4.1 MARKETING MANAGEMENT

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MARKETING

- Flow of goods & services from producers to customers.
- Consists of those activities involved in the flow of goods & services from the point of production to the point of consumption.
- Finding out what people wants & creating products, services or ideas that match those needs.

DEFINITION OF MARKETING

An ***American Marketing Association*** as defined, "Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives".

Kotler has defined "marketing as a social and managerial process by which individuals and groups obtain what they need and what through creating and exchanging products and value with others".

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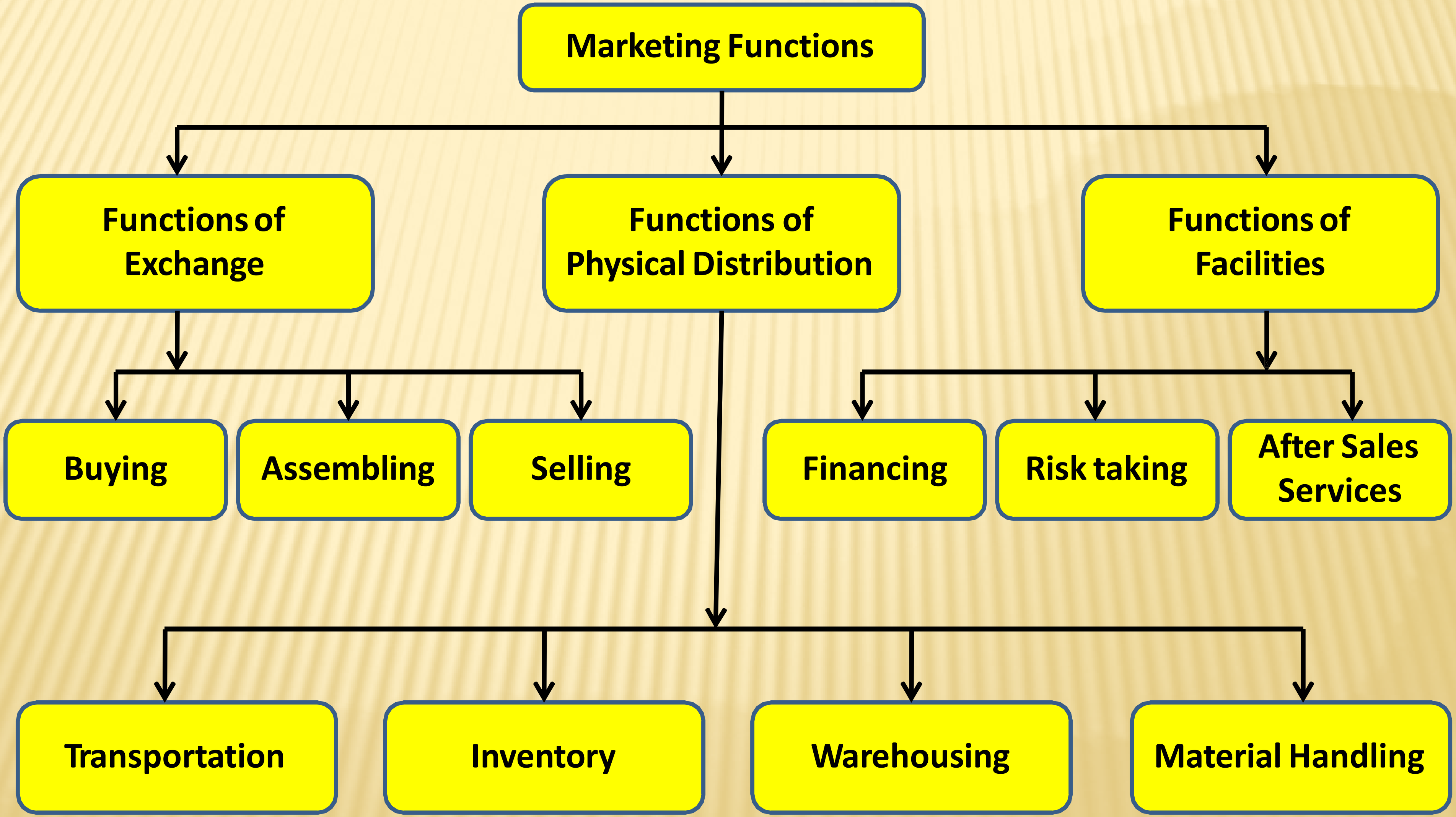
OBJECTIVES OF MARKETING

