

BBA003-MARKETING MANAGEMENT

IV YEAR -EEE

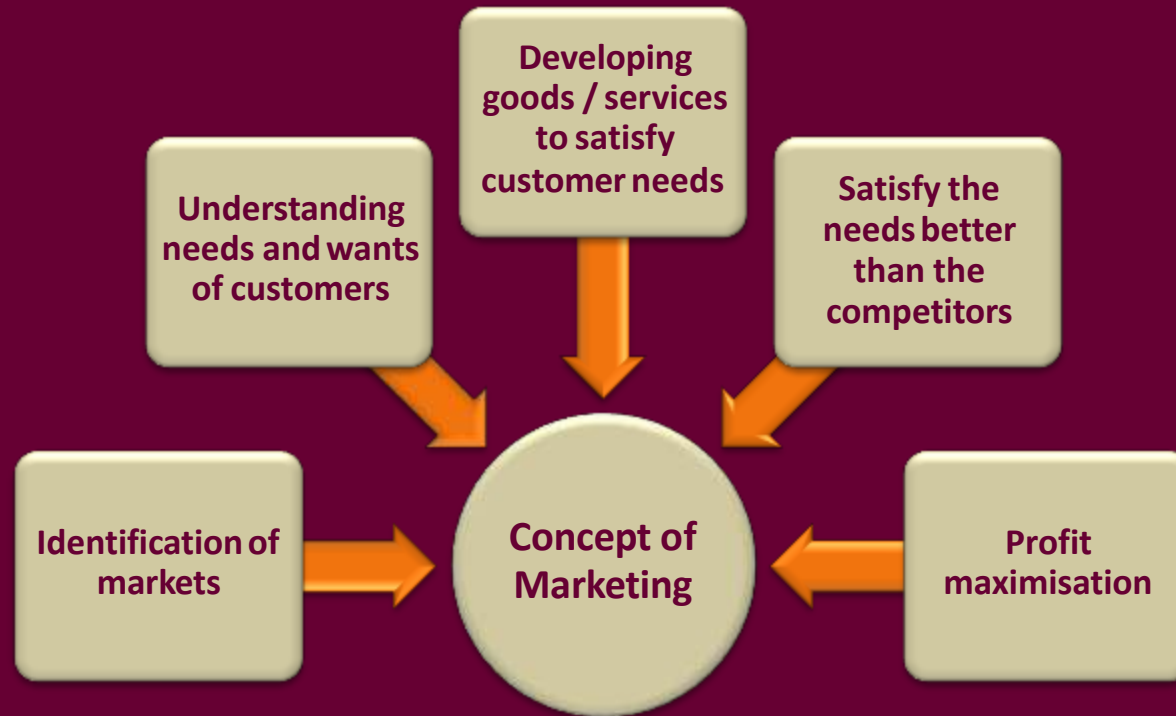
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IV YEAR -EEE



Concept & Definition

- Exchange of goods and services for money or something of value to them
- Meeting needs profitably
- Identify a need and satisfy it
- Philip Kotler
 - Marketing is a social process by which individual groups obtain what they need and want through creating offerings and freely exchange products and services of value with others

Modern concept of Marketing



WHAT IS MARKETED?

- Goods
- Services
- Ideas
- Persons
- Organisation
- Place
- Events
- Experience
- Properties
- Information

WHO IS A MARKETER?

A PERSON WHO TAKES MORE ACTIVE PART IN THE PROCESS OF EXCHANGE OF GOODS & SERVICES

Features of marketing

Needs and wants

- Needs – Basic human requirements like food, shelter, clothing
- Wants – demand of specific products
- Needs give rise to wants

Creating a market offering

- Developed after analysis of needs and preferences of potential customers

Customer value

- At a profit. Customers are made to prefer the products in relation to the competing products

