

Marketing Management (BBAN-302)

Syllabus :-

Unit - I

Introduction to Marketing; Difference b/w Marketing & Selling; Core Concepts of Marketing; Marketing Mix; Marketing Process; Marketing Environment.

⇒ Market is understood as the place where buyers & sellers meet & transact in goods & services.

⇒ Acc. to Philip Kotler, "A market consists of all potential customers sharing a particular need or want who might be willing & able to engage in exchange to satisfy that need or want."

Types of market :-

1. On the basis of area - local, national, international, rural & urban markets
2. On the basis of volume - wholesale & retail markets
3. On the basis of commodities - commodity market, capital mkt, stock exchange, bullion mkt
 - (sale) purchase of equity shares, debentures, bonds, mutual funds, etc
 - (purchase & sale of gold, silver)
 - (leather exchange mkt at Kanpur; exchange of machinery)
4. On the basis of type of transactions - spot market (on spot sale & purchase of goods); future market (contracts are made over the price for future delivery)

Marketing :-

"Marketing is the process of discovering & translating needs & wants into products & services, specifying creating demand for these products & services & in turn expanding this demand"

H.L. Hansen

"Marketing is a social & managerial process by which individuals & groups obtain what they need & want through creating offering & exchanging products of value with others"

Marketing is the creation & delivery of standard of living to the society

Nature of Marketing :-

- Specialized Business function
- Integrative function
- Adaptation to Environment
- Management function
- Socially desirable function
- Reflects the business mission
- Universal function (profit motive)
- Consumer Orientation

Scope or function of Marketing :-

Function of Exchange

- a) Buying & Assembling
- b) Selling

Functions of Physical Supply

- a) Transportation
- b) Storage or Warehousing

Facilitating function

- a) Financing
- b) Risk - taking
- c) Standardization
- d) Market Information
- e) Pricing

Manufactures buying product

Manufacturer → Wholesaler → Retailer → Customer

Functions of exchange:-

1. Buying & Assembling → Manufacturer buys raw materials for production purpose. Wholesaler buys from manufacturer & retailer from wholesaler so that finally customer buys goods from retailer.

Assembling starts after the goods have already been purchased. [Buying involves transfer of ownership of the goods; whereas assembling involves creating and maintaining of stock of goods purchased from different sources.]

A dealer or middleman purchases the goods from more than one seller.

2. Selling: Selling & buying are complementary to each other. The prime obj. of selling is to sell the products to earn profit. By selling ownership is transferred to the buyer. There are concerned with the activities which convert the demand into demand.

Functions of Physical Supply:-

Transportation:- Many system requires an economical & effective transportation system. A good system of transportation increases the value of goods by the creation of place utility.

Opening of new market has resulted in improved transportation & communication which has further resulted in expansion of markets, regular supply at lower prices & improved services to the consumers.

Market Info :- Desired success of mktg depends upon correct timely decision. Info of size, location, etc. Also customer wants, habits, purchasing power also has to be considered.

It is a 'noun', 'grade', or 'category'. Standardized goods possess uniform characteristics like shape, weight, size etc.

Standardization :- It is a specification which is used in providing certain basic qualities to the goods for transfer across in all of size, food, bad debts, etc is also possible. These rules are to be considered, shifted or reduced.

3. Risk - bearing :- In mktg, there are various risks - damages to goods, physical loss, changes in economic value of goods, mismanagement, etc.

1. Pricing :- Pricing is imp. & it directly affects the profit element. Several factors to be kept in mind in determining pricing policy are :- cost of the product, several competitors price, mktg policies, govt. policy.

2. Financing :- Marketing activities are difficult to do without the availability of adequate & cheap finance. Agencies involved banks, cooperative credit societies & govt. Agencies arrange for short-term finance, medium term & long term finance to facilitate mktg.

Facilitating function :-

1. Storage and warehousing -> when prod. is seasonal & consumption is permanent or vice-versa, storage is necessary. Storage of goods b/w seasons & time of their consumption. It is maintained at central places from where distribution can be made acc. to the needs of the consumer.

2. Storage involves holding & preserving of goods b/w time of their prod. & the time of their consumption.

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the nature

Difference b/w Mktg & selling

Starting point

Focus

Means

Ends

Market

Customer needs

co-ordinates marketing

100% Mktg sales
100% Mktg through customer satisfaction

factory

factory

Selling & Promoting

100% Mktg sales

Basis of Difference

1. Emphasis

2. Approach

3. Orientation

4. Planning

5. Need Priority

6. Price determination

7. Philosophy

8. Customers

1. Emphasis is on product

2. Emphasis on manufacturing the product first & then decides to sell it.

Mkt. is sales volume oriented.