1. To analyse marketing problems and suggest suitable solutions.
2. To develop policies and their implementation for a good result.
3. To derive intelligent appreciation of modern marketing practices.
4. To develop successful distribution.
5. To analyse existing marketing function and remove unnecessary procedures.

MARKETING FUNCTIONS



MARKET & MARKETING

total demand of potential buyers

all activities aimed consumer satisfaction

place or area (covers exchange functions) where buying & selling take place

other facilitating functions (financing, risk bearing, after sales services etc.)

SELLING & MARKETING

	Starting point	Focus	Means	Objectives
Selling Concept	Factory	Product	Selling & Promotion	Profit through Sale Volume
Market -ing Concept	Target market	Customer needs	Integrated marketing	Profit through customer satisfaction

SELLING & MARKETING

Sl. No	SELLING	MARKETING
1.	Selling begins with the seller and the emphasis is on the product.	Marketing starts with the consumer and the emphasis is on the needs of the customers.
2.	Narrow in scope.	Considers business as a consumer satisfying process.
3.	Considers business as a goods producing process	Considers business as a consumer satisfying process.
4.	The product that is to be offered is determined by the seller.	The product that is to be offered determined by the buyer.
5.	Packaging is considered as a mere protection or a mere container for the goods.	Packaging is designed to provide the maximum satisfaction and convenience to the customer.

SELLING & MARKETING

Sl. No	SELLING	MARKETING
6	Price is determined on the basis of cost.	Price is determined by the consumer.
7	Production is the central function and sales is a secondary function.	Marketing is the central function. The whole concern is organized around the marketing function.
8	Internal, company orientation	External, marketing orientation.

CONCEPTS OF MARKETING

1. The Exchange Concept
2. The Production Concept
3. The Product Concept
4. The Selling Concept
5. The Marketing Concept
6. The Societal Marketing Concept