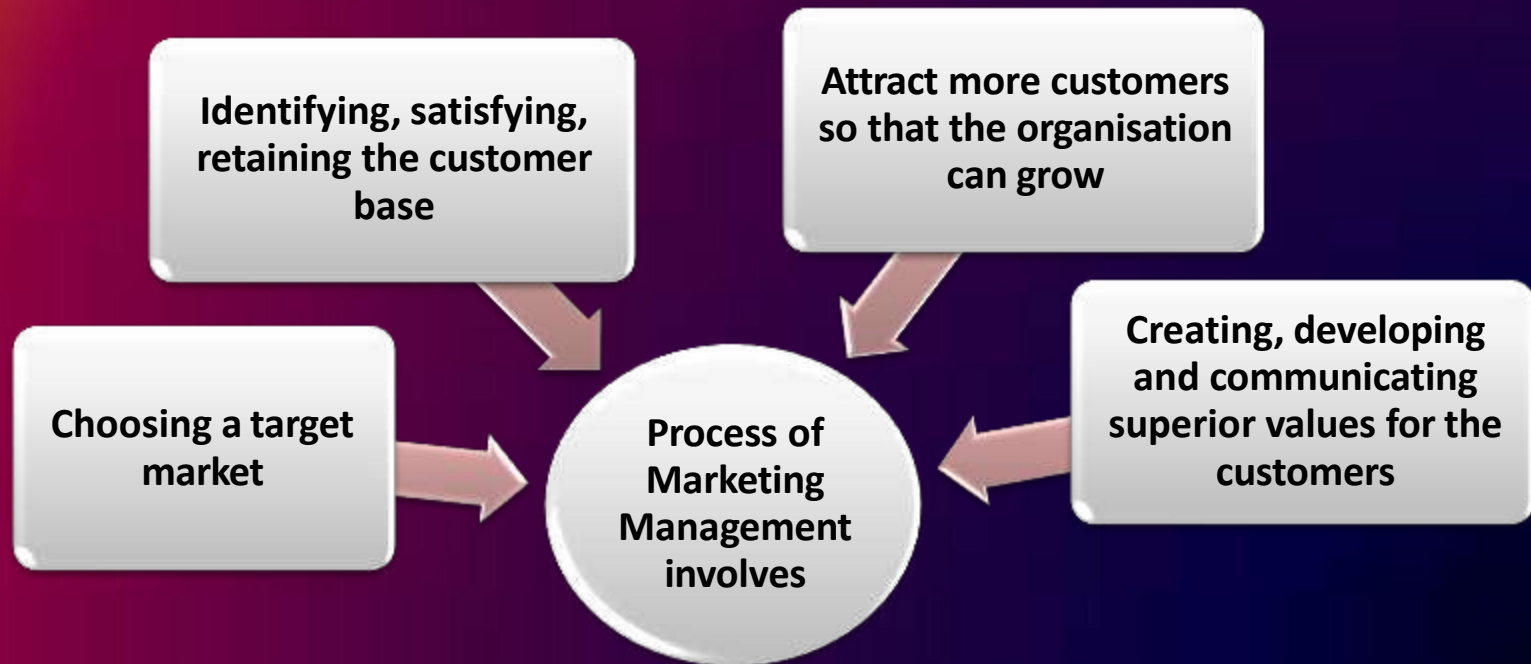
Exchange mechanism

- Essence of marketing
- Exchange of goods & services for money or something value to them
- Conditions for exchange
 - Two parties | each to have something of value to be exchanged | ability to communicate and deliver the product or services | freedom to accept or reject the offer | willing to enter into transactions

Marketing Management

The process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational goals

American Marketing Association



Marketing & Selling

BASIS	SELLING	MARKETING
SCOPE / PROCESS	Limited. Part of marketing process. Concerned with promotion of selling a product	Wider scope; consists of number of activities such as identification of customer needs, developing the products as per their requirement, fixing prices, persuading the potential customers to buy them
FOCUS / TRANSFER OF TITLE	Transfer of title & possession of products	Achieving maximum customer satisfaction
AIM / OBJECTIVE	Profit maximisation through sales maximisation	Profit maximisation through customer satisfaction
START & END ACTIVITIES	Start after development of product	Start with collection of customer needs
EMPHASIS	Bending the customer according to the product	Developing the product as per customer needs
STRATEGIES	Selling involves efforts like promotion & persuasion	Integrated marketing efforts like product, promotion, pricing and physical distribution

