

Marketing



Definition of Marketing

Marketing is a management process which is responsible for identifying, anticipating and satisfying customer wants at a profit.

- Chartered Institute of Marketing U.K

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

- American Marketing Association

Company orientations towards the marketing place

- Production Concept
- Product Concept
- Selling Concept
- Marketing Concept
- Societal Marketing Concept

The Production Concept

The production concept holds that consumers will prefer products that are **widely available and inexpensive**.

They try to achieve high production efficiency, low costs and mass distribution

Eg: Medical & Dental products

Issues: Impersonal and poor quality service

The Product Concept

The product concept holds that consumers will favour those products that **offer the most quality, performance or innovative features**.

Focus on making superior products and can appraise quality and performance

Issues: Might get caught in quality issues without realising that the customer doesn't need them

The Selling Concept

The selling concept holds that **consumers and businesses, if left alone, will not buy enough of the organisation's products**. The organisation must therefore, undertake an aggressive selling and promotion effort.

Eg: Insurance and political parties

Issues: The aim is to sell what they make rather than make what the market wants.

The Marketing Concept

The marketing concept holds that the key to achieving its organisational goals consist of the company **being more effective than competitors in creating, delivering and communicating consumer value to it's target markets.**

"Putting People First", "Meeting needs profitably"

The Marketing Concept

The Selling concept

Factory → Products → Selling/promoting → Profits thru sales

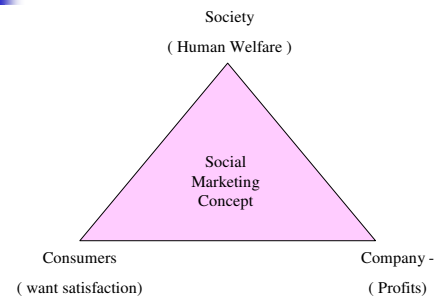
The Marketing concept

Target Mkt → Cust. needs → Marketing → Profits thru Cust. Satisfaction

Societal Marketing Concept

The Societal Marketing concept holds that the organisation's task is to **determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than the competitors in a way that preserves or enhances the consumer's and the society's well being.**

Social Marketing Concept



What are consumers' Needs, Wants and Demands?

- **Needs** – State of felt deprivation including physical, social and individual needs. i.e. Hunger
- **Wants** – form that a human need take as shaped by culture and individual personality.
- **Demands**- Human wants backed by buying power.

Demand States

- Negative demand
- No demand
- Latent demand
- Declining demand
- Irregular demand
- Full demand
- Overfull demand
- Unwholesome demand



Marketing Research

Marketing research is

- *the process of defining a marketing problem & opportunity,*
- *systematically collecting and analyzing information*
- *& recommending actions to increase an organization marketing activities.*



Need for market research

- ✓ To find out market share for existing products of a company
- ✓ To find out the market potential for a product which the organization hopes to launch in the future
- ✓ To understand competitor behavior
- ✓ To understand how consumer's needs and want are changing
- ✓ To understand business trends and market trends



Types of marketing Research

Product Research

- ✓ Customer acceptance of new products and existing products
- ✓ Comparison with competitor products and features

Marketing research

- ✓ Analysis of market potential for existing product
- ✓ Forecasting demand ,sales for products
- ✓ Study of market trends, characteristics of marketing



Types of marketing Research

Price research

- ✓ Analysis of elasticity of demand
- ✓ Analysis of costs and profit margins

Sales promotion research

- ✓ Analysis of effectiveness of salesman other sales promotion methods and other methods

Distribution research

- ✓ The location and design of distribution centers
- ✓ Analysis of packing for transportation and shelving



Benefits of marketing research

- ✓ Make better marketing and financial decision
- ✓ Better understand customer expectations so better satisfy them better
- ✓ Correct position of products
- ✓ Understand competitor activities and be better prepared
- ✓ Ability to adapt to change in the macro environment



Characteristic of good market research

- ✓ Well structured
- ✓ Scientific methods applied
- ✓ Creativity and innovation used to solve research problem
- ✓ Multiple methods been used
- ✓ Ethical marketing

Research process

- ✓ Defining the problem
- ✓ Locating the problem
- ✓ Design the research
- ✓ Analyzing
- ✓ Reporting the findings to the management



SWOT and issue analysis of the product line.



