MARKETING MANAGEMENT

WEEK 1: INTRODUCTION TO MARKETING

Marketing is the process of creating and resolving exchange relationship. It is the activity, set of institutions and processes for creating communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large.

Marketing Management is the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communication superior value.

Marketing Tasks (STP)
1. Segmentation: identify and profile distinct groups of buyers
2. Market targeting: select one or more market segments to enter because of limited resource and capacity
3. Market positioning: for each establish and communicate benefits of offering

Marketing Tools (4P): product, price, place and promotion
Marketing Processes
- Situation analysis
- Strategy formulation
- Planning, organizing and budgeting for marketing programs
- Marketing implementation
- Measuring marketing performance: awareness, advertising campaign, price and quality

Company Orientation

1. **Production Orientation** (value benefit)
   Customer will favour the organization whose products are <u>the cheapest and the most readily available</u>.
   - Focus on achieving high production efficiency, low costs, mass distribution
   - Relevant where - demand > supply
     - product's cost is too high
   - Use this concept when they want to expand market
2. **Product Orientation**
   Customer favour products offering <u>the most quality, performance, innovative features</u>.
   - Focus on - build better mouse-trap
     - customer may not value improved features especially if other elements of marketing mix are not attractive (a new/ improved product will not necessary be successful)
   - Danger of this concept is that the marketplace might shift

3. **Selling Orientation** (push > pull strategies)
   Customer will not buy enough of the firm's product unless it undertakes large scale promotional efforts
   - Focus on aggressive promotion (ads, personal selling, discount, sales)
   - ***Needs of the seller***
   - Used with
     - unsought goods: those offering that people do not normally think of buying
       e.g. insurance, cemetery plots
     - unsold inventories
     - firms with overcapacity aim to sell what they make rather than make what the markets want.
     - Tends to encourage sellers to misrepresent the true nature of their products (over promise and under deliver)
     - Transactional rather than relational approach
   - Don't do this if you want to build customer relationship

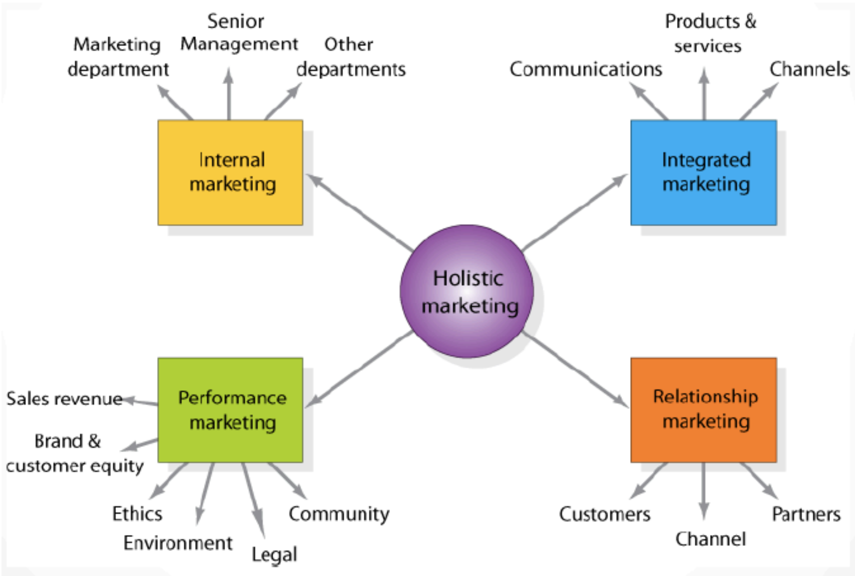
4. **Marketing Orientation**

Achieving firm's goals depend on determining needs and wants of target markets delivering the desired satisfaction more efficiency and effectively than competitors

- Focus on - customer's needs and wants
  - competitor intelligence
  - inter-functional coordination
- ***Needs of the buyer***
- Outcomes: customer satisfaction and long-term relationships
- Problem: time of operation may miss customers' expectation

5. **Holistic Marketing**

- Based on the development, design, implementation of marketing programs, processes and activities
- Acknowledge that everything matters in marketing



Internal Marketing

- Task of hiring, training and motivating employees who want to serve customer well.
- Marketing succeeds only when all departments work together to achieve customer goals.
- 'think customer'

Integrated Marketing

- Many different marketing activities communicate and deliver value
- When coordinated, marketing activities maximise their joint effect

Relationship Marketing

- Aims to build mutually satisfying long term relationships with customers, employees, marketing partners, financial community members
- Outcome: 'marketing network'

Performance Marketing

- Understanding the financial and nonfinancial returns to business and society from marketing activities and programs

Societal Marketing Orientation

Customer will respond most readily to firms which are socially responsible and have concern for the well-being of society

- Focus on - customer needs and wants
  - society long term interests
- Marketing concept overlooks possible conflicts between consumer short term wants and long term welfare e.g. cigarettes, gambling, fast food
- Problem: too expensive for customer e.g. organic food