Marketing Management - Philosophies

BASIS	PRODUCTION CONCEPT	PRODUCT CONCEPT
MEANING	Profit maximisation through large quantity of production thereby reducing per unit production cost	Profit maximisation through superior quality of products
FOCUS	Quantity of production	Quality, performance, features of the product
MEANS	Availability and affordability of product; improving	Continuous improvement in quality; incorporating new features
ENDS	Profit through large volume of production	Profit through product quality improvements
STARTING POINT	Factory	factory

Philosophies (contd.,)

BASIS	SELLING CONCEPT	MARKETING CONCEPT	SOCIETAL CONCEPT
MEANING	Customers will buy only if attracted & convinced. So aggressive selling & promotional activities should be undertaken	Identifying customer needs and profit maximisation through customer satisfaction	Identifying customer needs; Profit maximisation through customer satisfaction in effective & efficient manner; benefit to the society in the long run
FOCUS	Existing product	Customer's needs	Customer's needs & society's well being
MEANS	Advertising, sales promotion, personal selling etc.,	Integrated marketing involving 4Ps'	Integrated marketing involving 4Ps'
ENDS	Profit through sales volume	Profit through customer satisfaction	Profit through customer satisfaction & social welfare
STARTING POINT	Factory	Market	Market, Society

Functions of Marketing

Gathering and Analysing Market Information

- Primary function to identify the needs of the customers
- Most important to take decisions for the successful marketing of goods and services
- Analyse opportunities and threats as well as strengths and weakness of the organisation
- With technological explosion, it has become easier to collect necessary information through interactive portals

Marketing planning

- Develop appropriate marketing plans covering various important aspects to achieve organisational objective
- Also to include level of production, promotion of products, specifying action programmes

Product designing & development

- A good design makes the product attractive to the consumer
- It also improves performance of the product and gives a competitive edge in the market
- Hence decision regarding the design and development of the product is very crucial for a marketing manager

Standardisation & grading

- **Standardisation** refers to producing goods as per pre-determined specifications.
- Helps in achieving uniformity and consistency in the output.
- Reduces the need for inspection, testing and evaluation from the consumer's perspective
- **Grading** is the process of classification of products into different groups
- This is done where products are not produced as per pre-determined specifications eg; agricultural products
- It helps in realising higher price for higher quality products

Packaging & labelling

- Both are considered as pillars of modern day marketing tools
- **Packaging** wraps the product and **labelling** forms the information printed on the package.
- Packaging not only protects the product but also used as a promotional tool
- Quality of the product is also assessed by looking at the package and label

Branding

- Important decision area for marketing – to sell in the generic name (fan pen etc.) or specific brand name (usha, reynolds)
- Helps in creating product differentiation
- **Branding strategy** – each product a separate brand name (Lux, Surf etc.,) or same brand name for all products of a company (philips, samsung etc.,)



Customer support services

- Includes after sales services, handling customer complaints, procuring credit services, maintenance services, technical services & consumer information
- Aim at providing maximum customer satisfaction the key to marketing successes
- Effective in bringing repeated sales and developing brand loyalty



Pricing of product

- Amount of money a customer has to pay to obtain the product or service
- Most important factor deciding the success or failure
- Demand is directly related to the price of the product
- Important decisions marketer has to take are:- pricing objective, pricing strategy, determining and changing the price

Promotion

- Providing information to the customers regarding the product and its features; persuading them to buy the product
- Four important tools – personal selling, advertising, publicity and sales promotion
- Marketer has to decide on the combination of the promotional tools and budget thereon.

