Marketing Management: Introduction

Marketing Management consists of all those activities through which business firms *create, promote and deliver* customer **value** better than the competitor in a socially responsible manner.

The meaning of marketing management has been changed as changes introduced in management thoughts; *Classical, Neo – Classical, & Modern.*

Accordingly, the concept of Marketing Management can be explained as follows:

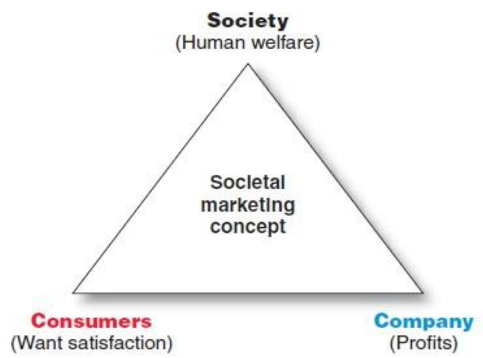
1. Production Concept: The basis of this concept is the emphasis on low production costs, high production efficiency and mass production (large volume of production) - simply said, a large amount of the cheapest goods. This concept is the oldest of the concepts in business. It holds that consumers will prefer products that are widely available and inexpensive. Managers focusing on this concept concentrate on achieving high production efficiency, low costs, and mass distribution. They assume that consumers are primarily interested in product availability and low prices. This orientation makes sense in developing countries, where consumers are more interested in obtaining the product than in its features.

2. Product Concept: The basis is an emphasis on the product quality, their technical processing and progressive innovation. This orientation holds that consumers will favor those products that offer the most quality, performance, or innovative features. Managers focusing on this concept concentrate on making superior products and improving them over time. They assume that buyers admire well-made products and can appraise quality and performance. However, these managers are sometimes caught up in a love affair with their product and do not realize what the market needs. Management might commit the “better-mousetrap” fallacy, believing that a better mousetrap will lead people to beat a path to its door.

3. Selling Concept: Selling concept appears in saturated or oversaturated market. According to that, the consumers badly concentrate on such market and the goods of given manufacturer buy, when the sellers are able to persuade them. It holds that consumers and businesses, if left alone, will ordinarily not buy enough of the selling company's products. Therefore, important part of this concept is the promotion and advertising. Company's aim is to sell what they make rather than make what the market wants.

4. Marketing Concept: In Marketing Concept the customers are seen as partners who have their needs, their views and attitudes and values. The basis is to recognize and meet their requirements and needs and to adjust the production range of the enterprise accordingly. It holds that the key to achieving its organizational goals (goals of the selling company) consists of the company being more effective than competitors in creating, delivering, and communicating customer value to its selected target customers. The marketing concept rests on four pillars: target market, customer needs, integrated marketing, and profitability.

5. Societal Marketing Concept: This concept holds that the organization's task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors (this is the original Marketing Concept). *Additionally, it holds that this all must be done in a way that preserves or enhances the consumer's and the society's well-being.*



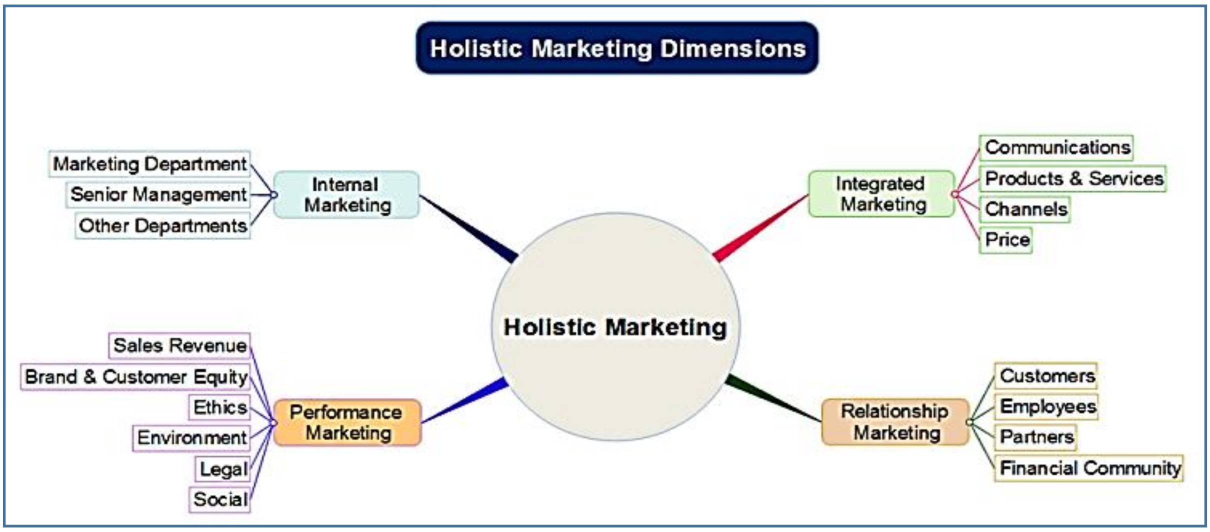
6. Holistic Marketing Concept: A holistic marketing concept is based on the development, design and implementation of marketing programs, processes and activities that recognize the breadth and interdependencies. Holistic marketing recognizes that 'everything matters' with marketing and that a broad, integrated perspective is necessary to attain the best solution.

