Marketing Management:Unit-1

Contents

Meaning of Marketing:

Marketing is a process that involves identifying and satisfying customer needs and wants through the creation, promotion, pricing, distribution, and delivery of products or services. It is about connecting products or services with potential customers and building relationships with those customers to ensure long-term satisfaction and loyalty.

Philip Kotler: "The science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit."

The American Marketing Association (AMA): "The activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."

Peter Drucker: "The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself."

Philip Kotler and Kevin Lane Keller: "The process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return."

Kotler and Armstrong: "The process by which companies engage customers, build strong customer relationships, and create customer value in order to capture value from customers in return."

Features of Marketing:

1. **Customer-Centric:** Marketing is focused on understanding and meeting the needs and desires of customers.
2. **Value Creation:** It involves creating value for both the customer and the business.
3. **Involves the 4 Ps**: Marketing traditionally encompasses the Four Ps - Product, Price, Place, and Promotion.
4. **Dynamic:** It's a dynamic field that evolves with changing customer preferences and market conditions.
5. **Strategic:** Marketing involves developing strategies to achieve business goals.

Nature of Marketing:

1. **Social Process:** Marketing involves interactions between people, businesses, and society.
2. **Holistic:** It encompasses a wide range of activities, from market research to advertising and distribution.
3. **Dynamic and Ongoing**: Marketing is not a one-time event; it's a continuous process.
4. **Influenced by External Factors:** External factors like technology, economy, and culture influence marketing strategies.
5. **Profitable:** The ultimate goal of marketing is often to generate profit for the business.

Scope of Marketing:

Marketing has a broad scope that includes various aspects and functions, such as:

1. **Product Management**: Developing and managing the features, design, and quality of products or services.
2. **Pricing Strategy:** Determining the right price for products or services.
3. **Promotion**: Creating awareness and demand through advertising, sales promotions, and other means.
4. **Distribution and Sales:** Getting products to the right place and making them available to customers.
5. **Market Research:** Understanding customer preferences, market trends, and competition.
6. **Brand Management:** Building and maintaining a positive brand image.
7. **Customer Relationship Management (CRM):** Maintaining and enhancing relationships with customers.

Functions of Marketing:

1. **Market Research:** Gathering data on consumer preferences, market trends, and competitive intelligence to make informed decisions.
2. **Product Development:** Creating or modifying products or services to meet customer needs and wants.
3. **Pricing:** Setting prices that are competitive, reflect the product's value, and align with business objectives.
4. **Promotion:** Communicating with customers through advertising, public relations, sales promotions, and other methods to generate interest and sales.
5. **Distribution:** Establishing channels to make products or services available to customers where and when they want them.
6. **Selling:** Converting leads and inquiries into actual sales through direct sales, e-commerce, or other channels.
7. **Customer Service:** Ensuring customer satisfaction, addressing complaints, and building long-term relationships with customers.
8. **Brand Management:** Creating and maintaining a positive brand image to build trust and loyalty among customers.
9. **Market Segmentation:** Dividing the market into segments based on factors like demographics, psychographics, or behavior to target specific customer groups effectively.
10. **Marketing Planning:** Developing strategies, budgets, and marketing plans to achieve business objectives.

Importance of Marketing:

- Marketing is critical for generating sales and revenue for a business, as it connects products or services with potential customers.
- Marketing focuses on understanding and meeting customer needs, resulting in higher customer satisfaction and loyalty.

- Effective marketing can give a business a competitive edge by differentiating its products or services from competitors.
- Marketing drives product development by identifying new opportunities and customer demands, encouraging innovation.
- Marketing allows businesses to enter new markets and reach a broader customer base.
- Marketing provides valuable insights about the market, customer preferences, and competition, helping businesses make informed decisions.
- Marketing is essential for building and maintaining a strong brand image, which can increase brand recognition and customer trust.

Product Oriented and Customer Oriented Marketing:-

Product-Oriented Marketing	Customer-Oriented Marketing
Emphasizes creating the best product or service and then finding customers for it.	Starts with understanding customer needs and preferences, then tailors products or services to meet them.
Product design and development come first.	Product development is based on customer feedback and demand.
Assumes customers will want the product or service as it is.	Actively seeks customer feedback and conducts market research to adapt offerings.
Typically relies on aggressive promotion and advertising.	Focuses on building customer relationships and providing value.
Sales are driven by product features and quality.	Sales are driven by understanding and addressing customer needs and preferences.
May lead to short-term success but challenges in the long run.	More likely to build long-term customer loyalty and success.

