

E-Content

**FUNDAMENTALS OF
MARKETING
SEM- IV**

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What is Marketing?

Marketing is an **organizational function** and a set of processes for creating, communicating, and **delivering Value** to customers and for managing customer Relationships in ways that **benefit the organization and its stakeholders.**

(American Marketing Association Formal Definition)

What is Marketing Management?

Marketing management is the *art and science* of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.

Need, Want and Demand



NEEDS, WANTS AND DEMANDS

■ **Need**

- States of felt deprivation.
- physical, social and individual needs.

■ **Wants**

- The form taken by human needs as they are shaped by culture and individual personality.

■ **Demands**

- Human wants that are backed by buying power.
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Types of Needs

Stated Needs

- I want a car

Real Needs

- I want a car for going to work with low operating costs

Unstated Needs

- I want good after-sale service from the dealer

Delight Needs

- I want the dealer to include some gifts with the car

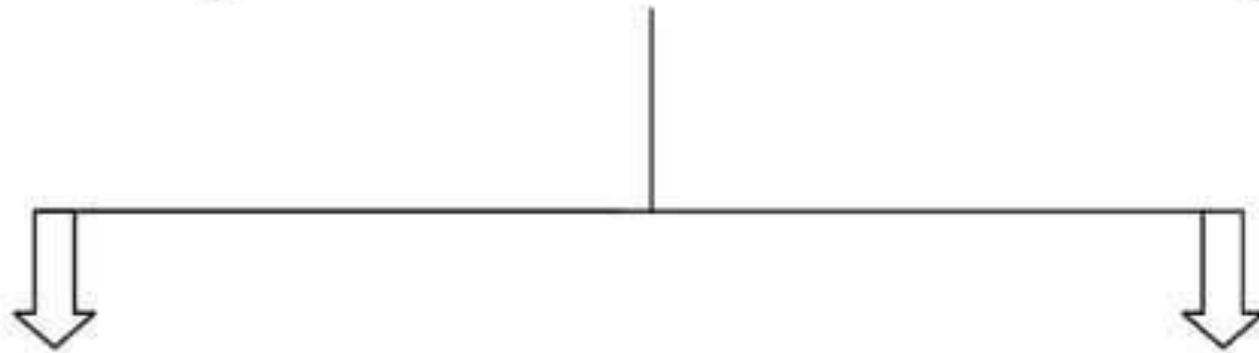
Secret Needs

- I want a car for the status symbol

Nature of marketing

- **Marketing is a management function. It involves management taking responsibility for planning and decision making of marketing activities.**
- **Marketing involves identifying the needs of customers. This can be done through market research**
- **Marketing seeks to satisfy the needs of customers in terms of price, availability and quality.**
- **Marketing is also about making a profit. Prices must therefore cover costs.**

Importance of Marketing



Marketing and society / consumers

Increase in the standard of living

Employment opportunities

Economic stability

Creates utility

Satisfaction of human wants

Marketing and organizations

Gain income

Marketing information

Source and channel of new ideas

Decision making

What is Marketed?

- * Goods
- * Services
- * Events and experiences
- * Persons
- * Places and properties
- * Organizations
- * Information
- * Ideas

Key Customer Markets

- * Consumer markets (B2C)
- * Business markets (B2B)
- * Global markets
- Nonprofit/Government markets (B2G)
- C2C (Customer to Customer)* (may not be considered as key markets as the volume of business will be very less compared to the above markets)

Core Concepts of Marketing

1. The Production Concept

Consumers will prefer products that are widely available & inexpensive e.g. Lenovo, Haier etc.

2. The Product Concept

Consumer favor products that offer the most quality, performance, or innovative features e.g. Rolex etc.

3. The Selling Concept

Consumers & businesses, if left alone, won't buy enough of the organization's products e.g. Insurance, Encyclopedias etc.

4. The Marketing Concept

Emerged in mid 1950s Customer-Centered "Sense & Respond" e.g. Dell Computer etc.

5. The Societal Marketing Concept:

It also emphasizes the importance of the well-being of customers and society as a whole (consumer welfare or societal welfare).

Core concepts of Marketing

<https://oxidian.ch/en/the-five-marketing-concepts-explained/>



Functions of CMOs

- * Strengthening the brands.
- * Measuring marketing effectiveness.
- * Driving new product development based on customer needs.
- * Gathering meaningful customer insights.
- * Utilizing new marketing technology.

