MARKETING MANAGEMENT

1.0 INTRODUCTIONTOMARKETINGMANAGEMENT

1.1.1 TRADITIONALCONCEPTOFMARKETING

According to the traditional concept, marketing means selling goods and services that have been produced. Thus, all those activities which are concerned with persuasion and sale of goods and services, are called marketing. This concept of marketing emphasizes on promotion and sale of goods and services and little attention is paid to consumer satisfaction. This concept has the following implications:

- The main focus of this concept is on product, i.e., we have a product and it has to be sold. So, we have to persuade the consumers to buy our product.
- All efforts of the marketing people are concentrated on selling the product. They adopt all means like personal selling and sales promotion to boost the sales.
- The ultimate goal of all marketing activity is to earn profit through maximization of sales.

Traditional Concept of Marketing	
Focus on	Product
Means	Selling
Ends	Profit through maximization of sales

1.1.2 MODERNCONCEPT OFMARKETING

The modern concept of marketing considers the consumers' wants and needs as the guiding spirit and focuses on the delivery of such goods and services that can satisfy those needs most effectively. Thus, marketing starts with identifying consumer needs, then plan the production of goods and services accordingly to provide him the maximum satisfaction. In other words, the products and services are planned according to the needs of the customers rather than according to the availability of materials and machinery. Not only that, all activities (manufacturing, research and development, quality control, distribution, selling etc.) are directed to satisfy the consumers. Thus, the main implications of the modern concepts are:

- The focus of this concept is on customer orientation. The marketing activitystartswithanassessmentofthecustomer'sneedsandplans the production of items that satisfy these needs most effectively. This also applies to all other marketing activities like pricing, packaging, distribution and sales promotion.

- All marketing activities like product planning, pricing, packaging, distribution and sales promotion are combined into one as coordinated marketing efforts. This is called integrating marketing. It implies:
  - (i) developing a product that can satisfy the needs of the consumers;
  - (ii) taking promotional measures so that consumers come to know about the products, its features, quality , availability etc.;
  - (iii) pricing the product keeping in mind the target consumers' purchasing power and willingness to pay;
  - (iv) packaging and grading the product to make it more attractive and undertaking sales promotion measures to motivate consumers to buy the product; and
  - (v) taking various other measures (e.g., after sales service) to satisfy the consumers' needs.

- The main aim of all effort is to earn profit through maximisation of customer satisfaction. This implies that, if the customers are satisfied, they will continue to buy and many new customers will be added. This will lead to increased sales and so also the profits.

Modern Concept of Marketing	
Focus on	Customer's Need
Means	Coordinated marketing efforts
Ends	Profit through customer's satisfaction.

It may be noted that with growing awareness of the social relevance of business, marketing has to take into account the social needs and ensure that while enhancing consumer satisfaction, it also aims at society's long-term interest.

Marketing, more than any other business activities deals with customers. Although there are a number of detailed definitions of marketing perhaps the simplest definition of marketing is managing profitable customer relationship.

We can distinguish between a social and a managerial definition for marketing.

- According to a social definition, marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products and services of value freely with others.
- As a managerial definition, marketing has often been described as "the art of selling products."
- But Peter Drucker, a leading management theorist, says that "the aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself.
- Marketing is the management process that identifies, anticipates and satisfies customer requirements profitably- The Chartered Institute of Marketing(CIM).

1.1.3 FEW RELEVANT TERMS ON MARKETING

Market: Normally people understand the term market as a place where goods are bought and sold. But, in the context of Marketing, it refers to a group of buyers for a particular product or service. For example, the market for Accountancy textbooks consists of students in Commerce and specialised Accountancy Programmes; the market for ladies readymade garments consists of girls and women, and so on.

Concept of Market:

- Place Concept: A market is a convenient meeting place of buyers and sellers to gather together in order to conduct buying and selling activities. It is a physical location where buyers and sellers personally meet to affect purchase and sales.

Types of Market

According to Area	According to Goods and Commodities.	According to Volume of transaction
• Local Market • Regional Market • Rural Market • National Market • International Market	• Fruit Market • Furniture Market • Stock Market soon	• Whole sale Market • Retail Market

- Marketer: It refers to the person who organises the various marketing activities such as market research, product planning, pricing, distribution etc.

- Seller: It refers to a person or organization, who is directly involved in the process of exchange of goods and services for money. This includes the wholesaler, retailer, etc.
- Buyer: A buyer is one who is directly involved in the process of purchase of goods and services. He/she is one who selects the goods, makes payment and takes the delivery.
- Consumer: One who actually uses the product or service. For example, you bought a shirt and gifted it to your friend who uses it. Here your friend is the consumer and you are a buyer. However, a consumer can also be the buyer.
- Customer: A customer usually refers to the person who takes the buying decision. For example, in a family , father decides on the brand of the toothpaste to be used by his children. Here, the children are the consumers and the father is the customer. A customer can also be the consumer. Similarly, the buyer may be different from the customer or one can be the customer as well as the buyer.
- Virtual Market: With advancement of technology, the buyer and sellers can, now-a-days, interact with each other by using Internet. This is called virtual market.

1.1 DIFFERENCE BETWEEN SELLING AND MARKETING

The old sense of making a sale is telling and selling, but in new sense it is satisfying customer needs. Selling occurs only after a product is produced. By contrast, marketing starts long before a company has a product. Marketing is the homework that managers undertake to assess needs, measure their extent and intensity, and determine whether a profitable opportunity exists. Marketing continues throughout the product's life, trying to find new customers and keep current customers by improving product appeal and performance, learning from product sales results, and managing repeat performance. Thus **selling and advertising are only part of a larger marketing mix**-a set of marketing tools that work together to affect the marketplace.

Marketing	Selling
Marketing includes selling and other activities like various promotional measures, marketing research, after sales service, etc.	Selling is confined to persuasion of consumers to buy firm's goods and Services.
It starts with research on consumer needs, wants, preference, likes, dislike etc., and continuesevenafterthesaleshavetaken place.	Selling starts after the production process isoverandendswiththehandingoverthe money to the seller by the buyer.
Focus is on earning profit through maximization of customers' satisfaction.	Focuses on earning profit through maximization of sales.
Customer'sneed isthe centralpointaround whom all marketing activities revolve.	Fragmentedapproachtoachieveshort-term gain.
Itisanintegratedapproachtoachievelong termgoalslikecreating,maintainingand retaining the customers.	Allactivitiesrevolvearoundtheproduct that has been produced.
Stressesonneedsofbuyer.	Stressesonneedsof theseller

1.2 PROCESS OF MARKETING:

The marketing process involves ***five* steps**: The first four steps create value for customers and build strong customer relationships in order to capture value from customers in return.