Planning is short-term oriented - in terms of today's products & markets.

Stresses needs of a seller.

Best determines price

Views business as a goods producing process.

Selling views customer as the last link in business

Marketing

1. Emphasis is on customer needs & wants.

2. To first determine customer needs & wants & then decide how to deliver a product to satisfy those wants.

Mkt. is profit-oriented.

Planning is long-term oriented, in terms of new products, investments, & future growth & market needs & wants of buyers.

Customer determines price

Views business as a customer satisfying process.

Mktg. views customer as the very beginning of a business.

Marketing Management :-

Management is the art of getting things done through others towards the attainment of organizational objectives.

Acc. to Philip Kotler, "Mktg Mgt. is the process of planning & executing the conception, pricing & promotion & distribution of goods, & services & ideas to create exchanges with target groups that satisfy customer & organizational objectives."

Objectives of Marketing Management :-

a) Creating new customers :- by the help of advertisement, sales promotion activities, etc. to attract new customers

b) Satisfying the needs of customers :- by studying customer demands beforehand.

c) Enhancing the profitability of the business :- Mktg. dept. is the only department which generates revenue for the firm. ∴ Mktg. mgt. aims at enhancing the profits of the firm through sale of the products.

d) Raising the standard of living of the people :- Mktg. helps in the "provision" of a wide variety of goods & services for satisfying customer's needs. ∴ it helps to raise the standard of living of people.

e) Determining the marketing mix :- It refers to the combination of various elements such as product, price, place, promotion & physical distribution of goods - The 4 P's of mktg.

Four concepts of marketing / Mktg. Philosophies / Orientations of marketing :- (Earlier mktg concepts - by Philip Kotler)



1. Production ~~concept~~ - believes & operates with a guiding force that the consumer will prefer their products which are conveniently available in adequate quantity & affordable. ∴ Mktg should make all efforts to produce adequate quantities of products with acceptable quality & properly distribute them to customers.

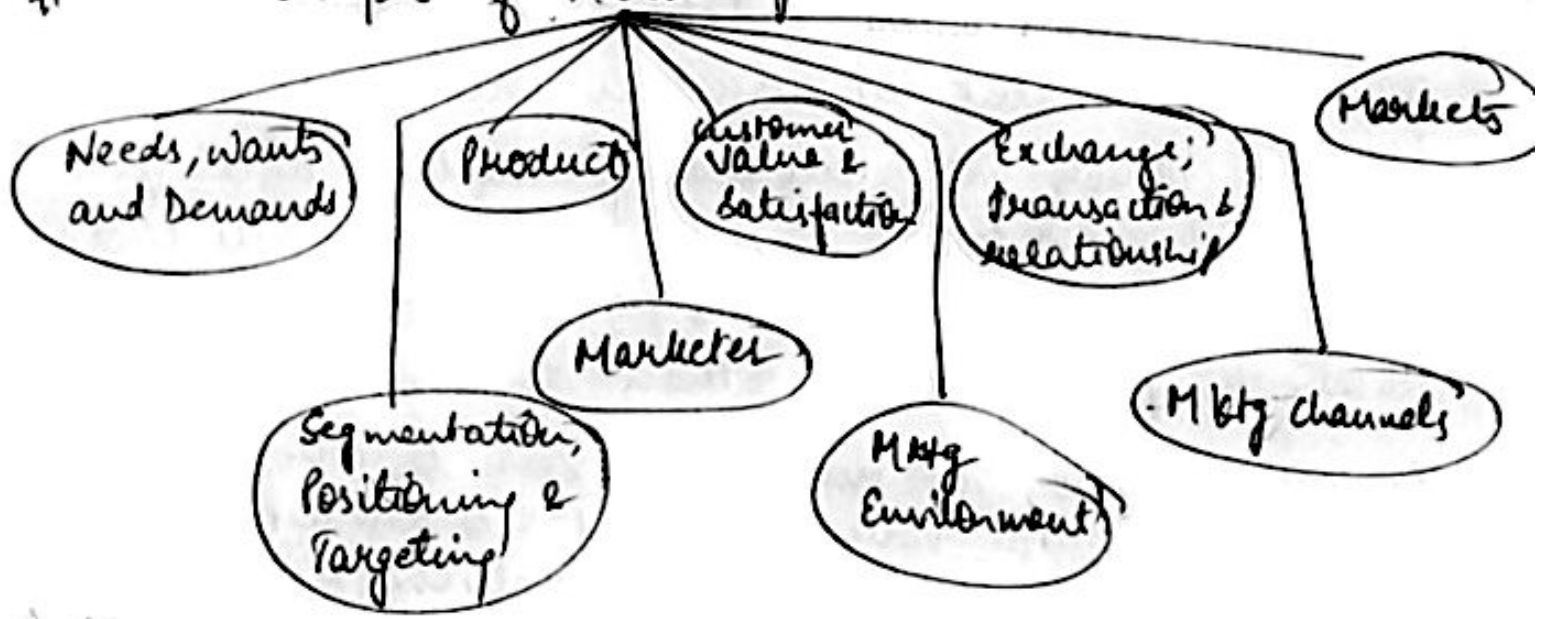
2. Product concept - The prodⁿ concept deals to win markets & profits via high volume of prodⁿ & low unit costs of prodⁿ. The product concept seeks to achieve the same result via product excellence - improved products, new products, ideally designed & engineered products along with the quality assurance.