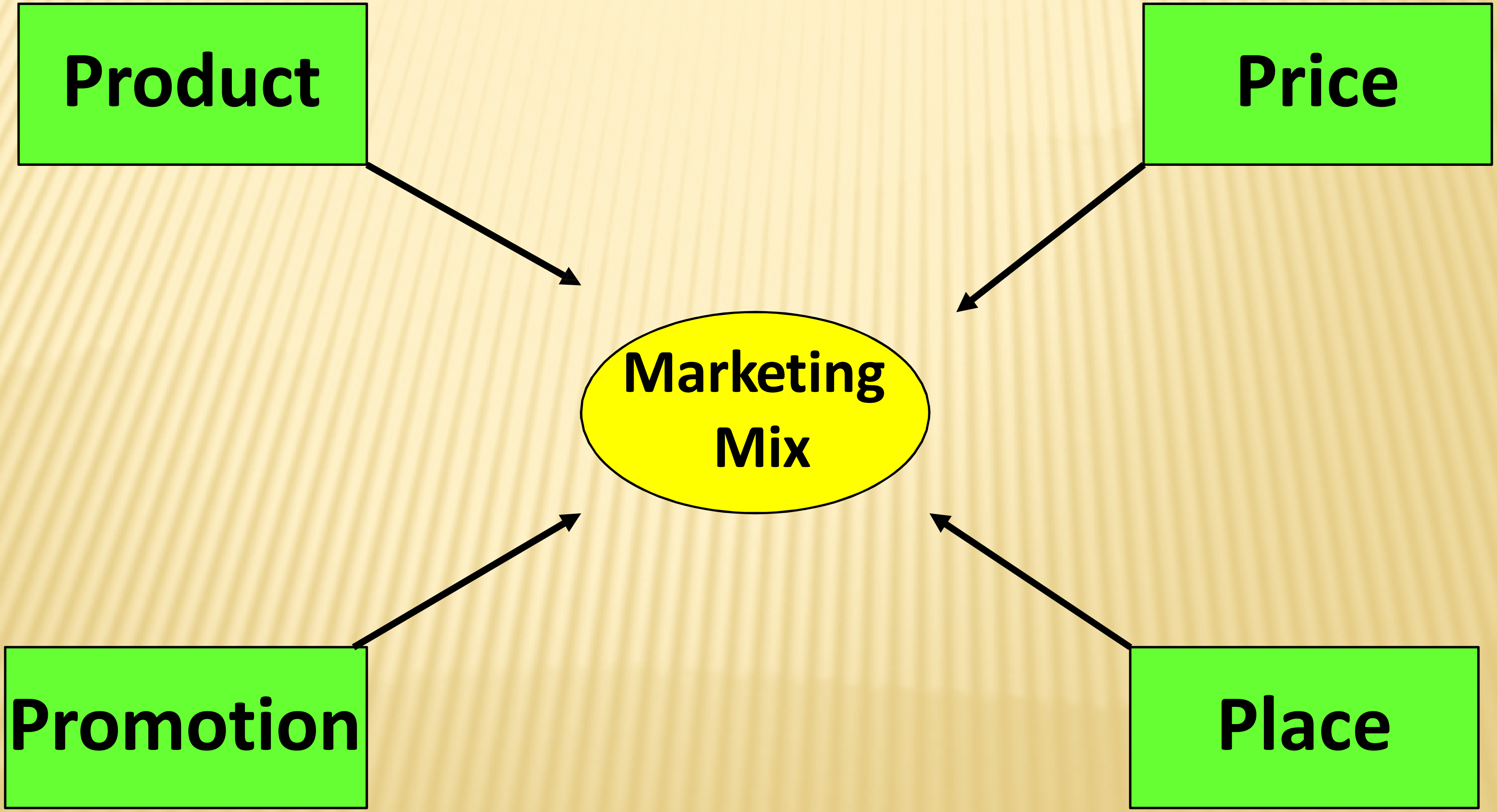
Concepts of Philosophies	Stage 1	Stage 2	Stage 3	Result of Stage 1-3	Profits
Production Concept	**Vague idea about customer wants**	**Mass Production**	**Mass Production**	**Product availability at a low price**	**Profit through mass standardization**
Product Concept	**Vague idea about customer needs**	**Superior product by R & D**	**Distribution without proper marketing mix**	**Superior performance product availability**	**Profit through marketing myopia**
Selling Concept	**Vague idea about customer needs**	**Mass production and distribution**	**Maximum use of selling technique**	**Product availability buyer inertia**	**Profit through hard-sell**
Marketing Concept	**Analyses target market**	**Know what customer needs**	**Integrated marketing**	**Product as per customer requirements**	**Profit through customer satisfaction**