Stage – 1:-Marketers must assess and understand the marketplace and customers needs and demands.

Stage – 2:-Marketers design a customer driven marketing strategy with the goal of getting, keeping and growing target customers. This stage includes market segmentation, targeting and position.

Stage -3 :- This step involves designing a marketing program that actually delivers the superior value. This step includes designing products and services, pricing the product, distribution and finally promoting the product. .

Stage – 4:-The first three steps provide the basis for the fourth step that is building profitable customer relationships and creating customer satisfaction.

Stage -5:-And finally, the company reaps the reward of strong customer relationship and satisfaction by capturing value from customers.

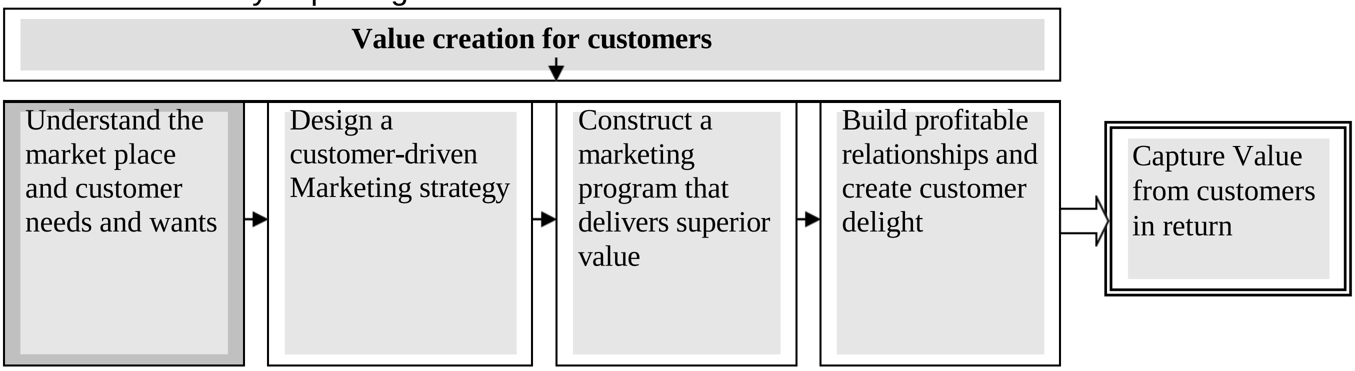

Figure1:MarketingProcess

1.3 MARKETINGTASKS

According to market experts John Evans & Berry Bergmen- there are nine functions of marketing. These are:

- Customer analysis
- Buying supplies
- Selling products and services
- Product and service planning
- Pricing
- Distribution
- Marketing research
- Opportunity analysis
- Social responsibility.

1.4 SCOPEOFMARKETING:

Now a day, marketing offers are not confined into products and services. The scope of marketing is now becoming larger. Marketing people are involved in marketing several types of entities:

- ***Goods:*** Physical goods constitute the bulk of most countries' production and marketing effort. Most of the country produces and markets various types of physical goods, from eggs to steel to hair dryers. In developing nations, goods— particularly food, commodities, clothing, and housing—are the mainstay of the economy.
- ***Services:*** As economies advance, a growing proportion of their activities are focused on the production of services. The Indian economy today consists of a 70–30 services-to-goods mix. Services include airlines, hotels, and maintenance and repair people, as well as professionals such as accountants, lawyers, engineers, and doctors. Many market offerings consist of a variable mix of goods and services.
- ***Experiences:*** By orchestrate several services and goods, one can create, stage, and market experiences. Walt Disney World's Magic Kingdom is an experience.
- ***Event:*** Marketers promote time-based events, such as the Olympics, trade shows, sports events, and artistic performances.
- ***Persons****:* Celebrity marketing has become a major business. Artists, musicians, CEOs, physicians, high profile lawyers and financiers, and other professionals draw help from celebrity marketers.
- ***Place:*** Cities, states, regions, and nations compete to attract tourists, factories, company head quarters, and new residents. Place marketers include economic development specialists, real estate agents, commercial banks, local business associations, and advertising and public relations agencies.
- ***Properties****:* Properties are intangible rights of ownership of either real property (real estate) or financial property (stocks and bonds). Properties are bought and sold, and this occasions a marketing effort by real estate agents (for real estate) and investment companies and banks (for securities).
- ***Organizations:*** Organizations actively work to build a strong, favorable image in the mind of their publics. Philips, the Dutch electronics company, advertises with the tag line, "Let's Make Things Better." The Body Shop and Ben & Jerry'salsogainattentionbypromotingsocialcauses.Universities,museums, and performing arts organizations boost their public images to compete more successfully for audiences and funds.
- ***Information:*** The production, packaging, and distribution of information is one of society's major industries. Among the marketers of information are schools and universities; publishers of encyclopedias, nonfiction books, and specialized magazines; makers of CDs; and Internet Web sites.
- ***Ideas:*** Every market offering has a basic idea at it score. In essence, products and services are platforms for delivering some idea or benefit to satisfy a core need.

1.6. CORE CONCEPTS OF MARKETING:

- **Needs, Wants and Demands:** The successful marketer will try to understand the target market's needs, wants, and demands. **Needs:** The most basic concept of marketing is the human needs. Human needs are states of felt deprivation. Human needs can be physical needs (Hunger, thirst, shelter etc) social needs (belongingness and affection) and individual needs (knowledge and self-expression).

  There are five types of needs. This are-
  - ✓ Stated need(Minimum price)
  - ✓ Real need(Psychological price)
  - ✓ Unstated need(Service for post purchase)
  - ✓ Delighted need(Supplementary-Gift)
  - ✓ Secret need(Show up, gesture).

  Wants: It is the form of human needs shaped by culture and individual personality. Needs become wants when they are directed to specific objects that might satisfy the need. For example, An American needs food but wants hamburger, French fries and soft drink but a British wants fish, chicken, chips and soft drinks. So, it differs.

  Demands: Wants become demand when backed by purchasing power. Consumers view products as bundles of benefits and choose product that add up to the most satisfaction. Demand comprises of three steps first, desire to acquire something, second, willingness to pay for it, and third, ability to pay for it. Many people want a Mercedes; only a few are able and willing to buy one. Companies must measure not only how many people want their product, but also how many would actually be willing and able to buyit. However, marketers do not create needs; Needs preexist marketers. Marketers, along with other societal influences, influence wants. Marketers might promote the idea that a Mercedes would satisfy a person's need for social status. They do not, however, create the need for social status.