Core Marketing Concepts

- * Needs, wants, and demands

- * Target markets, positioning, segmentation

- * Offerings and brands

- * Value and satisfaction

 - (Customer value Triad, Quality, Service & Price (QSP))

- * Marketing channels

 - Communication Channels e.g. Newspapers, Magazines Radio., Television, Mail, Telephone, Billboards, Posters, Fliers, CDs, Audio Tapes & Internet

- * Distribution Channels

 - e.g. Distributors, Wholesalers, Retailers, & Agents

- * Supply chain

- * Competition

- * Marketing environment

 - * Task Environment e.g. Company, Suppliers, Distributors, Dealers & Target Customers

 - * Broad Environment e.g. Demographic, PESTL

- * Marketing planning

The New Marketing Realities

Major Societal Forces

- * Network information technology
- * Globalization
- * Deregulation
- * Privatization
- * Heightened competition
- * Industry convergence
- * Consumer resistance
- * Retail transformation
- * Disintermediation

New Consumer Capabilities

- * A substantial increase in buying power
- * A greater variety of available goods and services.
- * A great amount of information about practically anything.
- * Greater ease in interacting and placing and receiving orders.
- * An ability to compare notes on products and services.
- * An amplified voice to influence public opinion.

Marketing Mix and the Customer

McCarthy proposed Marketing Mix.

Four Ps (Product, Price, Place & Promotion)

* Product

Product Variety/Quality/ Design/ Features/Brand Name/ Packaging/
Sizes/Services/Warranties/Returns

*Price

List Price/Discounts/Allowances/ Payment Period/Credit Terms

* Place

Channels/Coverage/Assortments/ Locations/Inventory/Transport

* Promotion

Sales Promotion/Advertising/Sales Force/Public relations/ Direct Marketing

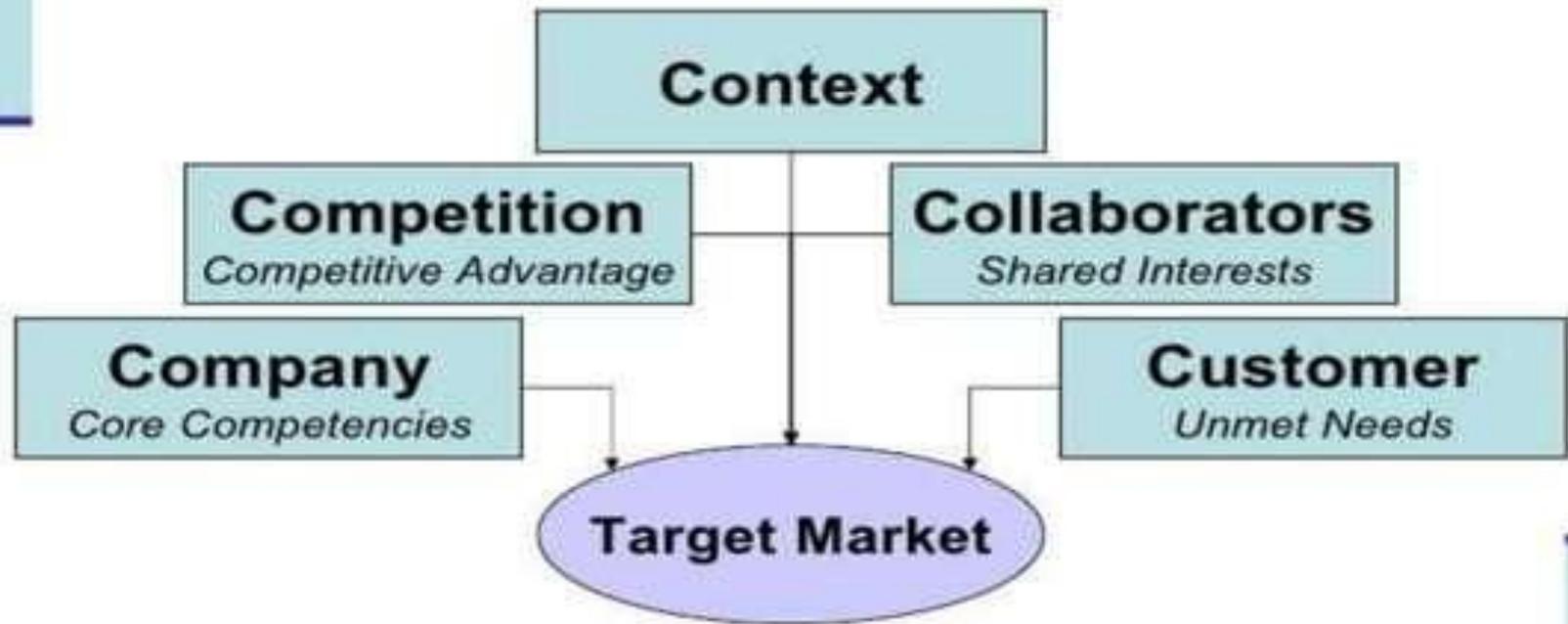
The Three Additional 'P's of Service Marketing