In SWOT, strengths and weaknesses are internal factors.

For example:

A strength could be:

- Your specialist marketing expertise.
- A new, innovative product or service.
- Location of your business.
- Quality processes and procedures.
- Any other aspect of your business that adds value to your product or service.

A weakness could be:

- Lack of marketing expertise.
- Undifferentiated products or services (i.e. in relation to your competitors).
- Location of your business.
- Poor quality goods or services.
- Damaged reputation.

In SWOT, opportunities and threats are external factors.

For example:

An opportunity could be:

- A developing market such as the Internet.
- Mergers, joint ventures or strategic alliances.
- Moving into new market segments that offer improved profits.
- A new international market.
- A market vacated by an ineffective competitor.

A threat could be:

- A new competitor in your home market.
- Price wars with competitors.
- A competitor has a new, innovative product or service.
- Competitors have superior access to channels of distribution.
- Taxation is introduced on your product or service.

Issues Analysis

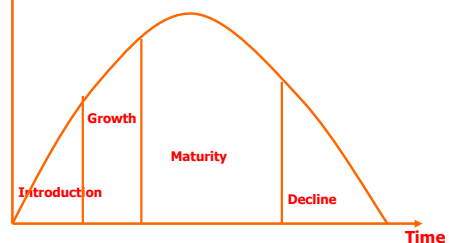
It uses the **SWOT** analysis to define the main issues that the plan must address

For example:

Should increase Advertising , R and D ,
Switch channels , stay in the same business.

Product Life Cycle

Turn Over / Profit



4 stages of the product life cycle

- Introduction
- Growth
- Maturity
- Decline

Introduction

- Demand is low
- Heavy expenditure in introducing product
- High prices can be charged
- Only a limited distribution exists
- Single or limited product range

Growth

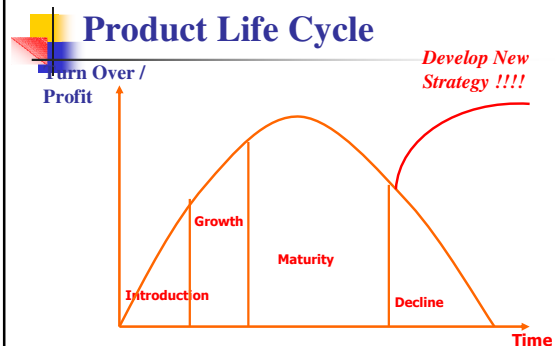
- Demand for the product builds
- Product design improves
- Advertising & sales promotion are still important
- The distribution network expands
- Competition between rival producers intensifies
- The range of products widens
- The marketing focus switches to seeking to differentiate the firm's product and brand
- Prices fall; profits improve

Maturity

- Longest stage in the life cycle of most successful products
- Purchases settle down
- Demand has reached a limit
- In general prices fall
- A good distribution network exists
- Further advertising, product design changes

Decline

- The product declines as superior substitutes replace it
- Sharp profit reductions
- Many firms will have already found alternative industries (or exit)
- Demand, price starts to fall
- The product disappears from the market



Developing Marketing Strategies

The Marketing Mix

Definition :

The set of controllable variables and their levels that the firm uses to influence the target market.

- Phillip Kotler

Market Segmentation

- Many ways to slice the cake
- Demographic
 - Industry
 - Company size
 - Location
- Operating Variables
 - Technology
 - Areas of focus
 - User/nonuser status
 - Non, light, medium or heavy
 - Customer capabilities
 - Requiring many or few services
- Purchasing approaches
 - Purchasing-function organisation
 - Centralised or decentralised
 - Nature of existing relationships
 - General purchase policies
 - Leasing, Service contracts,
 - Purchasing criteria
 - Quality, price or service oriented
- So what do you have to do?

Market Positioning

- Perceived status of company or product
 - It exists in people's heads
- The building of relationships to secure and communicate your desired positioning
 - This is something that you do
- It is the market that positions you, so what can you do about it?



Differentiation as a Strategy

- Product
 - Features
 - Performance quality
 - Design
- Service
 - Installation
 - Warranty
- Personnel
 - Knowledge
 - Style
- Image
 - Credibility
- Channel
 - Speed
 - Ease