- **Product or Offering and Value Proposition:** People satisfy their needs and wants with products. A product is any offering that can satisfy a need or want, such as one of the 10 basic offerings of goods, services, experiences, events, persons, places, properties, organizations, information, and ideas. By an offering customer get the value proposition to use or consume the deliver product or services. So **Value proposition** is the set of benefits or values it promises to deliver to customers to satisfy their needs. It is actually the answer of customer's question: 'Why should I buy your product?'
- **Value and satisfaction: Value** can be defined as a ratio between what the customers get and what they give in return. The customers gets benefit and assumes costs. Value = Benefits / Costs. Marketers' concern should be to raise the value in the minds of the customers. When value of the products or services is high, customers are willing to pay more for the products. Thus;

$$\text{Value} = \frac{\text{Functional Benefit} + \text{Emotional Benefit}}{\text{Monetary costs} + \text{Time costs} + \text{Energy costs} + \text{Psychic costs}}$$

- **Customer satisfaction** is the extent to which a product's perceived performance matches a buyer's expectation. If performance matches expectation level, the customer becomes satisfied but if the product's performance falls short of expectations, the customer will be dissatisfied. If performance exceeds expectation, the customer will be highly satisfied or delighted.
- **Exchanges and Transactions: Exchange:** Marketing occurs when people decide to satisfy needs and wants through exchange. Exchange is defined as the act of obtaining a desired object from someone by offering something in return. For exchange potential to exist, five conditions must be satisfied:

✓ There are at least two parties
✓ Each party has some thing that might be of value to the other party
❑Each party is capable of communication and delivery
✓ ❑Each party is free to accept or reject the exchange offer
✓ ❑Each party believes it is appropriate or desirable to deal with the other party.

- **Transaction:** If exchange is the core concept of marketing, transaction is the marketing's unit of measurement. Two parties are engaged in exchange if they are negotiating- trying to arrive at mutually agreeable terms. When an agreement is reached, we say the transaction takes place. Thus, a **transaction** is a trade of values between two or more parties. When the exchange is made, it results into transaction. A transaction involves several dimensions:

  At least two things of value agreed-upon conditions a time of agreement and a place of agreement.
- **Relationships and Networks:** Transaction marketing is part of a larger idea called relationship marketing. *Relationship marketing* aims to build long-term mutually satisfying relations with key parties —customers, suppliers, distributors—in order to earn and retain their long-term preference and business. Effective marketers accomplish this by promising and delivering high-quality products and services at fair prices to the other parties over time.Relationship marketing builds strong economic, technical, and social ties among the parties. It cuts down on transaction costs and time. The ultimate outcome of relationship marketing is the building of a unique company asset called a marketing network. A ***marketing network*** consists of the company and its supporting *stakeholders* (customers, employees, suppliers,distributors, university scientists, and others) with whom it has built mutually profitable business relationships.

- **Market:** From the view point of modern marketing, market doesn't stand for a place where buyers and sellers gathered to buy or sell goods. A market is the set of actual and potential buyers. More specifically, a market is an arrangement of all customers who have needs that may be fulfilled by an organization's offerings. The size of a market depends of the number of people who exhibit the need, have resources to engage in exchange and are willing to offer these resources in exchange for what they want. The key customer markets can be: Consumer market, Business Market, Global Market and Non-profit and Government market.

  Now marketers view the sellers as the industry and the buyers as the *market.* The sellers send goods and services and communications(ads, direct mail, e-mail messages) to the market; in return they receive money and information (attitudes, sales data). The inner loop in the diagram in Figure 1-1 shows an exchange of money for goods and services; the outer loop shows an exchange of information.

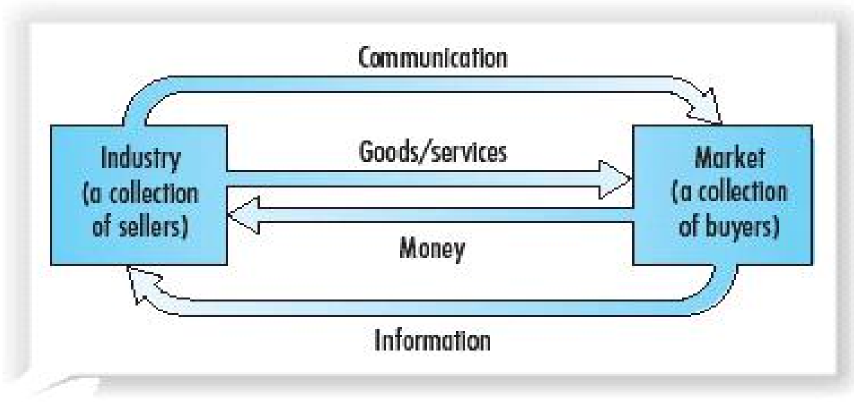

Figure2:MarketingCommunicationSystem

- **Marketing Channels:** Marketing channels means the parties that help the company to promote, sell and distribute its goods to final buyers**.** To reach a target market, the marketer uses three kinds of marketing channels:
  - ✓ **Communication channels:** deliver and receive messages form target buyers and include news papers, magazines, radio, television, mail, telephone and the internet.
  - ✓ **Distribution channels:** The marketers use this channel to display, sell or deliver the physical products or services to the buyer or user. They include distributors, wholesalers, retailers and agents.
  - ✓ **Service channels:** The marketer also uses service channels to carryout transaction with potential buyers. Service channels include warehouses, transportation companies, banks and insurance companies that facilitate transaction.
- **Segmentation, Target market and Positioning: Market Segmentation** means dividing a market into smaller groups of buyers on the basis of different needs, characteristics or behavior. Market segments can be identified by examining geographic, demographic, psychographic and behavioral differences. The marketer then decides which segments present the greatest opportunity which is its **target market**. For each chosen target market, the firm develops a market offering. The offering is **positioned** in the minds of the target buyers as delivering

some central benefits. Thus, product positioning is the way a product occupies a place in the minds of the customers relative to competing products. Like, Volvo, positions its car as the safest a customer can buy, where Ford positioned on economy and Mercedes and Cadillac positioned on Luxury.