3. Selling concept - Orgⁿ think that consumers will not buy enough of the organization's products unless it undertakes aggressive selling efforts & promotion. eg. selling an ordinary mobile phone may require display & small persuasion but selling a mobile phone would require aggressive selling efforts & promotional activity.

4. Marketing concept - The mktg. concept is a mktg. philosophy that focuses on the needs & wants of the target market & the orgⁿ would need to find products & services that will satisfy the needs & wants of customers; → by maintaining long-term customer relationships.

5. Societal Mktg Concepts :- This concept says that ^{marketing} should be done by making good mktg decisions ^{Product} considering consumer wants, company's requirements & ^{Labour} society's long-term interests. It is closely related with the principles of Corporate Social Responsibility (CSR) & Sustainable Development.

Core Concepts of Marketing :-



1. Needs, wants & Demands :- Needs are basic human requirement. Eg:- food, air, water, shelter & clothing.

Needs become wants when they are satisfied. These are desires for specific satisfiers of these deeper needs.

Human wants are unlimited & the resources are limited. Thus they want to choose products that gives them max. satisfaction.

Demands are wants for specific products backed by an ability to pay.

Ability to buy + willingness to buy
= Demand of a commodity.

Product :- is defined as a thing produced by labour or effort or the result of an act or a process. ⑤

Narrow concept

↳ a product is a bundle of physical or chemical properties which has some utility. It means an object that satisfies the needs of the customer.

Wider concept

↳ all brands, all the colours, all the packaging or all the designs of a product is taken to be as different products.

3. Customer Value & Satisfaction :-

Value means worth or importance.

$$\text{Customer's perceived value} = \frac{\text{Benefits deriving from a product}}{\text{Cost of acquiring the product}}$$

4. Exchange, Transactions & Relationship :-

The essence of mktg. is a transaction → an exchange intended to satisfy human needs & wants.

- Mktg. envisages Exchange is the act of obtaining a desired product from someone by offering something in return.
- When the exchange is completed, it is called a transaction.
- When a transaction is successfully completed, it builds a good relationship b/w a seller & a buyer.

5. Markets :- Beginning with the total population, various terms are used to describe the market based on the level of narrowing

- Potential Market → Those who have enough money to buy the product.
- Available market → Those in the potential market which are available for exchange of goods.

- Qualified Available Market :- Those in the market who are legally permitted to buy the product.
- Target Market :- The segment of the qualified market the firm has decided to serve. (The served market.)
- Penetrated Market :- Those in the target market, who have purchased the product.

6. Marketers :- One that sells goods or services in or to a market, especially one that markets a specified commodity.

7. Marketing Channels :-

In order to reach a target market, the marketers use 3 types of channels :-

→ Commⁿ Channels :- newspapers, magazines, radio, TV, mail, Telephone, Internet, etc.