Physical distribution

- Two major areas – choice of marketing intermediaries and selection of physical movement of the product
- Marketer has to decide on – inventory levels, storage and warehousing & transportation of goods from the place of production to the end user

Transportation

- End users of products are wide spread and geographically separated
- Various factors to be considered before deciding the mode of transportation:- nature of the product, cost and location of target market

Storage and warehousing

- There is a time gap between production and procurement of goods due to irregular demand or supply
- To maintain smooth flow & supply of the products and also to protect against contingencies proper storage is needed
- Storage is performed by different intermediaries

Role of Marketing

In a firm

- **Important role in achieving a firm's objective in a most effective manner**
- **Emphasises that customer satisfaction is key to the survival and growth of the firm**
- **Helps in focusing on the needs and wants of the customer**

In the economy

- **Significant role in economic development of a nation and rising the standard of living of the people**
- **Inspire people to undertake new activities and set up new enterprises**
- **Ensures smooth flow of goods through efficient distribution channels**
- **Helps in overcoming obstacles by bridging the gap between production & consumption**
- **Accelerates economic activity leading to higher incomes, more consumption and increased savings and investment**

Elements of Marketing Mix

Product

- Product mix
- Quality
- New product
- Design & development
- Packaging
- Labelling
- Branding

Price

- Level
- Margins
- Policy
- Strategy
- change

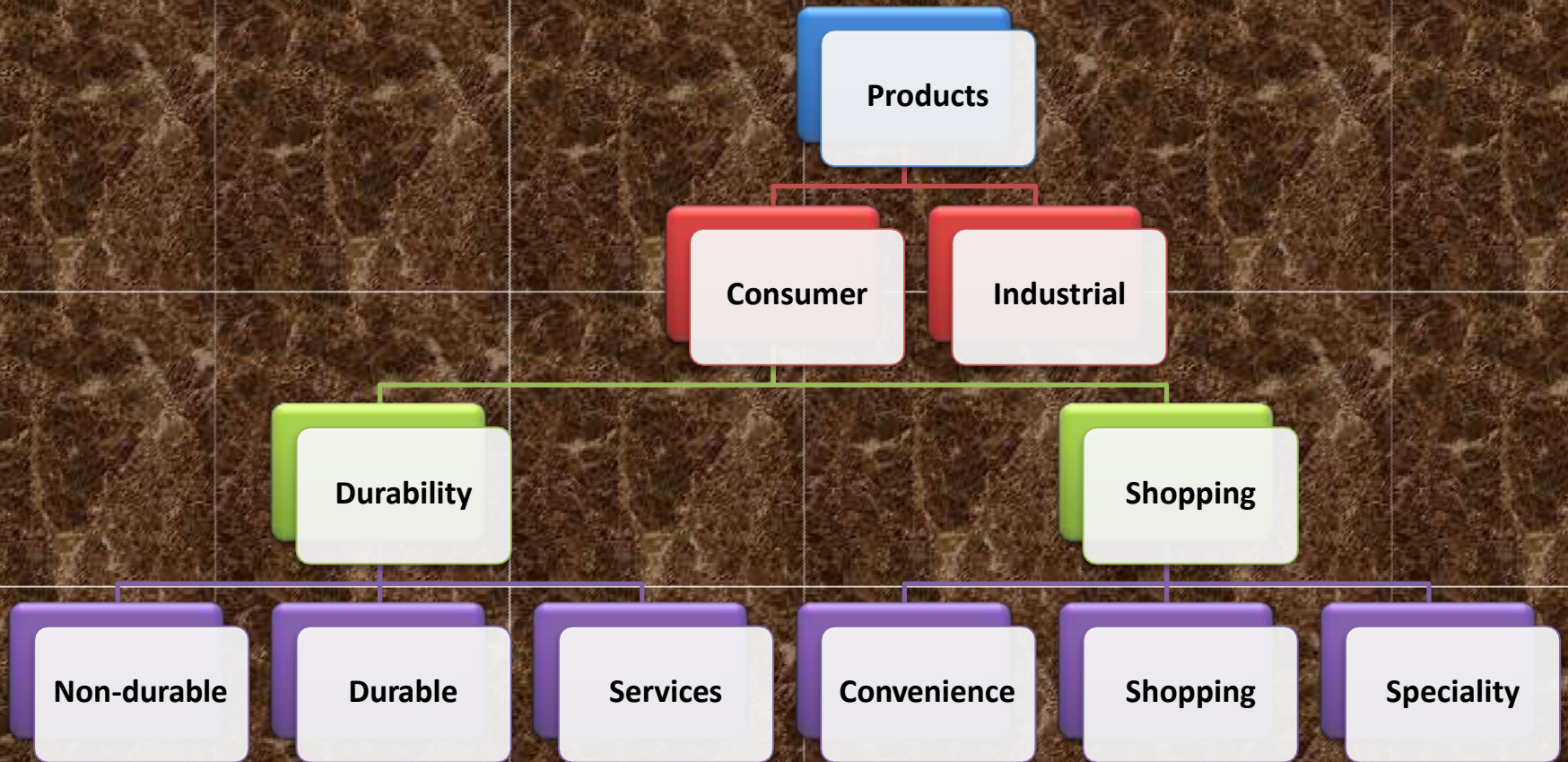
Place

- Channel strategy
- Selection
- Conflict
- Cooperation