- **Supply Chain:** It is the channel stretching from raw materials to components to final products that are carried to final buyers. The supply chain of women's' purse starts with hides and moves through tanning, cutting, manufacturing, and the marketing channels to bring to bring products to final customers. This supply chain represents a *value delivery system.* Each company captures only a certain percentage of the total value generated by the supply chain. When a company acquires competitors or moves up stream or down stream, its aim is to capture a higher percentage of supply chain value.
- **Competition:** Competition includes all the actual and potential rival offerings and substitutes a buyer might consider. There are several possible level of competition:
  - ✓ **Brand competition**: A company sees its competitors as other companies that offer similar products and services to the same customers at similar prices. Volkswagen might see its major competitor as Toyota, Honda and other manufacturers of medium period automobiles. It would not see itself to compete with Mercedes or Hyundai.
  - ✓ **Industry competition:** A company sees its competitors as all companies that make the same product or class of products. Volkswagen would see itself competing against all other automobile manufacturers.
  - ✓ **Form competition**: A company sees its competitors as all companies that manufacture products that supply the same service. Volkswagen might see itself as competing against not only other auto mobile but also against manufacturers of motor cycle, bicycles and trucks.
  - ✓ **Generic competition:** A company sees its competitors as all companies that compete for the same consumer dollars. Volkswagen might see itself competing with companies that sell major consumer durables, foreign vacations and new homes as substitutes of spending on a Volkswagen.
- **The marketing program and marketing mix: A marketing program** consists of numerous decisions on the mix of marketing tools to use for their target market.

  The **marketing mix** is the set of marketing tools the firm uses to pursue its marketingobjectivesinthetargetmarket.McCarthyclassifiedthesetoolsinto four broad groups that he called the four P's of marketing: product, price, place and promotion.

- ✓ Product: Product means the combination of goods and services that the company offers to the target market.
- ✓ Price: Price is the amount of money customers have to pay to obtain the product.
- ✓ Place: Place includes company activities that make the product available to target consumers.
- ✓ Promotion: Promotion means the activities that communicate the merits of the product and persuade target customers to buy it.

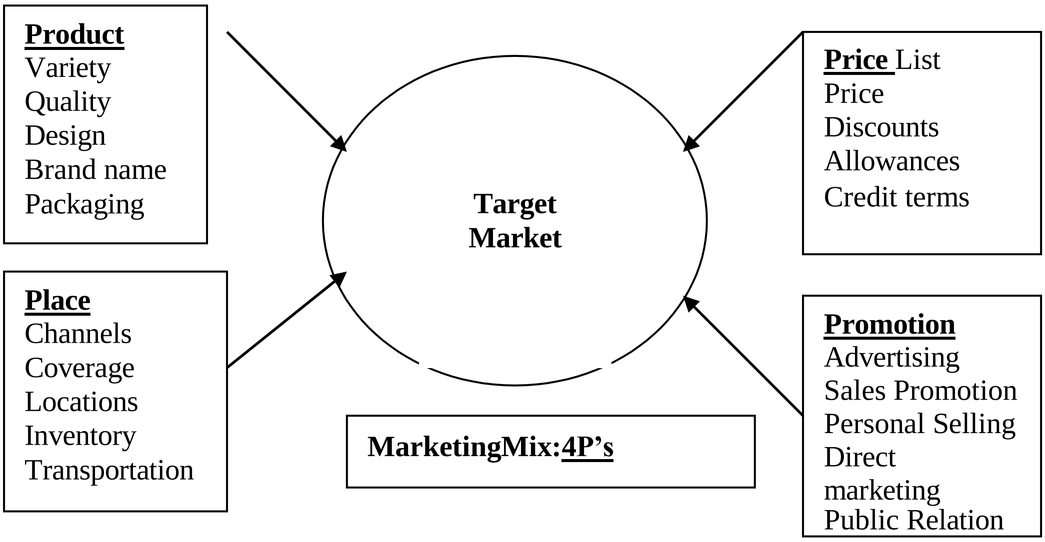

Figure3TheFour P Components of the Marketing Mix

Four P's represent the sellers view of the marketing tools available for influencing buyers. From a buyer's point of view, each marketing tool is designed to deliver a customer benefit. Robert Lauterbom suggested that the seller's four P's corresponded to the customer's four C's.

- ✓ **Four P's** **Four C's**
- ✓ Product----------------Customer solution
- ✓ Price -------------------Customer cost
- ✓ Place-------------------Convenience
- ✓ Promotion------------ Communication

The latest way to view four P's from buyers' perspective is **SIVA** which stands for

- ✓ **Solution**: How can I get a solution of my problem? (Represents the product)
- ✓ **Information**: Where can I learn more about it?(Represents promotion)
- ✓ **Value** :What is m total sacrifice to get this solution?(Represents Price)
- ✓ **Access:** Where can I find it?(Represents place).

Extended Marketing Mix (3 Ps): Now a day's three more Ps have been added to the marketing mix namely People, Process and Physical Evidence. This marketing mix is known as extended marketing mix.

People:- All people involved with consumption of a service are important. For example workers, management, consumers etcProcess:- Procedure, mechanism and flow of activities by which services are used. Physical Evidence:- The environment in which the service or product is delivered, tangible are the one which helps to communicate and intangible is the knowledge of the people around us.

1.6.1 DemandManagementinMarketing:

Marketers face differentmarket conditionswhich arerelated to differentstates of demand. Especially the pricing strategylargelydependson the variability of demand. According to Kotler, the eight major states of demand are:

- ✓ **Negative Demand:** A market is in a state of negative demand if amajor part of the market dislikes the product and may even pay a price to avoidit.Themarketingtaskis to analyze why themarket dislikes the product and whether a marketing program consisting of product redesign, lower prices and more positive promotion can change the market beliefs and attitudes.Forexample: vegetarianshave a negative demand for meat, people in general have negative demands for vaccinations, dental work or surgery.
- ✓ **No Demand**: Target customers may be unaware of or uninterested in the product. The marketing task is to find ways to connect the benefits of the product with the person's natural needs and interests. For example: the products that have usually no value to people, like a newspaper published in last week. Or, any products that have valuebut not in a particular market, like snowmobiles in areas of warm climate.
- ✓ **Latent Demand**: Many consumers may share a strong need that cannot be satisfied by any existing product. The marketing task is to measure the size of the potential market and develop effective goods andservicesthatwouldsatisfythedemand.LikevaccinationsofHIVor harmless cigarettes.
- ✓ **Decline Demand**: Every organization, sooner or later, faces declining demand for one or more of its products. The marketing task is to reverse the declining demand through creative remarketing of the product.Like: the demands for compact disks(CD) are decliningnowa day.
- ✓ **Irregular Demand:** Many organizations face demand that varies on a seasonal, daily or even hourly basis, causing problems of idle or overworked capacity. The marketing task, called synchro-marketing, is to find ways to alter the same pattern of demand through flexible pricing, promotion and other incentives.