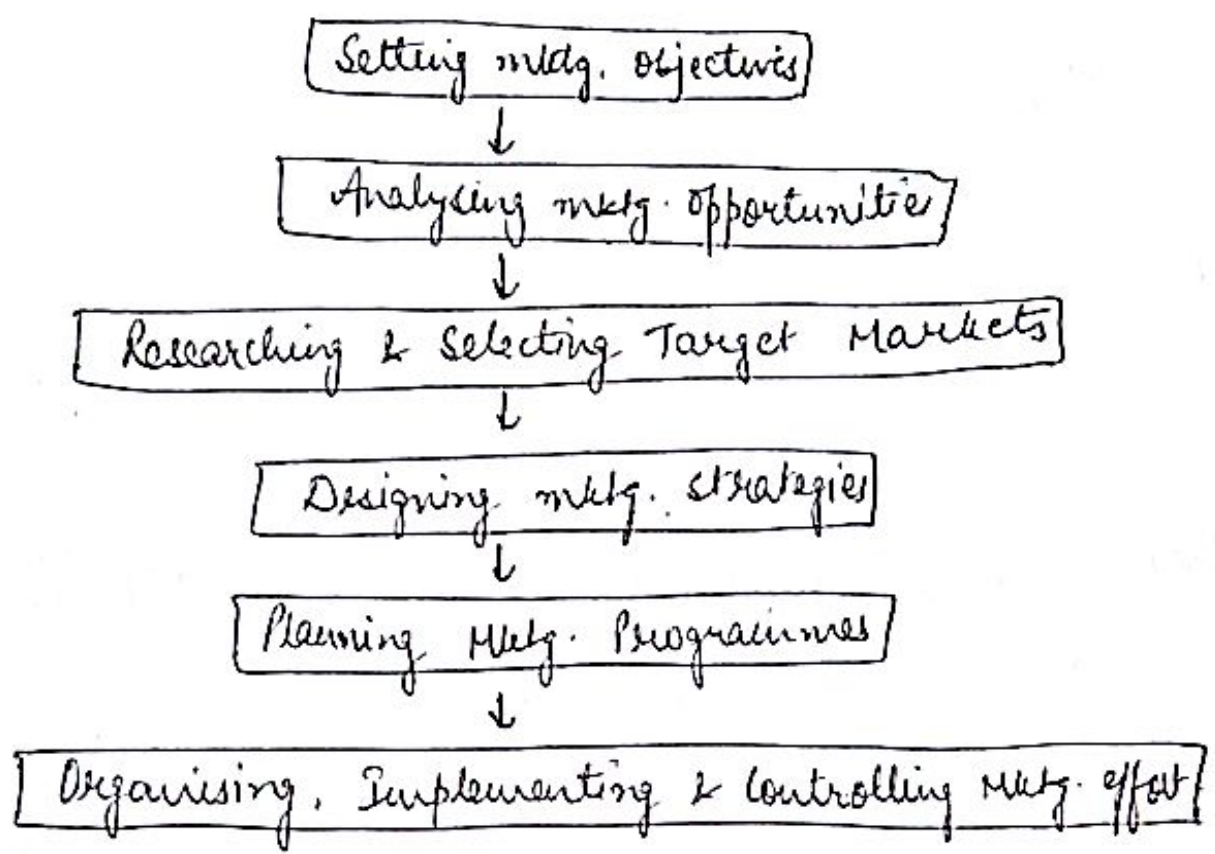
→ Distribution Channels :- Direct → (internet, mail, mobiles)
Indirect → (distributors, wholesalers, retailers & agents or middlemen).

→ Service Channels :- In order to carry out transactions with potential buyers, the marketers also use service channels → warehouses, transportation companies, banks & insurance companies.

Marketers use the best combination of above 3 channels.

Process of

Process of Marketing Management:-



Step 1:- Setting mktg. objectives:-

The mktg. org^{nal} mission provides the priorities for scanning the env. & finding out the opportunities.

Step 2:- Analysing mktg. opportunities:-

Analysing the company's strengths & weakness knowing the needs & wants of their customers, their location, buying & social practices.

Step 3:- Researching & Selecting Target mktg.:-

modern mktg. concepts call for dividing the markets into smaller segments, evaluating them, selecting & targeting certain ones & deciding on the company's positioning on each mktg.

Step 4:- Designing Mktg. Strategies:-

It consists of basic decisions on total mktg. mktg. mix & mktg. allocation.

4 P's → Product, Price, Place & Promotion.
(proper research).

Step 5:- Planning mktg. Programmes :-

Decisions regarding features, packaging, branding, servicing, policies etc has to be made.