Elements of Holistic Marketing Concept.

- **Relationship Marketing –** Relationship marketing has the fundamental aim of building mutually satisfying long-term relationships with key partners namely customer's suppliers, distributors and other marketing partners with a view to earn and retain their business.

New marketing initiatives under Relationship Marketing

- **Internal Marketing -** Internal marketing is aimed at catering to the specific needs of the business's own employees. Internal marketing ensures that employees are satisfied with the work they perform each day as well as the philosophy and direction of the organization as a whole. Greater satisfaction among employees leads to increased customer satisfaction over time, making internal marketing a key aspect of the holistic approach.
- **Integrated Marketing** - Many different marketing activities are employed to communicate and deliver value and all marketing activities are coordinated to maximize the joint effects. the design and implementation of any one marketing activity is done with all other activities in mind.
- **Performance Marketing -** Performance marketing requires understanding the financial and non-financial returns to business and society from marketing activities and programs.



What Is Marketed?

Marketers market 10 main types of entities: goods, services, events, experiences, persons, places, properties, organizations, information, and ideas.

Who Markets?

A marketer is someone who seeks a response—attention, a purchase, a vote, a donation—from another party, called the prospect. If two parties are seeking to sell something to each other, we call them both marketers.

MARKETS Traditionally, a "market" was a physical place where buyers and sellers gathered to buy and sell goods. Economists describe a market as a collection of buyers and sellers who transact over a particular product or product class (such as the housing market or the grain market).

Marketers use the term market to cover various groupings of customers. They view sellers as constituting the industry and buyers as constituting the market. They talk about need markets (the diet-seeking market), product markets (the shoe market), demographic markets (the youth market), and geographic markets (the Chinese market); or they extend the concept to cover voter markets, labor markets, and donor markets, for instance.

KEY CUSTOMER MARKETS

Consider the following key customer markets: consumer, business, global, and nonprofit.

Consumer Markets Companies selling mass consumer goods and services such as juices, cosmetics, athletic shoes, and air travel spend a great deal of time establishing a strong brand image by developing a superior product and packaging, ensuring its availability, and backing it with engaging communications and reliable service.

Business Markets Companies selling business goods and services often face well-informed professional buyers skilled at evaluating competitive offerings. Business buyers buy goods to make or resell a product to others at a profit. Business marketers must demonstrate how their products will help achieve higher revenue or lower costs. Advertising can play a role, but the sales force, the price, and the company's reputation may play a greater one.

Global Markets Companies in the global marketplace must decide which countries to enter; how to enter each (as an exporter, licenser, joint venture partner, contract manufacturer, or solo manufacturer); how to adapt product and service features to each country; how to price products in different countries; and how to design communications for different cultures. They face different requirements for buying and disposing of property; cultural, language, legal and political differences; and currency fluctuations. Yet, the payoff can be huge.

Nonprofit and Governmental Markets Companies selling to nonprofit organizations with limited purchasing power such as churches, universities, charitable organizations, and government agencies need to price carefully. Lower selling prices affect the features and quality the seller can build into the offering. Much government purchasing calls for bids, and buyers often focus on practical solutions and favor the lowest bid in the absence of extenuating factors.