THE MARKETING MIX

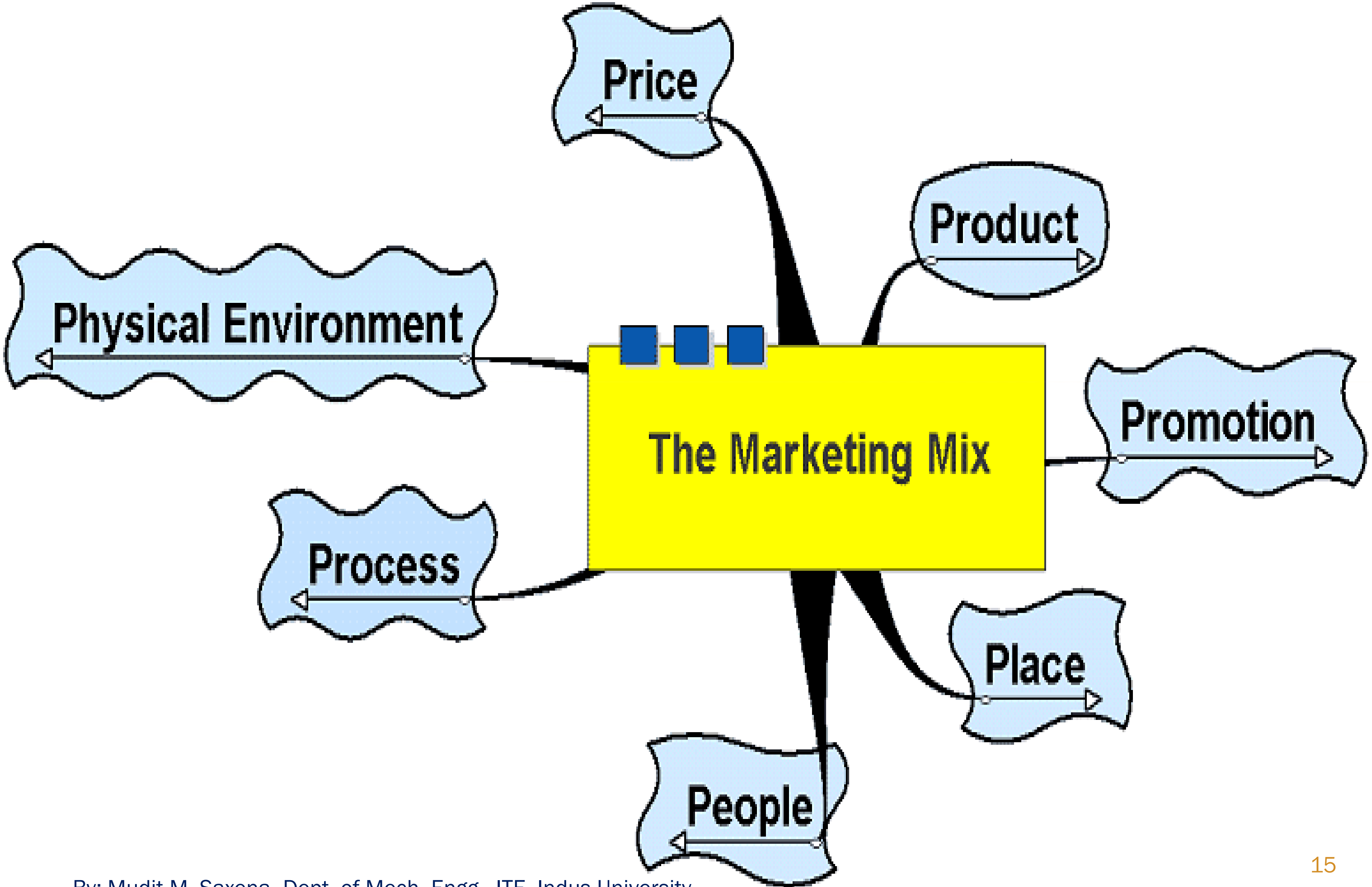
THE MARKETING MIX

- The tools available to a business to gain the reaction it is seeking from its target market in relation to its marketing objectives
- 4Ps –Product, Price, Place and Promotion