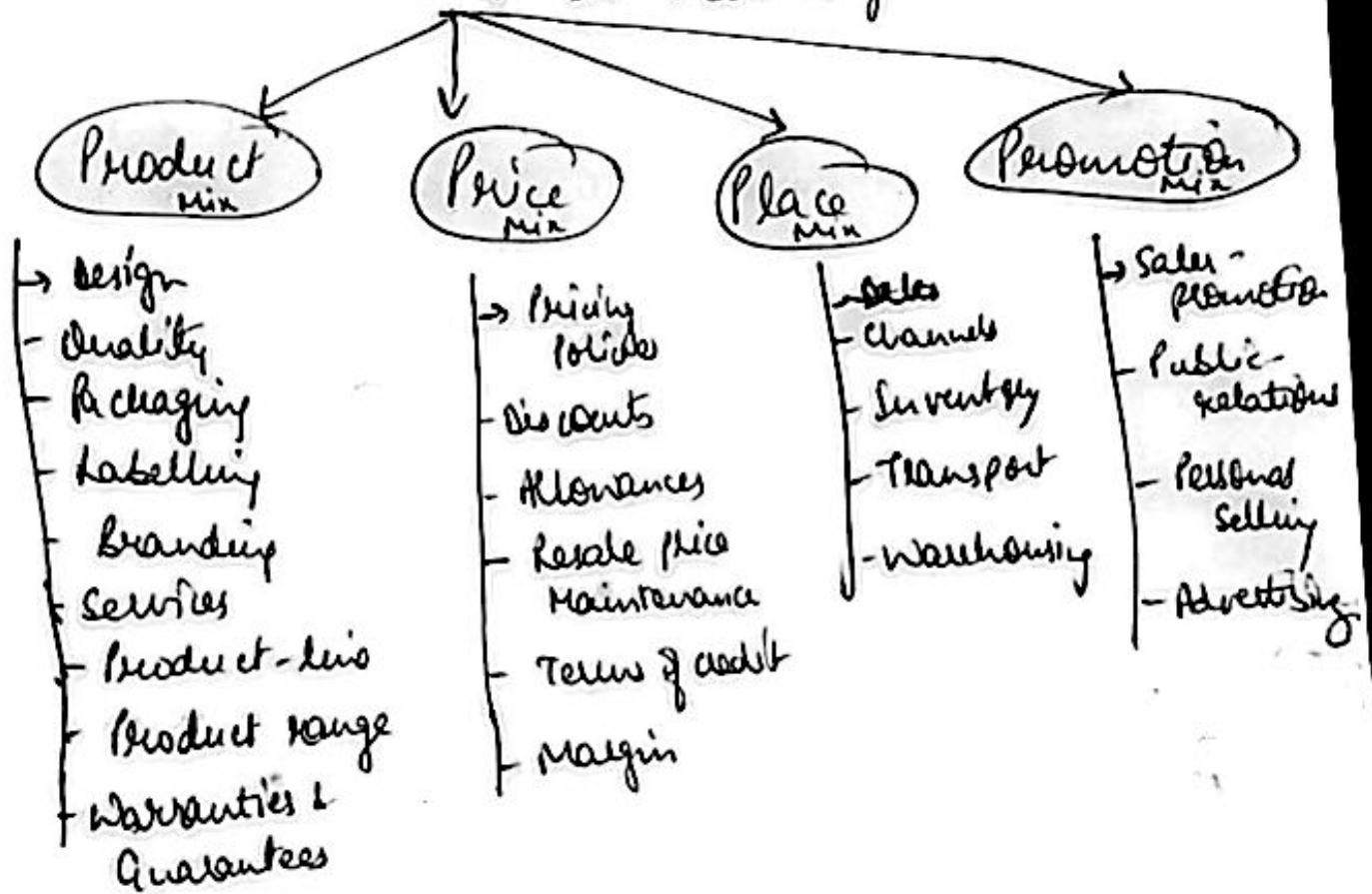
Also total mktg. budget has to be decided.

Step 6:- Organising, Implementing & Controlling mktg Effort:-

Marketing Mix :-

"Marketing mix is a set of controllable variables that a firm can use to influence buyer's response"
- Philip Kotler.

There are 4 variables/elements in Marketing Mix :-



① Product Mix variables :-

- Product Design :- A product's design properly enhances their utility, attractiveness, safety, etc. A product design is influenced by:
 - external appearance designed determined by size, shape, colour, utility, distinctiveness.
 - easy maintenance, durability, lower cost, higher reliability.
 - ability of the company to & its personnel to make design economic & profitable.
 - competitor's design of a product.

→ Product Quality :- In this case, the manufacturer of a product is facing the problem of changing the quality of a product to suit to the market. Even if the quality of a product is good, it is not enough to retain the customers for a long time. Hence quality should be improved with raised prices.

→ Product Packaging :- Packaging is the container used to protect the product. Packages protect the product against deterioration, preserve freshness & flavour, protect from climatic changes, diminishes loss from handling. For consumers, packaging keeps products clean & makes easy storage & handling.

A manufacturer must consider certain things while packaging:-

- nature of the product
- cost of packaging
- advertising value of packaging
- size & price
- legal requirements

→ Product Labelling :- Labels are fixed to products to identify them & to describe their ingredients, quantity, quality & other characteristics. It may be descriptive or informative or both.

- Details of manufacturer/company
- Place of manufacturing
- Date of manufacture
- Expiry date
- Batch no., etc.

→ Product Branding :- A brand is a symbol, a mark, a name which brings about an identity of a given product. It is a product image, a quality, a value, a personality. Products are identified & labelled with trademarks or brands. A good brand is the one which is easy to remember, pronounce, describe the product or its use, suggests product quality etc. Eg:- Usha fans, Brand name & the manufacturer is Jay Egg. which nobody knows.