1. People
2. Physical evidence
3. Process

Will discuss in detail in Product chapter

5Cs of Marketing

Environmental Analysis
The 5 C's



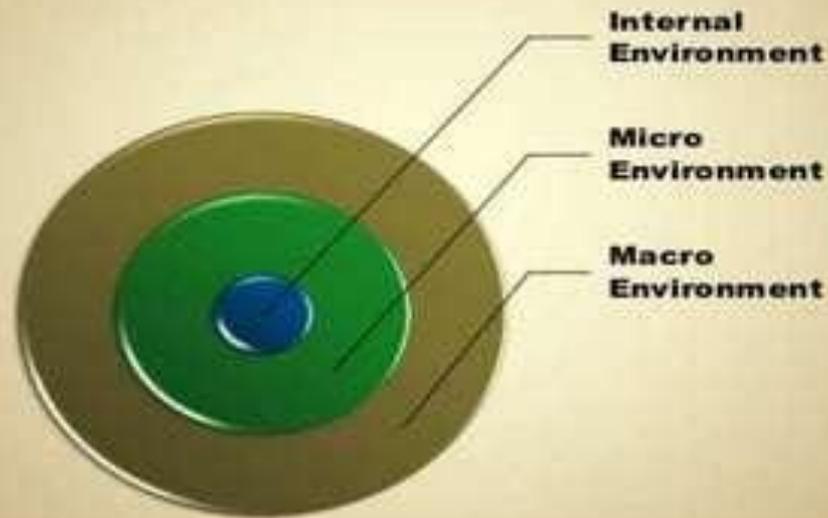
Assess the Situation

5Cs & 4Ps Framework

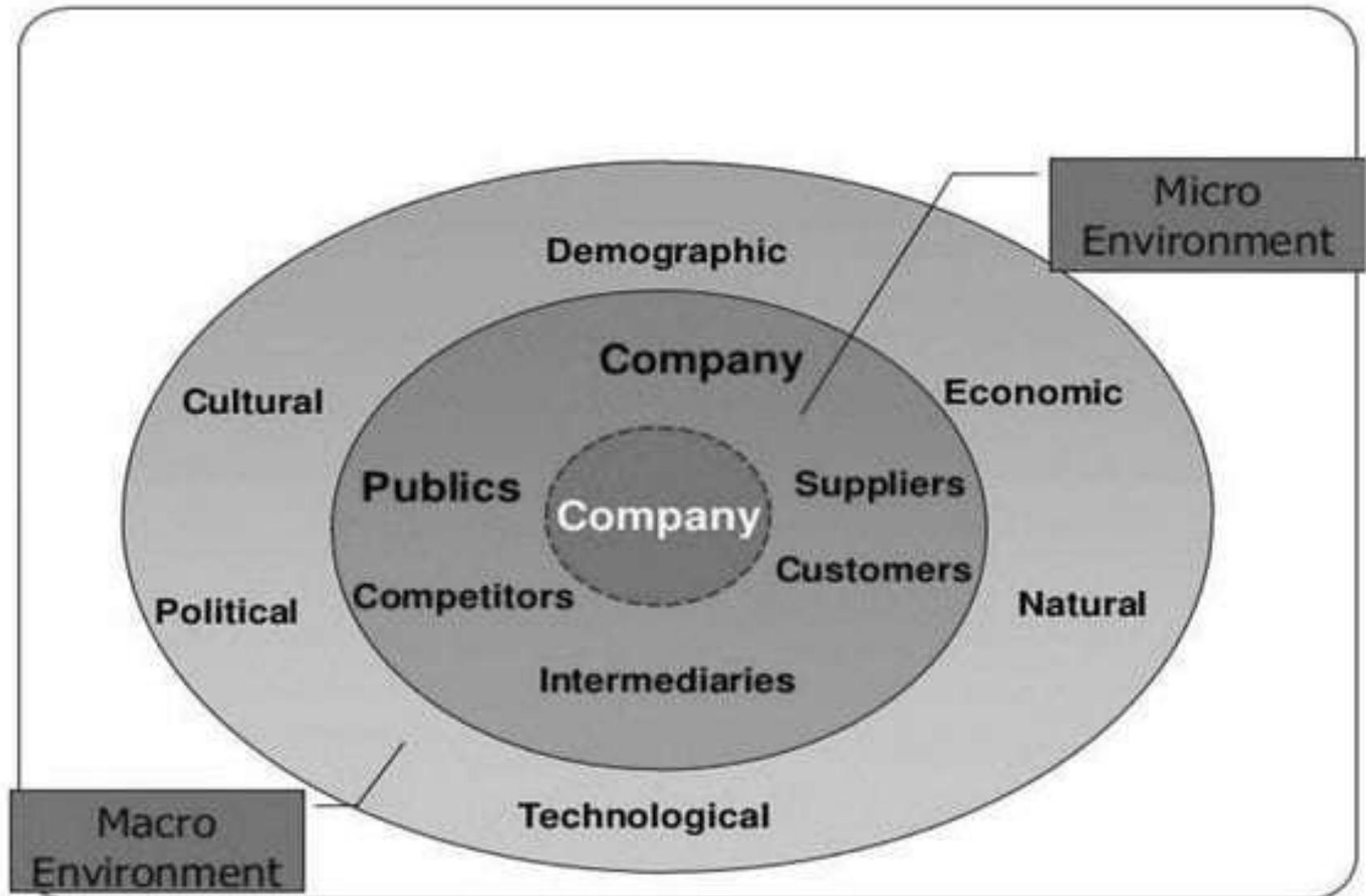


Marketing environment

Components of Marketing Environment



Micro and Macro Environment



Analyzing needs and trends in the Macro environment

- A trend is a direction or sequence of events that have some momentum and durability.
- Trends are more predictable and durable. A trend reveals the shape of the future. A trend has longevity, is observable across several market areas and consumer activities, and is consistent with other significant indicators occurring or emerging at the same time.
- A fad is unpredictable, short-lived and without social, economic and political significance.
- Megatrends are large social, economic, political and technological changes are slow to form, and once in place, they influence us for some time – between seven and ten years or longer

Identifying and Responding to the major Macro-environment forces

- Demographic Environment
 - Worldwide Population Growth
 - Population Age Mix
 - Ethnic Markets
 - Educational Groups
 - Household Patterns
 - Shift from Mass Market to Micro markets
- Economic Environment
 - Income Distribution
 - Subsistence Economies, Raw-material exporting economies, Industrializing Economy, Industrial Economies
 - Savings, Debt, and Credit Availability