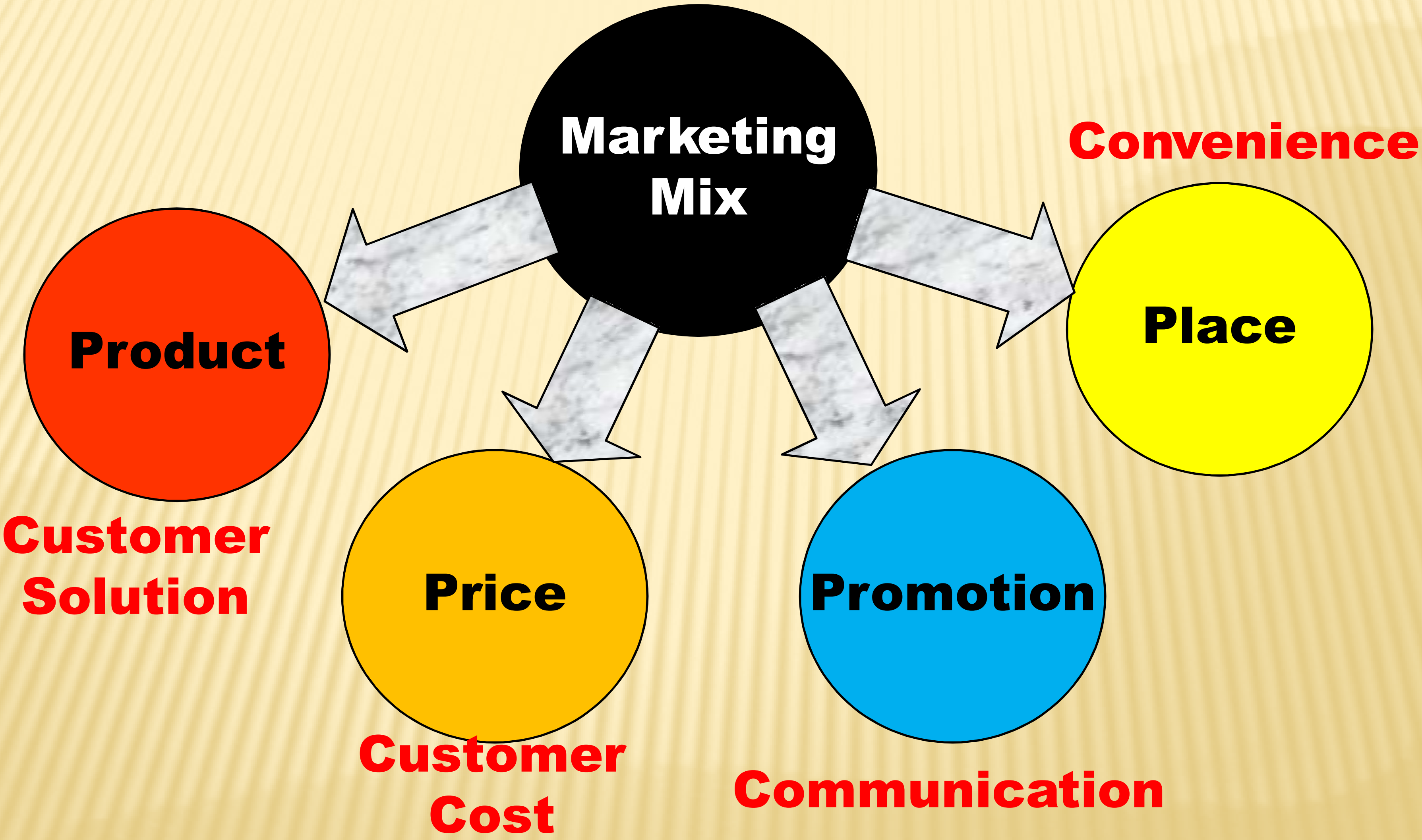
MARKETING MIX – 4 P'S



THE MARKETING MIX



THE 4 PS & 4CS


Marketing
Mix
Convenience
Product
Place
Customer
Solution
Price
Promotion
Customer
Cost
Communication

PRODUCT

1. Brand
2. Style
3. Color
4. Design
5. Product Line
6. Package
7. Warranty
8. Service

PRICE

1. Price Strategy
2. Pricing Policy
3. Basic Price
4. Terms of Credit
5. Discount
6. Allowances

PLACE

1) Distribution Channels
    1. Wholesalers
    2. Retailers
    3. Mercantile Agents
2) Physical Distribution
    1. Transport
    2. Warehouse
    3. Inventory