- Physical distribution

Promotion

- Mix
- Advertising
- Personal Selling
- Sales Promotion
- Publicity
- Public Relations

Classification of Products



Durability Products

Non-durable

- Products normally consumed in one or few uses
- Ex: tooth Paste, stationery Products, Toiletry Products
- Requires small margin,
- Need to be made available in many locations
- Need for heavy advertising

Durable

- Tangible consumer products which survive many uses
- Ex; Fridge, TV, Mobile etc.,
- Used for a longer period, command higher margin
- Requires greater personal selling efforts, guarantees & after sales services

Services

- Intangible nature
- Inseparable from its source
- Cannot be stored. Highly perishable in nature
- Highly variable as their type and quality depends on the person providing them

Shopping Products

Convenience

- Purchased frequently, immediately and with least time and effort
- Low unit value and bought in small quantities
- Have regular and continuous demand
- Standardised prices and mostly branded
- Competition is more as supply is greater than the demand
- Sales promotion and short term incentives plays a major role in marketing such products

Shopping

- Purchased after comparing the quality, price, style, suitability etc.,
- Ex: clothes, shoes, jewellery, etc.,
- Generally of durable nature
- Unit price and profit margin is high
- Purchases are pre-planned very little degree of impulse purchases
- Retailers play an important role as lot of persuasive effort is needed

Speciality

- Demand is limited as small number of people buy these products
- Generally costly and unit price is very high
- Available for sale in very few places; customers are willing to take extra efforts to purchase these products
- Aggressive promotion is required
- After sales services is required for many of the products