Characteristics of a successful product
Philip Kotler

① Market

Marketing Environment

(9)

of goods
product
for

to Philip Kotler, "Mktg. env. refers to external factors and forces that affect the company's ability to develop & maintain successful relationship with its target customers".

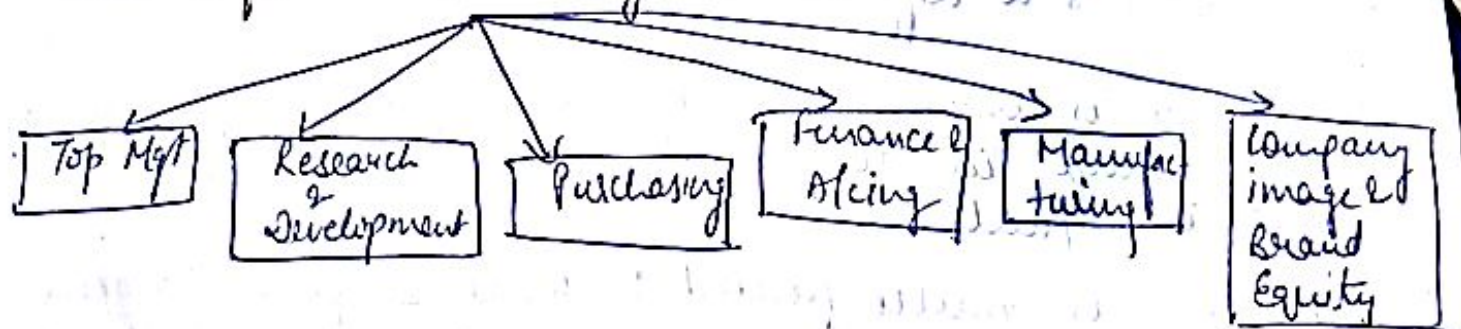
Characteristics / Features of Marketing Env. :-

- ① Mktg. env. is very complex :- It contains of large no. of factors, which are interrelated & interdependent. Any change in one factor may generate changes in other factors. Therefore predictability of env. becomes a difficult exercise.
- ② Mktg. env. is dynamic :- Mktg. env. is constantly changing in nature. Change in technology, competitor's strategy, etc make it difficult to react or sometimes.
- ③ Mktg. env. is multi-faceted :- What shape & character, a mktg. env. assumes depends on the perception of the observer. A particular change in the env. or a new development, may be viewed differently by diff. observers.
eg → 1 new tech may be a viewed as a good thing by one company & a threat by another firm.
- ④ Marketing Environment has a far-reaching impact :- The growth & profitability of an orgⁿ depends critically on the environment. Change has an impact on the orgⁿ in several different ways.



1. Internal Marketing Environment :-
 It refers to factors existing within a mktg. firm. Internal factors are generally regarded as controllable because a company has control over these. The orgⁿ can alter or modify such factors as its personnel, physical facilities, orgⁿ means - mktg mix to suit the env.

⇒ Following are the internal factors or controllable elements which influence the mktg. decisions :-



1. Top Management :- The orgⁿ structure, the BOD, etc. are imp. factors influencing business decisions. The business policy, business philosophy, direction of development are guided by the mission & objectives of the company.

2. Finance and Accounting :- Finance is concerned with funding & using funds to carry out mktg. plan. Financial factors like financial policies, financial position & capital structure are also imp. internal env. affecting business performances, strategies & decisions.

Accounting has to measure revenue & costs to help mktg know how well it is achieving its objectives.

Research & Development :- R & D focuses on designing safe & attractive products. R & D and technological capabilities, determine a company's ability to innovate & compete.