PROMOTION

1. Personal Selling
2. Advertising
3. Publicity
4. Sales Promotion

IMPORTANCE OF MARKETING

1. Importance of Marketing to the society
2. Importance of marketing to the company
3. Importance of marketing in developed economy
4. Importance of marketing in underdeveloped or developing economy
5. Importance of marketing in Indian economy

1. IMPORTANCE OF MARKETING TO THE SOCIETY

i) Delivery of standard of living to the Society

ii) Decrease in distribution cost

iii) Increasing employment opportunities

iv) Protection against business slump

v) Increase in national income

2. IMPORTANCE OF MARKETING TO THE COMPANY

i) *Helpful in business planning and decision marketing*

ii) *Increase in the profit*

iii) *Helpful in communication between society and business*

3. IMPORTANCE OF MARKETING IN INDIAN ECONOMY

(i) Increases in employment opportunities;

(ii) Balanced growth of the country;

(iii) Increase in the sale of goods;

(iv) Increase in profits;

(vi) Development of the means of communication;

(vii) Development of the means of transportation

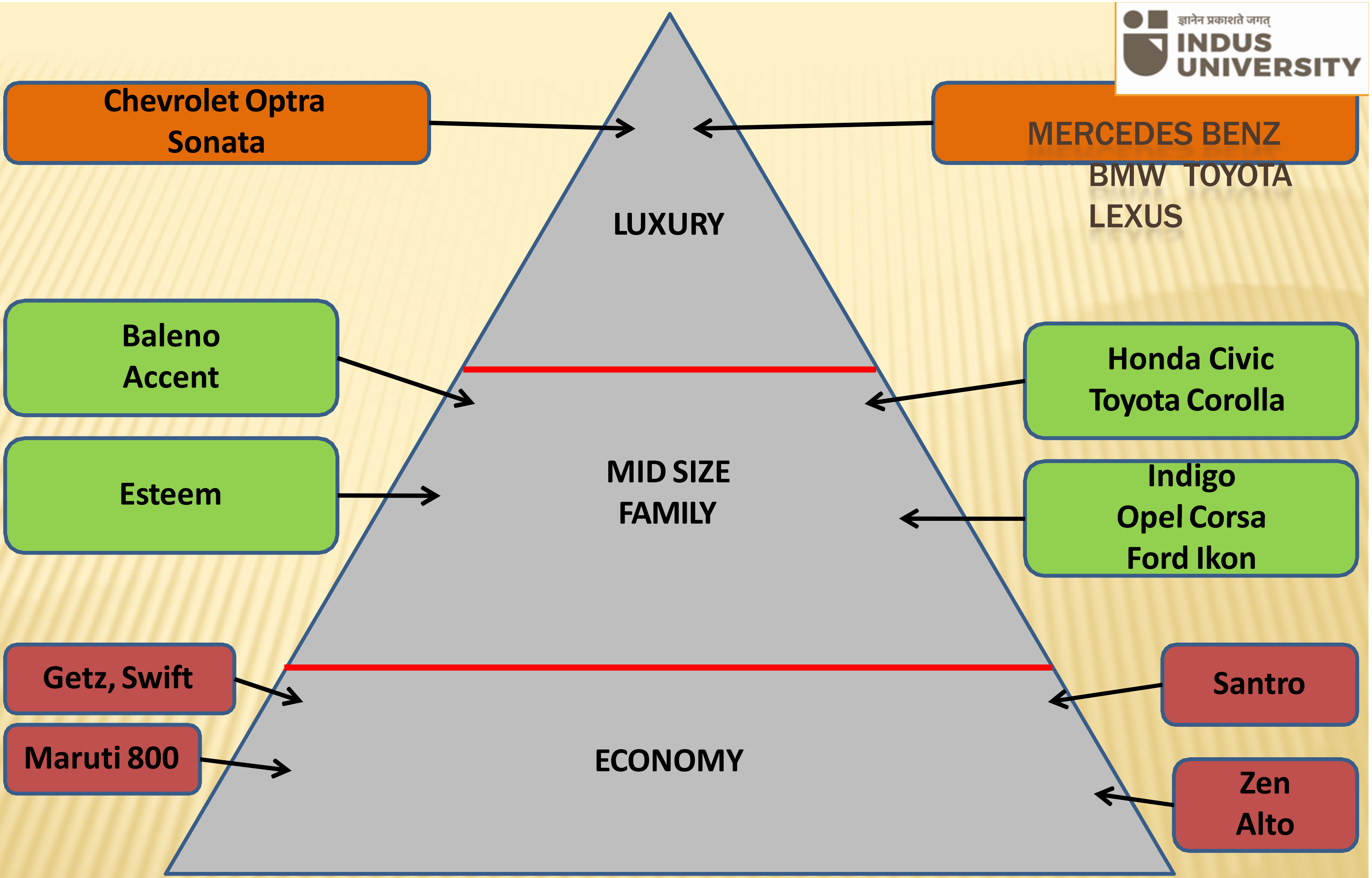
(viii) Development of the means of warehousing;