Industrial Products

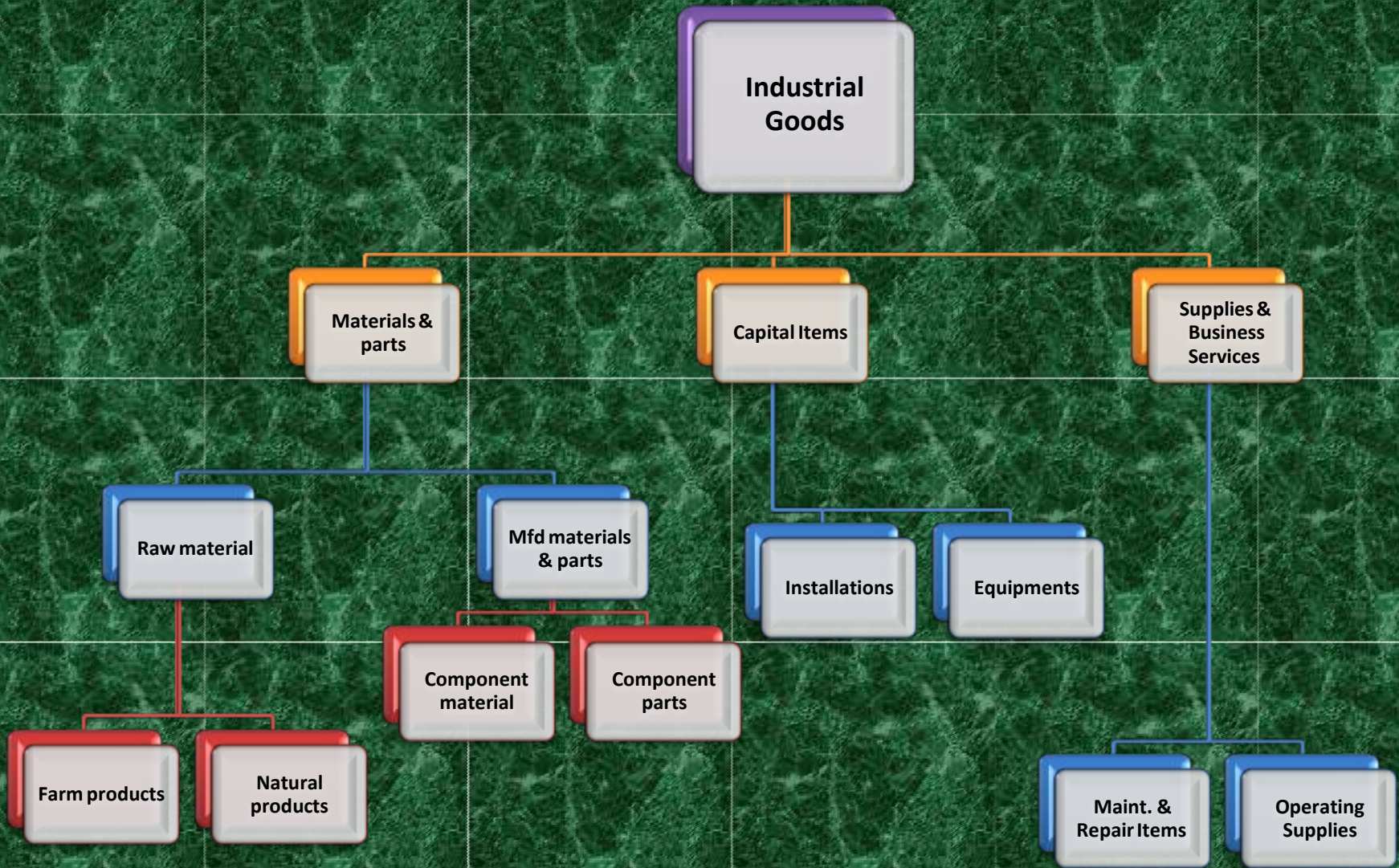
Used as inputs in producing other products

- Ex: raw materials, engineering products etc.,

Characteristics

- Number of buyers are very less – sugar cane and sugar
- Shorter channels of distribution is used – direct selling or one level
- Markets are geographically concentrated – textile industry to Mumbai, Sholapur, Tiruppur, Coimbatore
- Demand derived from consumer products
- Complex in nature – technical considerations assume greater significance
- Reciprocal buying – supply raw materials and buy finished products
- New trend- instead of outright purchase leasing them due to the heavy price of the industrial products

Classification



Branding

- Branding is creating a corporate brand identity for consumer and getting that identity imprinted on the minds of the consumers, which require brand positioning & brand management



Related terms

Brand

- Name, term, sign, symbol or a combination of all

Brand Name

- Verbal component of the brand

Brand Mark

- Distinct colour scheme or lettering

Trade Mark

- Brand registered and given legal protection



Advantages to Marketers

Product differentiation

- Distinguishing its product from that of competitors
- Enables to secure and control the market

Advertising & display programmes

- Without brand image, advertising will not be successful. Only can create awareness

Differential pricing

- If customers like the brand, they become loyal to it. Hence advantage over competitors

Introduction of new products

- New products can be launched under a renowned brand to get off to an excellent start
- Ex: samsung, Maggie etc.,

Advantages to customers

Helps in product identification

- facilitates repeat purchase of the product
- Creates brand loyalty

Ensures quality

- Builds up confidence of the customers
- Increasing his level of satisfaction

Status symbol

- Due to the quality of the product it becomes a status symbol
- Feel proud and adds to the level of satisfaction

THANK YOU