- ✓ **Full Demand**: Organizations face full demand when they are pleased with their volume of business. The marketing task is to maintain the current level of demand in the face of changing customer preferences and increasing competition. The organizationmust maintain orimprove its quality and continually measure consumer satisfaction to make sure it is doing a good job.
- ✓ **Overfull Demand:** Some organizations face a demand level that is higher than they can or want to handle. The marketing task, called demarketing, requires finding ways to reduce the demand temporarily or permanently. General demarketing seeks to discourage overall demand and consists of such steps as raising prices and reducing promotion and service. Selective demarketing consists of trying to reduce the demand coming fromthose partsof the market thatareless profitable or less in need of the product. Demarketing aims not to destroydemand but onlyto reduceitslevel temporarilyor permanently. For example : The campaign in our country that insist people to take potatoes as replacement of rice.
- ✓ **Unwholesome Demand:** Unwholesomeproductswill attractorganized efforts to discourage their consumption. The marketing task is to get people who like something to give it up, using such tools as fear messages, price hikes, and reduced availability. Like books and film piracy, inhaling drugs and so on.

1.7 MARKETINGMANAGEMENTPHILOSOPHIES:

Marketing management is the carrying out the task to achieve desired exchanges with target markets. Marketing activities should be carried out under a well thought out philosophy of efficiency, effectiveness and social responsibility. The philosophies are the guidance for marketing efforts. It emphasizes on the weight that should be given to the interests of the organizations, customers and society. There are some concepts under which organizations conduct their marketing activities. These are:

- ✓ **ProductionConcept**
- ✓ **ProductConcept**
- ✓ **SellingConcept**
- ✓ **Marketing Concept**
- ✓ **SocietalMarketingConcept**
- ✓ **HolisticConcept**

1.7.1 Production Concept: It holds that consumers will favor products that are available and highly affordable. Therefore, management should focus on improving production and distribution efficiency that means high production efficiency, low costs and mass distribution. This concept is still useful in two types of situations, when the demand exceeds the supply and when the product's cost is too high and improved productivity is needed to bring itdown.Itisusedwhenacompanywantstoexpandthemarket.Managers assume that consumers are primarilyinterested in product availability andlow cost.

1.7.2 Product Concept: It holds the idea that consumers will favor products that offer the most quality, performance, and features and that the organization should therefore devote its energy to making continuous product improvements.

- ✓ Focusesonmakingsuperiorproductandimprovingthem.
- ✓ buyersadmirewell-madeproductsandcanevaluatequalityand performance.
- ✓ Productconceptcanleadtomarketingmyopia(thatmeanslackofforesightor long-term view regarding the product decision).

1.7.3 Selling Concept: It holds the idea that consumers will not buy enough of the organization's products unless the organization undertakes a large-scale selling and promotion effort. This concept is typically practiced with unsought goods, those that buyers do not normally think of buying, such as encyclopediasorinsurance. Most firms practice the selling concept when they haveover capacity.Thisconcepttakesaninside-outperspective.Itstartswith the factory, focuses on the company's existing products and calls for heavy selling and promotion to obtain profitable sales.

- ✓ Consumertypicallyshowbuyinginertia/resistance&mustbecoaxedintobuying.
- ✓ Tosellwhattheymakeratherthanmakewhatmarketwants.

1.7.4 Marketing Concept: It holds the idea that achieving organizational goals depend on determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors do. The main task for marketers not to find the right customers for the product, but the right products for the customers.

Itcanbeexpressedinmanyways:

- ✓ Marketerbalancecreatingmorevalueforcustomersagainstmakingmoreprofits.
- ✓ Marketingconceptrestonfourpillars:a)Targetmarketb)Customerneedsc) Integrated marketing d) Profitability.
- ✓ Lovethecustomernotthe product

1.7.5 Puttingpeoplefirst.

SocietalMarketingConcept:

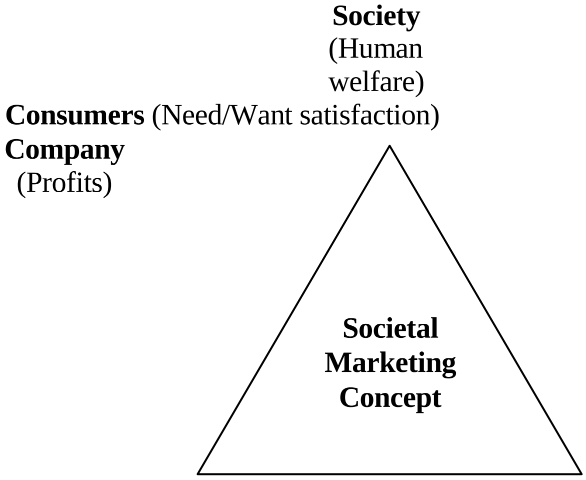

Figure:5SocietalMarketingConcepts

It holds the idea that the organization should determine the needs, wants and interests of target markets and deliver the desired satisfactions moreeffectively and efficiently than do competitors in a way that maintains or improves the consumer's and society's well being. This concept calls on marketers to balance three considerations in setting their marketing policies: company profits, consumer wants and society's interests. It emphasizes on both the short run wants and long run welfare of consumers.

1.7.6 Holistic Concept:thisisthemostrecentconceptofmarketingwhichisbased on the development, design and implementation of marketing programs processes and activities from a broad integrated perspective. It is the integration of internal marketing, integrated marketing, relationship marketing and performance marketing concept.