Differences between the old (traditional) Concept of Marketing and the New (modern) Concept of Marketing:-

Old (Traditional) Marketing	New (Modern) Marketing
Product-centered.	Customer-centered.
Create products first, then find customers for them.	Start with customer needs and preferences, then design products accordingly.
Assumes customers will want the product as it is.	Actively seeks customer feedback and adapts offerings.
Heavy reliance on mass advertising and one-way communication.	Emphasis on targeted and personalized marketing, using multiple channels.
Product features and quality-driven sales.	Sales based on understanding and addressing customer needs.
Transactional approach with limited focus on post-sale engagement.	Builds long-term relationships with customers, focusing on their lifetime value.

IMPORTANCE OF MODERN CONCEPT OF MARKETING:-

1. **Product Development:** Modern marketing, with its emphasis on understanding customer needs and preferences, is instrumental in guiding product development. By actively seeking and responding to customer feedback, businesses can create products that better meet consumer demands. This, in turn, leads to improved product quality and innovation.
2. **Customer Satisfaction**: Modern marketing focuses on delivering value to customers and building long-term relationships. This customer-centric approach results in higher levels of customer satisfaction, as products and services are designed with customer needs in mind. Satisfied customers are more likely to become loyal, repeat buyers.
3. **Ethical and Sustainable Practices:** The modern concept of marketing includes ethical considerations and sustainability initiatives. This is important in today's society, where consumers increasingly support businesses that align with their values and demonstrate responsible practices. Ethical and sustainable marketing not only enhances a company's reputation but also contributes to positive societal and environmental impacts.
4. **National Economy:** Marketing, in the modern context, is a significant driver of economic growth. Effective marketing can boost sales and generate demand for products and services, leading to increased production, job creation, and revenue. It also helps businesses compete on a global scale, contributing to a country's export potential.
5. **Innovation and Competitiveness:** Modern marketing encourages companies to be more adaptable and responsive to market changes. This fosters innovation as businesses continuously seek ways to meet evolving customer needs and preferences. It also enhances competitiveness by helping companies differentiate themselves in the market.
6. **Social Well-being**: Marketing can contribute to social satisfaction by promoting products and services that improve people's quality of life. Whether it's healthcare, education, or sustainable and ethical products, marketing plays a role in connecting individuals with solutions that enhance their well-being.

MARKETING ENVIRONMENT MEANING:-

The marketing environment refers to the external factors and forces that can affect a company's ability to meet its marketing objectives and influence its overall business operations. It encompasses various elements and conditions outside of the organization that can impact its marketing strategies, tactics, and success. The marketing environment is dynamic and can change over time, requiring businesses to adapt and respond to these external influences.

Philip Kotler and Kevin Lane Keller: "A company's marketing environment consists of the internal factors & forces, which affect the company's ability to develop & maintain successful transactions & relationships with its target customers."

The American Marketing Association (AMA): "The marketing environment includes the internal factors (like employees, customers, shareholders, retailers, and suppliers) and external factors (like political, legal, social, technological, and economic)."

Dr. P. N. Reddy and Dr. J. Raghunatha Reddy: "Marketing environment refers to the factors and forces that affect a firm's capability to operate effectively in providing products or services to its customers."

Jerome McCarthy and William D. Perreault Jr.: "A firm's marketing environment consists of the actors and forces outside marketing that affect marketing management's ability to build and maintain successful relationships with target customers."