The class

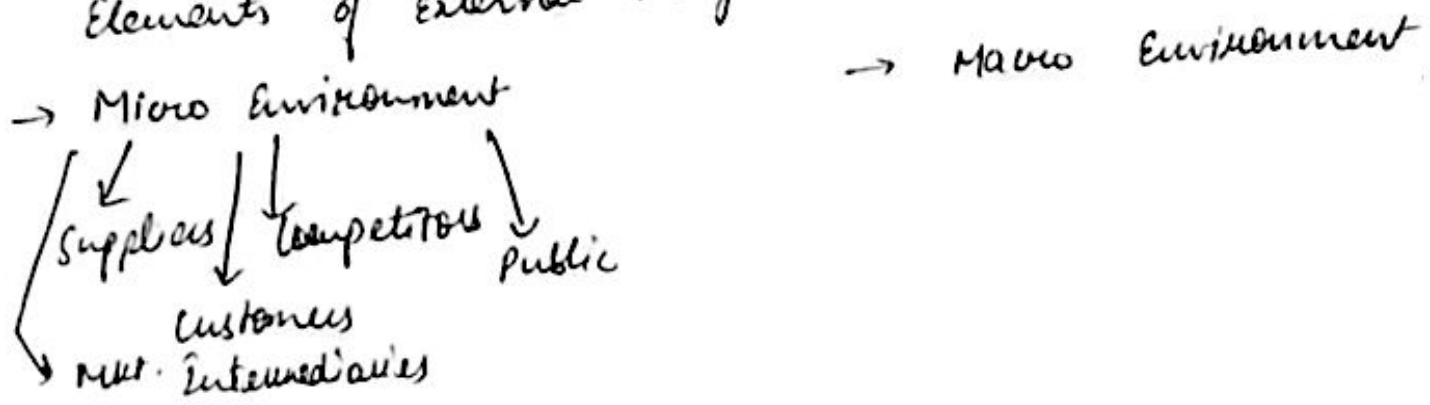
Manufacturing:- Manufacturing is responsible for producing the desired quality & quantity of products. Physical assets & facilities like the prodⁿ capacity, tech, distribution logistics, etc. are the factors which influence the competitiveness of a firm.

5. Purchasing:- It means procurement of goods & services from some external agencies. Success of every business activity depends upon the materials & parts, stores & supplies, machines & equipments available in proper quantity with proper quality at proper place & time and at proper price.

6. Company Image and Brand Equity:- The image of the co. matters while raising finance, forming joint ventures & other alliances, launching new products, etc.

2 External Marketing Environment
It refers to the factors existing outside the mktg firm. They are beyond the control of a company, hence are known as uncontrollable factors or elements. Uncontrollable factors are those which are outside of an orgⁿ and affect a marketer's ability to develop & maintain its mktg. strategies.

Elements of External mktg. env. :-



1. Suppliers :- The suppliers of a firm can also alter competitive position and marketing capabilities. These raw material suppliers, energy suppliers, supply of labour & capital. There should be a positive relation b/w suppliers & the firm.

2. Market Intermediaries :- Every producer has to choose no. of intermediaries in assisting them in promoting, selling & distributing goods & services to ultimate consumers. These intermediaries are middleman (wholesaler, retailer, agents, etc) ; distributing agency, market service agencies & financial institutions.

3. Customers :-

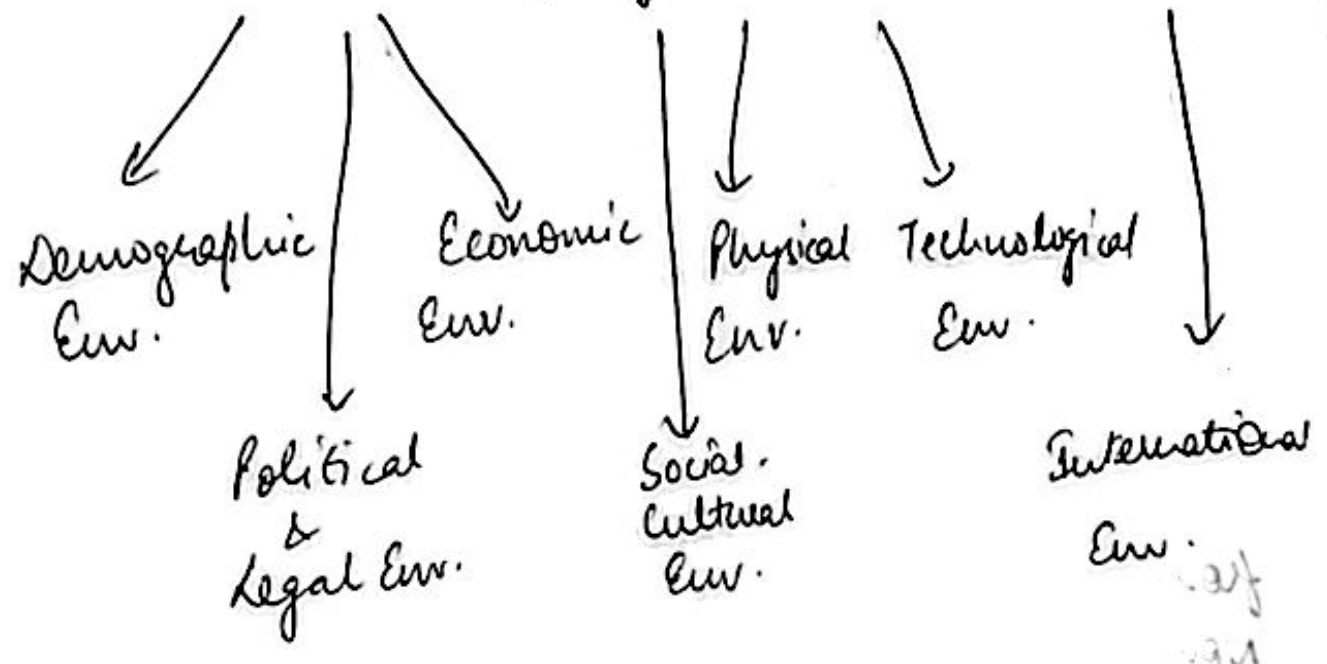
- a) ultimate customers → Individuals or households.
 - b) Industrial Customers → These are org^s which buy goods & services for producing other goods & services.
 - c) Resellers → These are intermediaries who purchase goods with a view to resell them at a profit. They may be wholesaler, retailer, distributor, etc.
 - d) Govt. and Other Non-Profit Customers :- These customers purchase goods & services to those for whom they are produced, for their consumption in most of the cases.
 - e) International Customers :- These are individuals & org^s of other countries who buy goods & services either for consumption or industrial use. They may be consumers, producer, reseller & govt.
4. Competitors :- They are those who sell the goods & services of the same or similar description, in the same market. Price & product differentiation.

