



Marketing Management

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Foundations of marketing – what do we learn today?

- What is marketing
- History of marketing and marketing theory
- School of thoughts and „types“ of marketing
- What is marketing – **ONCE MORE**
- Definitions of marketing
- Basic concepts of marketing
- Marketing management – „Ps“ of marketing management

How was it in the beginning?...

Jagdish N. Sheth, David M. Gardner: History of Marketing Thought: an Update, 1982

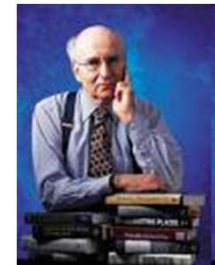
Traditional marketing – 2 axioms:

- Marketing is an economic activity and is a subset discipline of economics = MKT concepts (institutions, functions, products, managerial and environmental perspectives) are restricted to economic behaviour of people – „no marketing of places, no marketing of ideas, no marketing of celebrities.....“
- The initiator of marketing activities and programs is the marketer and not customer = marketer can influence, manipulate and control market behaviour through marketing skills and organization

- <http://www.jagsheth.net/docs/History%20of%20Marketing%20Thought-An%20Update.pdf>

Marketing school of thoughts

- MANAGERIAL SCHOOL or MARKETING MANAGEMENT – how to manage??? 4 or 5 or 7 „Ps“ (Philip Kotler as a guru) from the late fifties



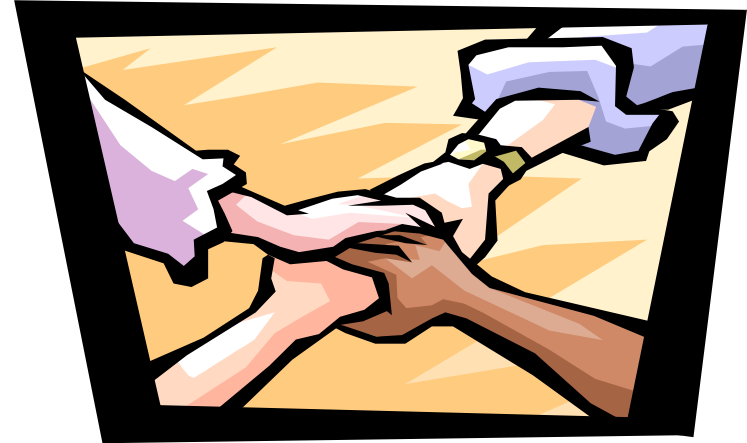
- CONSUMER/BUYER BEHAVIOUR SCHOOL

- SOCIAL EXCHANGE SCHOOL (focuses on exchange as the fundamental concept of marketing) Emerson and Cook (



“Of course I can accept you for who you are.
You are someone I need to change.”

The goal of marketing is to facilitate exchanges



Requirements for exchange:

- Two or more parties (voluntary involved)
- Parties have unsatisfied wants/needs
- Parties have something of value to exchange
- Each party has something other party wants
- Means of Communication & delivery (marketing!)

Requirements for Market Exchange

- A “marketplace”
- A medium of exchange
- Specialization of labour
- Marketing management/coordination





What is Market-Oriented?

“Marketing...is the whole business seen from the point of view of its final result, that is, from the **customer's** point of view.”

--Peter Drucker

+ other exchange partners' view



Marketing is...



- Research
- Identifying a **real** need and offering a product or service (**VALUE**) to address that need
- Knowing everything about your 'customers(**PARNTERS**)
- Communicating
- Assessing yourselves and your competition
- Building relationships
- Gaining profit.....

Some definitions of marketing

- the task of creating, promoting, and delivering goods and services to consumers and businesses.



- Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

American Marketing Association 2004





Other definitions

- 'Marketing is a social and managerial process by which **individuals and groups obtain what they want** and need through creating, offering and exchanging products of value with others'
Kotler 1991
- "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**"
American Marketing Association

Scope of marketing

- Places
- Properties
- Organizations
- Information
- Ideas
- Goods
- Services
- Experiences
- Events
- Persons





The Marketing Mix

- The conventional view of the marketing mix consisted of four components: ***product, price, distribution and promotion.***
- Generally acknowledged that this is too narrow today; now includes service, processes, technology...
- Marketers today are focused on virtually all aspects of the firm's operations that have the potential to affect the ***relationship*** with customers.



Other Marketing concepts

Production Concept

Efficiency issues

Mass production

narrow product-line(s)

- pricing based on the costs of production and distribution
- research limited to technical product-research
- packaging designed primarily to protect the product
- minimal promotion and advertising, limited to raising awareness of the existence of the product
- consumers more interested in simply obtaining the product, and less in its quality

Product concept

Assumption : consumers will buy it if it's cheap

Makes sense when little differentiation is demanded


Makes sense for price sensitive segments

- the main focus of the company is on the products being like improving it, adding features to it, making the product superior each time assuming that customers will buy the products because they have greater quality.

- the first thing that is considered is the **function** that the product is going to serve. It is also reviewed as to how many models or sizes or **variants** the product is going to have. This product can be a physical good or a service.



Selling concept

- Company relies on sales talent
 - May result in high pressure sales tactics
 - Makes more sense when new product's benefits are hard to understand
 - Businesses concentrates on ways of selling the products.
 - Numerous sales techniques such as closing, probing, and qualifying are used and the sales department has an exalted position in a company's organizational structure.
 - Other promotional techniques like advertising, and sales promotions are taken intensively.
 - Packaging and labeling is used for promotional purposes more than protective purposes.
 - Pricing is usually based on comparisons with competitors (called competitor indexing).
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Marketing concept

- **late 1960s and early 1970s**
- **Extensive use of marketing research**
- **Broad product lines**
- **Emphasis on a product's benefits to customers rather than on product attributes**
- **Use of product innovation techniques**
- **The offering of ancillary services like credit availability, delivery, installation, and warranty**