MARKETPLACES, MARKETSPACES, AND METAMARKETS

The ***marketplace*** is physical, such as a store you shop in; the ***marketspace*** is digital, as when you shop on the Internet. Northwestern University's Mohan Sawhney has proposed the concept of a ***metamarket*** to describe a cluster of complementary products and services closely related in the minds of consumers, but spread across a diverse set of industries.

Metamarkets are the result of marketers packaging a system that simplifies carrying out these related product/service activities. The automobile metamarket consists of automobile manufacturers, new and used car dealers, financing companies, insurance companies, mechanics, spare parts dealers, service shops, auto magazines, classified auto ads in newspapers, and auto sites on the Internet.

Some important terminologies to understand Marketing Management:

1. Need: Needs are the basic human requirements such as for air, food, water, clothing, and shelter. Humans also have strong needs for recreation, education, and entertainment.

Types of Need:

- Stated Need
- Real Need
- Unstated Need
- Delight Need
- Secret Need

2. Want: These needs become wants when they are directed to specific objects that might satisfy the need.

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

Eight demand states are possible:

- ***Negative demand***- Consumers dislike the product and may even pay a price to avoid it. (Hospitals, Life Insurance)

- ***Nonexistent demand*** – Consumers may be unaware or uninterested in the product. (Pager, Typewriter)
- ***Latent demand*** – Consumers may share a strong need that cannot be satisfied by an existing product. (Private Auto rickshaws)
- ***Declining demand*** – Consumers begin to buy the product less frequently or not at all. (CD Players, Picture Tubes)
- ***Irregular demand*** – Consumer purchases vary on a seasonal, monthly, weekly, daily, or even hourly basis. (Fire Crackers, Ice Creams)
- ***Full demand*** – Consumers are adequately buying all products put into the marketplace. (Ideal Situation where supply = demand)
- ***Overfull demand*** – More consumers would like to buy the product than can be satisfied. (Energy, Maruti Swift which still has a waiting list)
- ***Unwholesome demand*** – Consumers may be attracted to products that have undesirable social consequences. (Drugs, Cigarettes)

4. Offering: Companies address customer needs by putting forth a physical value proposition (a set of benefits) that satisfy those needs, that physical value preposition is offering (Product, Service. Information & Experience).

5. Brand: A brand is an offering from a known source.

6. Segmentation: Dividing the market into parts by identify and profile distinct groups of buyers who might prefer or require varying product and service mixes by examining demographic, psychographic, and behavioral differences among buyers.

7. Targeting: After identifying market segments, the marketer decides which present the greatest opportunities— which are its target markets.

8. Positioning: Creating a distinct image in the mind of each target market, the firm develops a market offering that it positions in the minds of the target buyers as delivering some central benefit(s).

9. Value: Perceived tangible and intangible benefits and costs to customers.

Satisfaction – Cost = Benefit
Dissatisfaction – Cost > Benefit
Customer Delight – Cost < Benefit

10. Satisfaction: Comparative judgment between performance and expectation of goods and services.

Satisfaction – E = P
Dissatisfaction – E > P
Customer Delight – E < P

11. Exchange: Value creating process

12. Transaction: trade of values when exchange takes place

13. Marketing Channels: A marketing channel is the people, organizations, and activities necessary to transfer the ownership of goods from the point of production to the point of consumption.

14. Supply Chain: A supply chain is a network between a company and its suppliers to produce and distribute a specific product to the final buyer. This network includes different activities, people, entities, information, and resources. The supply chain also represents the steps it takes to get the product or service from its original state to the customer.

Difference between Customer and Consumer:

BASIS FOR COMPARISON	CUSTOMER	CONSUMER
Meaning	The purchaser of goods or services is known as the Customer.	The end user of goods or services is known as a Consumer.
Resell	A customer can be a business entity, who can purchase it for the purpose of resale.	No

Purchase of goods	Yes	Not necessary
Purpose	Resale or Consumption	Consumption
Price of product or service	Paid by the customer	May not be paid by the consumer
Person	Individual or Organization	Individual, Family or Group of people