(ix) Development of new media of advertisement and sales promotion;

(x) Development of banking and insurance industries.

MARKET SEGMENTATION

- In total market may differ in their wants, purchasing power, buying attributes and buying practices. A market segment is a meaningful buyer group having similar wants. Segmentation helps in grouping these consumers having similar wants or desires.
- "Marketing Segmentation is the process of dividing the total heterogeneous market for a product into several submarkets or segments each of which tends to be homogeneous in all sufficient aspects".



Market Segmentation & Brand Positioning in Indian Passenger Car Industry

BASES/METHODS OF MARKET SEGMENTATION

1. Geographic Segmentation
2. Demographic Segmentation
3. Psychographic Segmentation
4. Behavioural Segmentation
5. Benefit Segmentation

1. GEOGRAPHIC SEGMENTATION

- Region: by continent, country, state, or even neighborhood
- Size of metropolitan area: segmented according to size of population
- Population density: often classified as urban, suburban, or rural
- Climate: according to weather patterns common to certain geographic regions

2. DEMOGRAPHIC SEGMENTATION

- Age
- Gender
- Family size
- Income
- Occupation
- Education
- Religion
- Social class

3. PSYCHOGRAPHIC SEGMENTATION

- Buyers are divided on the basis of the life style and personality characteristics.
- way of living
- reflects the person’s living as a combination of his actions, interests and opinions.

4. BEHAVIOURAL SEGMENTATION

- The market is divided on the basis of purchase decision and product or brand usage made by consumers.
- Behavioral segmentation is based on actual customer behavior toward products.

Behavioral segmentation has the advantage of using variables that are closely related to the product itself. It is a fairly direct starting point for market segmentation.

5. BENEFIT SEGMENTATION

These methods helps in describing the characteristics of different segments rather than finding out what causes these segments to develop.

- People suggesting benefit segments ground their idea on assumption that benefits people expect out of the product consumption situation are the basic reason of purchase and customers can be grouped as per the basic reason of their purchase.

IMPORTANCE OF MARKET SEGMENTATION

- Markets have a variety of product needs and preferences.
- Marketers can better define customer needs.
- Decision makers can define objectives and allocate resources more accurately.

DEMAND FORECASTING

- **Forecasting customer demand for products and services is a proactive process of determining *what products* are needed *where*, *when*, and in *what quantities*. Consequently, demand forecasting is a customer–focused activity.**
- **Demand forecasting is also the foundation of a company's entire logistics process. It supports other planning activities such as capacity planning, inventory planning, and even overall business planning.**

CHARACTERISTICS OF DEMAND

5 main characters of demand are-

Average

Demand tends to cluster around a specific level.