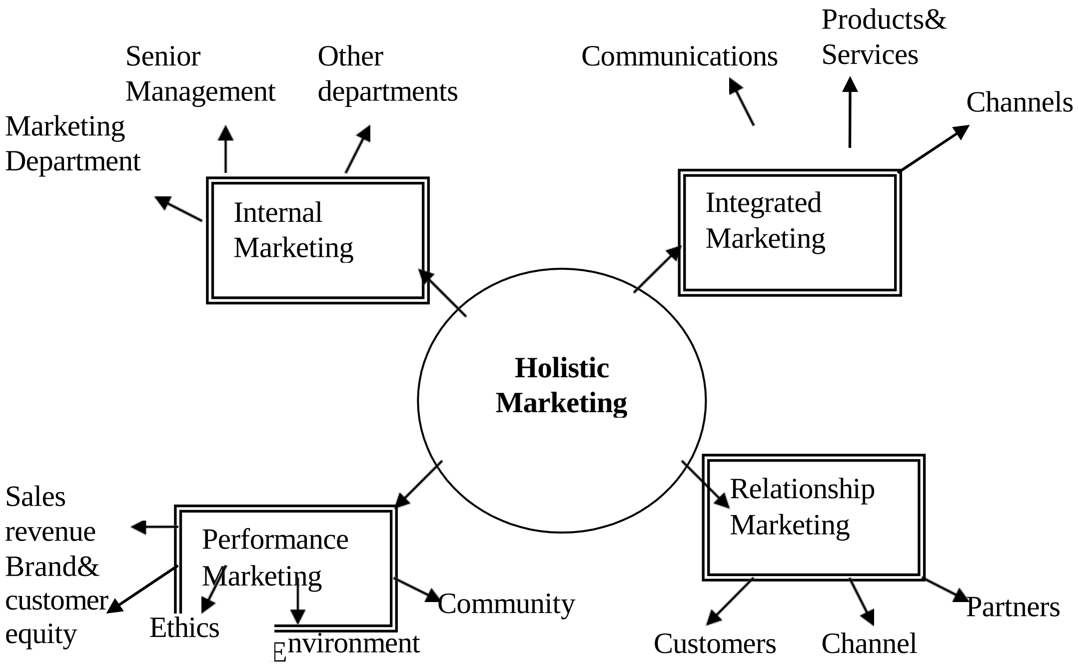

Figure6:HolisticMarketingDimensions

(a) Internal Marketing Concept: Thisconceptholdstheideatosatisfythe internal people or employees within the organization, so that they work for the satisfaction of the customers. The first step to satisfy the customers is to satisfy the internal people first or to motivate them first.

(b) Integrated Marketing Concept: It refers to an approach where all the departments of the organization work in a coordinated manner to support and serve the customers. Any single section cannot serve the customers without the help of other sections. The customer's satisfaction is achieved when all the departments have the common goals and intention to serve the customers.

(c) RelationshipMarketingConcept:Itrefersthelong-term Relationshipwiththecustomers.Itemphasizesoncreating, maintaininganddeveloping a long term value laden or value based relationship with the target customers benefits and costs.

(d) Performance marketing: Holisticmarketingincorporatesperformance marketing and understanding the returns to the business from marketing activities and programs as well as their legal, ethical, social, and environmental effects. Performance marketing thus includes: Financial accountability and Social responsible marketing.

1.8 MARKETINGINECONOMICDEVELOPMENTPROCESS

Marketing has acquired an important place for the economic development of the whole country. It has also become a necessity for attaining the object of social welfare.

As a result of it, marketing is considered to be the most important activity in a business enterprise while at the early stage of development it was considered to be the last activity. For convenience, the importance of marketing may be explained as under:

- ✓ **Delivery of standard of living to the society**: A society is a mixture of diverse people withdiverse tastesandpreferences. Modern marketingalways aims for customer satisfaction. So, main liability of marketing is to produce goods and services for the society according to their needs and tastes at reasonable price. Marketing discovers needs and wants of society, produces the goods and services according to these needs creates demand for these goods and services. They go ahead and promote the goods making people aware about them and creating a demand for the goods, encouraging customers to use them. Thus, it improves the standard of living of the society.

- ✓ **Decrease in distribution cost**: Second important liability of marketing is control the cost of distribution. Through effective marketing the companiescan reduce their distribution costs to a great extent. Decrease in cost of distribution directly affects the prices of products because the cost of distribution is an important part of the total price of the product.

- ✓ **Increasing employment opportunities**: Marketing comprises of advertising, sales, distribution, branding and many more activities. So the development of marketing automatically gives rise to a need for people to work in several areas of marketing. Thus the employment opportunities are born. Also successful operation marketing activities requires the services of different enterprises and organisation such as wholesalers, retailers, transportation, storage, finance, insurance and advertising. These services provide employment to a number of people.
- ✓ **Protection against business slump:** Business slump cause unemployment, slackness in the success of business and great loss to economy. Marketing helps in protecting society against all these problems.
- ✓ **Increase in national income:** Successful operation of marketing activities creates, maintains and increases the demand for goods and services in society. To meet this increased demand the companies need to increase the level of production in turn raising their income. This increase, in turn,increases the national income. Further effective marketing leads to exports adding to the national income. This is beneficial to the whole society.

1.9 Marketing Environment: Competition represents only one force in the environment in which all marketers operate. The overall marketing environment consists of the task environment and the broad environment.

The task environment includes the immediate actors involved in producing, distributing, and promoting the offering, including the company, suppliers, distributors, dealers, and the target customers. Material suppliers and service suppliers such as marketing research agencies, advertising agencies, Web site designers, banking and insurance companies, and transportation and telecommunications companies are included in the supplier group. Agents, brokers, manufacturer representatives, and others who facilitate finding and

selling to customers are included with distributors and dealers. The broad environment consists of six components: demographic environment, economic environment, natural environment, technological environment, political-legal environment, and social-cultural environment. These environments contain forces that can have a major impact on the actors in the task environment, which is why smart marketers track environmental trends and changes closely.
According to **Philip Kotler**, "A company's marketing environment consists of the internal factors & forces, which affect the company's ability to develop & maintain successful transactions & relationships with the company's target customers".

MarketingEnvironmentinvolvesforcesthatdirectlyorindirectlyinfluencean organisation's capability to market its product successfully.