Identifying and Responding to the major Macro-environment forces

- Natural Environment
 - Shortage of Raw materials
 - Increased Energy Costs
 - Increased Pollution Levels
 - Changing Role of Governments
- Technological Environment
 - Accelerating Pace of Technological Change
 - Unlimited Opportunities for Innovation
 - Varying R&D Budgets
 - Increased Regulation of Technological Change

Identifying and Responding to the major Macro-environment forces

- Political - Legal Environment
 - Legislation Regulating Business
 - Growth of Special-Interest Groups
- Social-Cultural Environment
 - Views of themselves
 - Views of others
 - Views of organizations
 - Views of Society : preservers, makers, takers, changers, escapers
 - Views of nature
 - Views of Universe
 - High persistence of core cultural values
 - Existence of subcultures
 - Shift of Secondary cultural values through time

Marketing Versus Sales

Marketing	Selling
1. Focusses on Customers needs	1. Focusses on Sellers needs
2. Begins before Production	2. Begins after Production
3. Continues after Sale	3. Comes to an end with Sale
4. A Comprehensive Term in terms of Meaning	4. A Narrow Term in terms of Meaning
5. Philosophy of Business	5. Routine day to day Physical Process
6. Profits through Customer Satisfaction	6. Profits through Sales Volume
7. Let the Seller be aware	7. Let the Buyer be aware
8. Integrated Approach	8. Fragmented Approach
9. Long-term Perspective	9. Short-term Perspective
10. Customer first then Product	10. Product first then Customer