Trend

Demand consistently increases or decreases over time.

Seasonality

Demand shows ~~peaks~~ and valleys at consistent intervals. These intervals can be hours, days, weeks, months, years, or seasons.

Cyclicity

Demand gradually increases and decreases over an extended period of time, such as years. Business cycles (recession/expansion) product life cycles influence this component of demand.

Elasticity

Degree of responsiveness of demand to a corresponding proportionate change in factors effecting it.

TYPES OF FORECAST

PASSIVE FORECASTS

- ***Where the factors being forecasted are assumed to be constant over a period of time and changes are ignored.***

ACTIVE FORECASTS

- ***Where factors being forecasted are taken as flexible and are subject to changes.***

IMPORTANCE OF FORECASTING

- Reduces future uncertainties, helps study markets that are dynamic, volatile and competitive
- Allows operating levels to be set to respond to personnel, operations of purchasing & finance for better control over wastes inefficiency and conflicts.
- Inventory Control-reduces reserves of slack resources to meet uncertain demand
- Effective forecasting builds stability in operations.
- Setting Sales Targets, Pricing policies, establishing controls and incentives

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HOW TO FORECAST

- ***Step 6 Monitor the forecast***
- ***Step 5 Prepare the forecast***

Step 4 Gather and analyze data

- ***Step 3 Select a forecasting technique***

Step 2 Establish a time horizon

- ***Step 1 Determine purpose of forecast***

LEVELS OF FORECASTING

- ***AT FIRMS LEVEL***
- ***AT INDUSTRY LEVEL***
- ***AT TOTAL MARKET LEVEL***

TIME PERIOD

SHORT TERM

- ***3-6 Months, Operating Decisions, E.g- Production planning***
-

MEDIUM TERM

- ***6 months-2 years, Tactical Decision E.g.- Employment changes***

LONG TERM

- ***Above 2 years, Strategi~~c~~ Decision E.g.- Research and Development***

DATA REQUIREMENTS

- Techniques differ by virtue of how much data is required to successfully employ the technique.
- Judgmental techniques require little or no data whereas methods such as Time series analysis or Regression models require a large amount of past or historical data.

2 MAIN CATEGORIES

MICROECONOMIC METHODS (QUANTITATIVE)

- *involves the prediction of activity of particular firms, branded products, commodities, markets, and industries.*
- *are much more reliable than macroeconomic methods because the dimensionality of factors is lower and often can easily be incor~~po~~rated into a model.*

MACROECONOMIC METHODS *(QUALITATIVE)*

- *involves the prediction of economic aggregates such as inflation, unemployment, GDP growth, short-term interest rates, and trade flows.*
- *is very difficult because of the complex interdependencies in the overall economic factors*

METHODS OF FORECASTING

QUALITATIVE METHODS

- *SURVEY OF BUYERS INTENSIONS*
- *EXPERTS OPINION METHOD*
- *DELPHI METHOD*
- *MARKET EXPERIMENTATION METHOD*
- *-COLLECTIVE OPINIONS METHOD*

QUANTITATIVE METHODS

- *TIME SERIES MODELS*
  - *TREND ANALYSIS*
    - *MOVING AVERAGES METHODS*
    - *EXPONENTIAL SMOOTHING*
- *CAUSAL MODELS*
  - *REGRESSION MODELS*

ASSIGNMENT 6

Q 1. Define Marketing. Write its objectives.
Q 2. Explain the functions of marketing.
Q 3. Differentiate between selling and marketing.
Q 4. Explain the 4 P's of Marketing.
Q 5. Explain the Importance f marketing in detail.
Q 6. What is Market segmentation ? Explain the methods of market segmentation.
Q 7. What is the importance of market segmentation ?
Q 8. What is demand forecasting ? What are the characteristics of demand ?
Q 9. Explain the steps in forecasting.
Q 10. What is the importance of forecasting ?