Internal Marketing Environment and External Marketing Environment:-

Internal Marketing Environment	External Marketing Environment
Factors and forces within the organization that influence its marketing activities and strategies.	Factors and forces outside the organization that affect its marketing operations.
The organization has direct control over internal factors and can manage them.	The organization has limited or no control over external factors; it can only adapt to or mitigate their impact.
Employees, management, company culture, resources, product development, pricing strategies, distribution channels.	Customers, competitors, suppliers, economic conditions, political and legal factors, technological trends, socio-cultural influences, demographics.
These factors are in close proximity to the organization and are influenced by its decisions and policies.	These factors are external to the organization and are generally beyond its immediate control.
The organization can adapt and make changes relatively quickly to its internal environment.	The organization must monitor, analyze, and respond to changes in the external environment, which may require longer-term strategic adjustments
Internal factors directly affect the organization's marketing strategies, product development, pricing, and brand management.	External factors influence market demand, competition, regulatory constraints, and market trends that impact marketing strategies.
The internal environment can be relatively stable or subject to rapid changes based on the organization's actions.	The external environment is dynamic, continually changing, and influenced by various external forces.

Marketing Mix (4Ps) Meaning:

The marketing mix, often referred to as the "4Ps," is a fundamental concept in marketing that represents a set of key elements or variables that a company can control to influence the buying decisions of its target customers. The marketing mix is a framework used to develop and implement marketing strategies effectively. It involves a combination of elements that a business can manipulate to meet the needs of its target market while achieving its own goals. The 4Ps stand for Product, Price, Place, and Promotion.

Elements of the Marketing Mix (4Ps):

1. **Product:** This refers to the actual goods or services that a company offers to meet the needs and wants of its customers. It encompasses product design, features, quality, branding, packaging, and any associated services.
2. **Price:** Price represents the amount of money customers are willing to pay for a product or service. Setting the right price is crucial because it affects sales, revenue, and profitability. Pricing strategies include cost-based pricing, value-based pricing, and competitor-based pricing.
3. **Place:** Place relates to the distribution and availability of the product or service to customers. It involves decisions about where and how customers can access and purchase the offering. Distribution channels, retail locations, e-commerce, and logistics are components of the "Place" element.
4. **Promotion**: Promotion covers the strategies and tactics used to communicate with and persuade the target market to buy the product or service. It includes advertising, sales promotions, public relations, personal selling, and various marketing communication methods.
5. **People**: In service-oriented businesses, especially, the people element refers to the interaction between employees and customers. The skills, behavior, and customer service provided by the staff can greatly impact customer satisfaction.
6. **Process:** Process refers to the procedures, systems, and methods a company employs to deliver its products or services. Efficient processes can enhance customer experiences.
7. **Physical Evidence:** This element pertains to the tangible cues or physical aspects that provide evidence of a service, such as the environment, equipment, or facilities. It is particularly important in service businesses where the customer experience is closely tied to the physical environment.

Marketing Segmentation:

Marketing segmentation is the process of dividing a broader market into smaller, more distinct segments or groups based on various characteristics or criteria. The aim is to better understand and target specific customer groups with tailored marketing strategies and messages. Segmentation helps businesses identify and serve the unique needs and preferences of different customer segments, improving the effectiveness of their marketing efforts.

Objectives of Marketing Segmentation:

1. **Identify Target Markets:** The primary objective of segmentation is to pinpoint specific groups of customers that a company can effectively target with its products or services.
2. **Tailored Marketing:** Segmentation allows businesses to customize their marketing strategies, messages, and offerings to suit the distinct needs and preferences of each segment.

3. **Improved Resource Allocation**: By focusing on specific segments, companies can allocate their resources (time, budget, and personnel) more efficiently, avoiding wastage on uninterested or irrelevant audiences.
4. **Enhanced Customer Understanding**: Segmentation leads to a deeper understanding of customer behaviors, motivations, and needs within each segment, facilitating more effective customer engagement.
5. **Market Expansion:** Segmentation can help identify underserved or unexplored market segments, leading to opportunities for growth and diversification.

Importance of Marketing Segmentation:

1. **Better Targeting:** Segmentation allows businesses to target their marketing efforts precisely, increasing the chances of reaching and appealing to the right customers.
2. **Improved Product Development**: By understanding the specific needs of different segments, companies can develop and refine products or services that better match customer demands.
3. **Enhanced Customer Satisfaction:** Tailored marketing resonates with customers, improving their satisfaction and loyalty as their unique needs are met.
4. **Resource Efficiency:** Segmentation ensures that marketing resources are used efficiently, reducing marketing costs and improving return on investment.
5. **Competitive Advantage:** Understanding the market segments and their needs can provide a competitive edge by delivering superior value to specific customer groups.
6. **Market Expansion:** Identifying new and underserved segments can lead to market growth and diversification.
7. **Risk Mitigation**: Diversifying marketing strategies and customer segments can help reduce risk by not relying solely on one market or customer base.