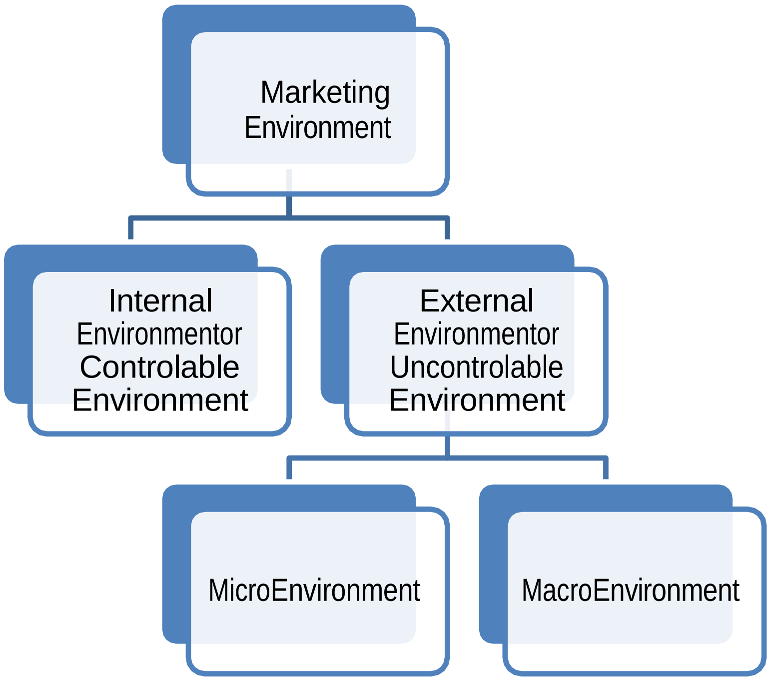

Figure7:ComponentsofMarketingEnvironment

1.9.1 InternalMarketingEnvironmentorControllableFactors

Internal Environmentisgenerallyauditedbyapplying5Msi.e.

- Men
- Money
- Machinery
- Markets
- Materials

Theinternal marketingenvironmentconsistsofall factorsthatareinternal tothe organisation like:

- Company`smission,visionandbusinessobjectives
- CompanyCulture
- CompanyimageandGoodwill
- MarketingStrategy
- TechnicalCapacity
- Managerial SkillsandAbilities
- StructureandProcesses
- FinanceandSalesforce
- ProductionandResearch
- Internal ProcessesandProcedures
- Allocationof responsibilities
- Resourceavailability
- Attitudeofstakeholders
- Organisationculture
- HumanResources– HRdepartment,Operationsdepartment,Accountingand Finance departments, Research and Design

1.9.2 TheExternalEnvironmentalFactorsmaybeclassifiedas:

- Internal Factor
- ExternalFactor

ExternalFactorsmaybefurtherclassifiedinto:

External MicroFactors&ExternalMacroFactors

Company'sInternalEnvironmentalFactors:

A Company's marketing system is influenced by its capabilities regarding production, financial & other factors. Hence, the marketing management/manager musttakeintoconsiderationthesedepartmentsbefore finalizing marketing decisions.The Research& Development Department, the Personnel Department, the Accounting Department also have an impact on the Marketing Department. It is the responsibility of a manager to company-ordinate all department by setting up unified objectives.

1.9.2.1 ExternalMicroFactors:

- ✓ **Suppliers:**They are the people who providenecessary resources needed to produce goods & services. Policies of the suppliers have a significant influence over the marketing manager's decisions because, it is laborers, etc. A company must build cordial & long-term relationship with suppliers.
- ✓ **Marketing Intermediaries:**They are the people who assist

the flow of products from the producers to the consumers; they include wholesalers, retailers, agents, etc. These people create place & time utility. A company must select an effective chain of middlemen, so as to make the goods reach the market in time. The middlemen give necessary information tothe manufacturers about the market. If a company does not satisfy the middlemen,theyneglectitsproducts&maypushthecompetitor's product.

- ✓ **<u>Consumers:</u>**Themainaimofproductionistomeetthedemandsofthe consumers. Hence, the consumers are the center point of all marketing activities. If they are not taken into consideration, before taking the decisions, the company is bound to fail in achieving its objectives. A company's marketing strategyisinfluencedby itstarget consumer. Eg: Ifa manufacturer wants to sell to the wholesaler, he may directly sell to them,if he wants to sell to another manufacturer, he may sell through his agent orifhewants to sell toultimate consumer hemay sell throughwholesalers
  or retailers. Hence each type of consumer has a unique feature, which influences a company's marketing decision.
- ✓ **<u>Competitors:</u>**A prudent marketing manager has to be in constant touch regarding the information relating to the competitor's strategies. He has to identify his competitor's strategies, build his plans to overtake them in the market to attract competitor's consumers towards his products.

<u>TypesofCompetition</u>

Pure Competition: Numerous competitors offer undifferentiated products. No buyer or seller can exercise market power.

Monopolistic Competition: Numerous competitors offerproducts thatare similar, prompting the competitors to strive to differentiate their product offering from others.

Oligopoly: A small number of competitors offer similar, but somewhat differentiated, products. There are significant barriers to new competitors entering the market.

Monopoly: There is only one supplier and there are substantial,potentially insurmountable, barriers to new entrants.

Monopsony: Themarketsituationwherethereisonlyonebuyer.

Companyfacesthreetypesofcompetition:

a) **Brand Competition:**It is a competition between various companies producing similar products. Eg: The competition between BPL &Videconcompanies.

b) **The Product Form Competition:**It is a competition between companies manufacturing products, which are substitutes to each other Eg: Competition between coffee & Tea.

c) **The Desire Competition:**Itisthecompetitionwithall othercompanies to attract consumers towards the company. Eg: The competition between the manufacturers of TV sets & all other companies manufacturing various products like automobiles, washing machines, etc.

Hence, to understand the competitive situation, a company must understand the nature of market & the nature of customers.

- ✓ **Public:**A Company's obligation is not only to meet the requirements of its customers,butalsotosatisfythevariousgroups.Apublicisdefinedas "any group that has an actual or potential ability to achieve its objectives". The significance of the influence of the public on the company can be understood by the fact that almost all companies maintain a public relation department. A positive interaction with the public increase its goodwill irrespective of the nature of the public. A company has to maintain cordial relation with all groups, public may or may not be interested in the company, but the company must be interested in the views of the public.

Publicmaybevarioustypes.Theyare:

i. **Press:**This is one of the most important group, which maymake or break a company. It includes journalists, radio, television, etc. Press people are often referred to as unwelcome public.A marketingmanager must always strive to get apositive coverage from the press people.

ii. **Financial Public:**These are the institutions, which supply money to the company. Eg: Banks, insurance companies, stock exchange, etc. A company cannot work without the assistanceof these institutions. It has to give necessary information tothese public whenever demanded to ensure that timely financeis supplied.

iii. **Government:**Politicians often interfere in the business for the welfare of the society & for other reasons. A prudent manager has to maintain good relation with all politicians irrespective of theirpartyaffiliations.Ifanylawistobepassed,whichis against the interest of the company, he may get their support to stopthat law from being passed in the parliament or legislature.

iv. **General Public:**This includes organisations such as consumer councils, environmentalists, etc. as the present day concept of marketing deals with social welfare, a company must satisfy these groups to be successful.