Public:
the people
customers
open

Public: It is the duty of the company to satisfy the people at large along with its competitors & the customers. Public relations are certainly a broad mktg operation which must be fully taken care of. (11)

→ Macro Environment

↳ Refers to those factors which are not concerned to the immediate env. They are also uncontrollable and outside the company.



1. Demographic Env.:- Population → People make up the markets. Marketers are keenly interested in the size & growth rate of population in different regions, nations, age distribution & ethnic mix, regional characteristics, educational levels, etc. This things effect the organisation. When population increases, supply of the goods should also increase.

2. Economic Env.:- Means of prodⁿ & distribution wealth that have an impact on the business orgⁿ. Economic factors effect the spending power of people. Eco. development & growth affects the prodⁿ choice of customers.

Eg → If inflation occurs i.e prices of raw-materials, labours, electricity increases, the marketer will have no choice but to recover these from the customers in form of price hike.

∴ marketer should know:-

→ Per-capita Income

→ Gross National Product, etc

3. Physical Environment :- Components of physical forces are earth's natural renewal & non-renewal resources. Natural renewable forces are → forests, food products from sea or agriculture, etc.

Non-renewable sources are → oil, coal, minerals, etc.

Both these components affect the type of resources available to a marketer for prodⁿ.

Ex → India does not have enough petroleum reserves & imports petrol & other products. If a war occurs, India will be in trouble & import of petrol from Arabian countries - gulf countries would be limited.

4. Technological Environment :- Contains factors related to knowledge applied, & the materials & machines used in the prodⁿ of goods & services that have an impact on the business of an orgⁿ.

5. Political & legal Env.:- Development in political & legal field greatly affect the mktg. decisions. Ground mktg. decisions cannot be taken without taking into AC the govt. agencies, political party in power & in opposition, etc. Laws affect prodⁿ capacity, capability, product design, pricing & promotion.

Govt. has enacted laws:-

- To protect consumers
- To protect the society
- To prevent monopoly & restrictive trade practices & promotes competition.

6. Social & cultural Env.:- Social responsibility concept has come into emergence as an alternative for mktg. concept. Firms should not produce harmful products for society (eg → cigarettes or wine) & produce only what is beneficial to the society.

1:- It is necessary to view of the nature of environment as to how uncertain it is.

is it static or dynamic? simple or complex?

These help us deciding what focus of the rest of the analysis is to take.

Step 2:- Auditing environment helps to identify which of the many environmental influences have affected the organisation's development in the past.
Help for future analysis

Step 3:- Identifying key competitive forces through structural analysis helps to identify the key forces at work in the immediate or competitive environment & their significances

Step 4:- Identifying strategic position means to analyse the organisation's strategic position i.e how is the relation with the competitors.
It is done in following ways:-

- Competitor analysis
- Strategic group analysis, in terms of similarities & dissimilarities of the strategies they follow.
- The analysis of market segments & market power
- Building on growth analysis
- Attractiveness analysis.

Step 5:- Identifying key opportunities & threats helps to make strategies & key opportunities should be overcome

Objectives of Analysing the Mktg. Environment: (13)

- 1) Knowledge of Marketing environment is central to marketing management.
- 2) Strategic response to environment is possible only with proper Environment Analysis.
- 3) Spotting the opportunities and threats
- 4) Task involved in marketing environment analysis:-
It is the process of gathering, filtering and analysing information relating to the mktg. environment.

Process of Marketing Environment Analysis:-