Bases for Market Segmentation:-

1. **Demographic Segmentation**: Segmentation based on demographic factors such as age, gender, income, education, occupation, marital status, and family size. Demographic segmentation is often used as a foundational segmentation approach due to its simplicity and relevance.
2. **Geographic Segmentation**: This involves dividing the market based on geographical factors, including region, city size, climate, population density, and urban or rural areas. Geographic segmentation is particularly relevant for businesses with location-specific products or services.
3. **Psychographic Segmentation:** Psychographic factors consider customers' lifestyle, values, interests, attitudes, and behaviors. It goes beyond demographic data to offer deeper insights into consumers' motivations and decision-making processes.
4. **Behavioral Segmentation**: Behavioral segmentation looks at how consumers interact with a product or service. Factors include usage frequency, brand loyalty, benefits sought, readiness to buy, and customer satisfaction. This segmentation is beneficial for understanding customer engagement and loyalty.

5. **Socioeconomic Segmentation**: Socioeconomic segmentation combines demographic and economic factors. It considers income, occupation, education, and social class to categorize customers. Businesses offering luxury or high-end products often use this segmentation.

Consumer Behavior Meaning:

Consumer behavior refers to the study of how individuals, groups, or organizations select, purchase, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants. It encompasses the entire process that consumers go through when making decisions about what to buy, where to buy it, and how to use it. Understanding consumer behavior is crucial for businesses and marketers, as it helps them design effective marketing strategies, develop products, and create experiences that resonate with their target customers.

Variables Influencing Consumer Behavior:

1. **Cultural Factors**: These include culture, subculture, and social class, which shape the values, beliefs, and norms influencing consumer behavior.
2. **Social Factors:** Social factors encompass family, reference groups, and social roles and status. These factors can significantly impact purchasing decisions and choices.
3. **Personal Factors**: Personal factors include age, gender, income, occupation, lifestyle, and personality traits, which affect individual consumer preferences and behavior.
4. **Psychological Factors**: Psychological factors involve motivation, perception, attitudes, beliefs, and learning processes. These factors influence how individuals perceive and evaluate products and make purchase decisions.
5. **Situational Factors**: Situational factors encompass the immediate environment in which a purchase decision is made, including the physical surroundings, time constraints, and mood.

Importance of Studying Consumer Behavior:

1. **Effective Marketing Strategies**: Understanding consumer behavior allows businesses to develop marketing strategies that align with consumer preferences, leading to more successful campaigns and increased sales.
2. **Product Development**: Insights into consumer behavior help companies create products and services that cater to customer needs and desires.
3. **Customer Segmentation**: Analyzing consumer behavior helps in segmenting the market and tailoring marketing efforts to different customer groups.
4. **Brand Management**: Consumer behavior influences how brands are perceived, and understanding it can help companies build strong brand images.
5. **Customer Satisfaction:** Meeting customer needs and expectations based on their behavior leads to higher customer satisfaction and loyalty.

6. **Competitive Advantage:** A deep understanding of consumer behavior can provide a competitive edge by enabling companies to respond to changing consumer preferences more effectively.

Factors Affecting Consumer Behavior:

Several factors influence consumer behavior, including:

1. **Cultural and Social Influences:** These include cultural values, social norms, and the influence of reference groups and family.
2. **Psychological Factors:** Motivation, perception, beliefs, attitudes, and learning processes play a significant role in consumer decision-making.
3. **Personal Factors:** Age, gender, income, lifestyle, and personality traits affect individual preferences and choices.
4. **Situational Factors:** Immediate circumstances, such as the shopping environment, time constraints, and mood, can influence decisions.
5. **Marketing and Advertising:** Promotions, advertising, and the marketing mix (product, price, place, and promotion) all play a crucial role in influencing consumer behavior.
6. **Economic and Financial Factors:** Economic conditions, income levels, and price sensitivity can affect purchasing decisions.