1.9.2.2 ExternalMacroEnvironment:

These are the factors/forces on which the company has no control. Hence, it has to frame its policies within the limits set by these forces:

i. **Demography:**It is defined as the statistical study of the human population & its distribution. This is one of the most influencing factors because it deals with the people who form the market. A company should study the population, its distribution, age composition, etc before deciding the marketing strategies. Each group of population behaves differently depending upon various factors such as age, status, etc. if these factors are considered, a company can produce only those products which suits the requirement of the consumers. In this regard, it is said that “to understand the market you must understand its demography”.

ii. **Economic Environment:**A company can successfully sell its products onlywhen people have enough money to spend. The economic environment affects a consumer’s purchasingbehavior eitherbyincreasing hisdisposableincome or by reducing it. Eg: During the time of inflation, the value of money comes down. Hence, it is difficult for themto purchase more products. Income of the consumer must also be taken into account. Eg: In a market where both husband & wife work, their purchasing power will be more. Hence, companies may sell their products quite easily.

iii. **Physical Environment or Natural Forces:**A company has to adopt its policies within the limits set by nature. A man can improve the nature but cannot find an alternative for it.

Nature offers resources, but in a limited manner. A product manager utilizes it efficiently. Companies must find the best combination of production for the sakeof efficient utilization of the available resources. Otherwise, they may face acute shortage of resources. Eg: Petroleum products, power, water, etc.

iv. **Technological Factors:**From customer’s point of view, improvement in technology means improvement in the standard of living. In this regard, it is said that “Technologies shape a Person’s Life”.

Every new invention builds a new market & a new group of customers. A new technologyimproves ourlifestyle & at the same time creates many problems. Eg: Invention of various consumer comforts like washing machines, mixers, etc have

resulted in improving our lifestyle but it has created severe problems like power shortage.

Eg: Introduction to automobiles has improved transportation but it has resulted in the problems like air & noise pollution, increased accidents, etc. In simple words, following are the impacts of technological factors on the market:

a) Theycreatenew wants
b) Theycreatenewindustries
c) Theymaydestroyoldindustries
d) TheymayincreasethecostofResearch&Development.

v. **Social & Cultural Factors:**Most of us purchase because of the influence of social &cultural factors.Thelifestyle,values,believes,etcaredeterminedamong other things by the society in which we live. Each society has its own culture. Culture is a combination of various factors which are transferred from older generations & which are acquired. Our behaviour is guided by our culture, family, educational institutions, languages, etc.

The society is a combination of various groups with different cultures & subcultures.Each society hasitsown behavior. Amarketing manager must study the society in which he operates.

Consumer’s attitudeis also affected by their society within a society, there will be various small groups, each having its own culture.

Eg: In India, we have different cultural groups such as Assamese, Punjabis, Kashmiris, etc. The marketing manager should take note of these differences before finalizing the marketing strategies.

Culture changes over aperiod of time. He must try toanticipatethe changesnew marketing opportunities.

ImportanceofEnvironmentalAnalysis:

The marketing Manager needs to be dynamic to deal effectively with the challenges of environment. The business environment is not static and it is changingcontinuously.Thefollowingarethebenefitsofenvironmentscanningas suggested by various authorities:

- It creates an increased general awareness of environmental changes on the part of management.
- ItguideswithgreatereffectivenessinmatterrelatingtotheGovernment.

- Ithelpsinmarketing analysis.
- Itsuggestsimprovementsindiversificationandresource allocations.
- Ithelpsfirmstoidentifyandcapitalizeuponopportunitiesratherth anlosing out to competitors.
- It provides a base of objective qualitative information about the businessenvironment that can subsequently be of value indesigningthe strategies.
- It provides a continuing broad- based education of executives in general, and the strategists in particular.

INDIANMARKET&ITSENVIRONMENT

It is difficult to analyze the environmental factors affecting Indian market. Ours is a vast country with various religions, caste, sub-caste,languages, culture, etc. Each of these factors operates at different levels & art different places.

- **Vast Market:**The Indian market is the second largestin the worldconsideringits population. If consumption is considered, it has one of the lowest levels of consumption. Hence, it can be said that majority of the market for various products has been left untapped. Region-wise, the Indian Market can be broadly classified into Four Parts:
  a. NorthernMarket
  b. Southern Market
  c. WesternMarket
  d. Eastern Market
- **Rural Market:**Majority of the Indians live in rural areas. Hence, rural markets have a significant influence on the company's marketing strategy
- **Cultural & Religion:**India is a country with many religions each religion has its own culture & most of the Indians are religious. The culture affects the habits of people. Hence, it has to be considered before deciding what is to be sold.
  Eg:Jainismcompletelyprohibitstheconsumptionsofmeat.Hence,itisdif ficultto sell meat where Jains are living
- **Economic Conditions:**India is one of the fastest developing countries. The standard of living is increasing every year. This indicates that the marketing opportunities in our country are vast.

- **Government:**We are following the policy of mixed Economy i.e., Market is neither totally free (Capitalism) nor it is fully controlled (Socialism). The government encourages consumerism & hence hemarketeters are gradually accepting the marketing concept.
- **Intermediaries:**Ourcountryhastwotypesofdistributionsystem.Theyare:
  a. Public distribution system, where essential commodities are directly sold tothe consumers through government agencies.
  b. Open distribution system, where the products are sold in the open market.The opendistribution systeminour countryisthe traditional one.The chain of distribution is once of the most efficient chains of the world. Wholesalers, retailers, brokers, etc are the intermediaries operating in our country.
- Press: Press in our country is not as sophisticated asin the developed countries. Most of the newspapers & magazines are controlled by big business houses.
- Technology: Most of the company/companies in our country import the technology from other countries. Investment in research is one of the lowest in the world.

Rural Marketing Challenges &Opportunities:

Majority of Indians live in villages & most of them are farmers. Rural markets in our country are changing rapidly. Many companies have not tried to find out the needs of rural consumers. Hence, many rural markets have been left untapped.

Problems of Rural Marketing:

About 80% of villages do not have proper infrastructural facilities like transportation, communication, etc. People in the rural market purchase in small quantities; usually, they behave as group. Hence, it is difficult to influence their behavior to deliver a product directly to the rural consumers; a company has to incur double the cost of what it incurs in case of urban consumers.

Illiteracyamongvillagersmakesitdifficulttopromoteproducts.Mostofthem purchase because of their belief.