability to achieve its objectives. We can identify seven types of publics:-
- **Financial publics- bank, investment houses and stockholders.**
 - **Government publics- Mobilink's advertisement promoting tourism in Pakistan recognizes the importance of government and general publics.**
 - **Citizen-action publics- consumer organizations, environment groups, minority groups and others.**
 - **Local publics- community relations officers to deal with the community, attend meetings, answer questions and contribute to worthwhile causes.**
 - **General public- a company needs to be concerned about the general public's attitude toward its products and activities.**
 - **Internal publics- workers, managers and the BOD.**
6. **Customers:-** customers are the most important actors in the company's micro environment. The aim of the entire value delivery system is to serve target customer and create strong relationship with them.

Macro environment:-

The macro environment consist of larger societal forces that affect the micro environment – economic, demographic, technological, socio-cultural and legal forces which cannot be controlled by the company with its own actions, at least in the short run. These factors are also called uncontrollable factors.

1. **Economic environment:-** Markets require buying as well as people. The marketing environment consists of factors that affect consumer purchasing power and spending patterns. Marketers must pay close attention to major trends and consumers spending pattern both across and within their world markets. **Example:** To capture India's growing middle class, Tata motor introduced the small, affordable Tata Nano, designed to be Indian's model T – the car that puts the developing nation on wheel.
2. **Demographic environment:-** Demography is the study of human populations in terms of size, density, location, age , gender, race, occupation and other statistics. The demographic environment is of major interest to marketers because in involves people, and people make up markets. **Example:** Middle class people are generally use Toyota but rich people use Lexus but mother brand of the both company is same.
3. **Technological environment:** The technological environment is perhaps the most dramatic force now shaping our destiny. Technology has related such wonders as antibiotics, robotics surgery, miniaturized electronics, laptop computers, and the internet. It also released such horrors as nuclear missiles, chemical weapons, and assault rifles. It has released such mixed blessings as the automobile, television and credit

cards. **Example:** Apple is the apex of smart phone because of the technological improvement.

4. **Natural environment:** The natural environment involves the natural resources that are needed as inputs by marketers or that affected by marketing activities. Some parts of the world are rich in natural resources such as minerals, crude oil or vegetation. **Example:** The Arabian Gulf has huge reservation of crude oil, and some parts of India are very rich in minerals. Darjeeling tea cannot agriculture other than Darjeeling.
5. **Socio-cultural environment:** The impact of your organization's service and products on the society must be taken into consideration. If there is any element used in production process or product is harmful to society should be avoided as it is a social responsibility of an organization. A most recent example is the environment and the organizations and sectors who have reviewed their services and products to be considered environmentally friendly. The main product of McDonald's is beef burger but in India McDonald's sells chicken burger instead of beef burger.
6. **Political and legal factors:** The organization should take into consideration the political and legal development relating to market and organization during decision-making process.