Core Marketing Concepts

1. **Needs, Wants and Demands**
    - Needs: basic human requirements e.g. air, food, water
    - Wants: specific satisfy the needs (our wants are shaped by our society)
    - Demand: wants for specific products backed by an ability and willingness to buy
        - Unwholesome: undesirable consequences e.g. tobacco, alcohol
        - Irregular: unpredictable → environmental price e.g. mango, umbrella, cloth
        - Declining: e.g. taxi declines when Uber comes
        - Negative: what we need but we dislike e.g. exercise, dentist
2. **Target Markets, Positioning and Segmentation**
    - Marketers identify distinct segments of buyers
    - Decide which segment present the greatest opportunities
    - For each of these target markets, the firm develops a market offering that it positions in target buyers' minds as delivering some key benefits
    - E.g. Volvo develops its cars for the buyer to whom safety in a major concern, positioning them as the safest a customer can buy
3. **Offering & Brands**
    - Companies address customer needs by putting forth a value proposition
    - The intangible value propositions are made physical by an offering which can be a combination of products, services, information and experiences.
    - Experiences, events, properties, organisations, information, ideas
    - A brand is an offering from a known source
    - All companies strive to build a brand image with as many strong, favourable and unique brand associations as possible
4. **Value & Satisfaction**
    - Customer-perceived value (CPV): based on difference between the benefits the customer gets and costs they assume for different choices.
    - Value proposition consists of the whole cluster of benefits the company promises to deliver.
    - Indeed, marketing cannot create value, but we facilitate it, only receive by the customers through their experiences.

Determinants of CPV

BENEFIT: image → personnel → services → product → total customer benefit

COST: psychological → energy → time → monetary → total customer cost

Choose the value → provide the value (product, price, place) → communicate the value (promotion)

Strategic marketing (STP, needs, CPV & value proposition)

Tactical Marketing (4P)

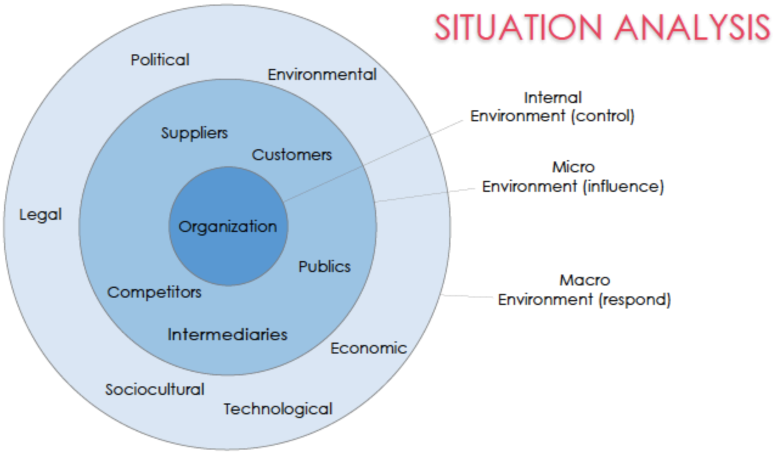
↓

Customer delivered value

WEEK 2: MARKETING PLANS/ MARKETING ENVIRONMENT (PORTER'S FIVE FORCES, PESTEL, SWOT)/ MARKETING STRATEGY

The Marketing Plan: written statement of a marketing strategy and the time-related details for carrying out the strategy.

1. **Executive Summary**
   - 1-2 page summary
   - Purpose
   - Method of investigation
   - Findings
   - recommendations
2. **Situation Analysis**



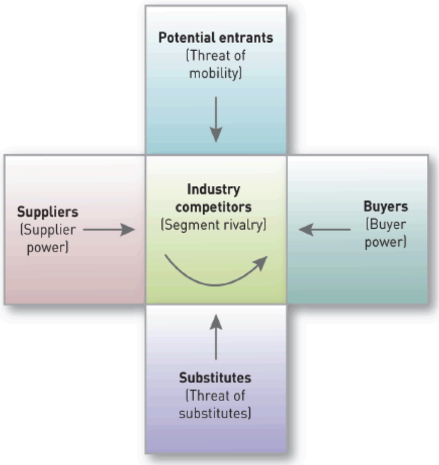
2.1 Internal Environment (control) - organisation

2.2 Micro Environment (influence, can control) – 5 forces, industry, competitor

- **Company's internal environment**
  - Area inside a company
  - Affects marketing department's planning strategies
  - All departments must 'think customer' and work together to provide superior customer value and satisfaction
- **Suppliers**
  - Provide resources needed to produce goods
  - Important link in the 'value deliver system'
  - Most marketers treat suppliers like partners
- **Marketing intermediaries**
  - Help company to promote, sell, distribute goods to buyers
    - Resellers e.g. 7-11
    - Physical distribution firms e.g. Amazon
    - Marketing services agencies
    - Financial intermediaries e.g. PayPal
- **Competitors**
- **Publics**
  - Group that has an interest in/ impact on an organisation's ability to achieve objectives
  - E.g. media, banks, local communities

Internal Analysis

5 forces



1. **<u>Bargaining Power of Suppliers</u>**: monopoly e.g. diamond industry

<u>Supplier is the most power when</u>

- Input available from a small number of suppliers
- Unique: costly to switch suppliers
- Input don't represent a significant portion of supplier's business. If supplier doesn't depend on your business.
- Suppliers can sell directly to customers
- Difficult to switch to another supplier
- Don't have a full understanding of supplier's market, you are less able to negotiate if you have little information about market demand, price and costs.

<u>Reduce bargaining</u>

- Increase your power by forming a buying group of small producers to buy as one large-volume customer

2. **<u>Bargaining Power of Buyers</u>**

- Effect that your customer has on the profitability of your business
- Create value for both seller and buyer

<u>Buyer is more power when</u>

- Many small sellers & few and large buyers
- Product represents a relatively large expense for your customer
- Customers have access & can evaluate market information
- Product is not unique
- Customer could make your product themselves
- Customer can easily with little cost, switch to another product

<u>Reduce the bargaining</u>

- Increase their loyalty to your business through partnerships/ loyalty programs

3. **<u>Potential Entrants (Threat of New Entrants)</u>**

<u>The threat of new entrants is greatest when</u>

- Processes are not protected by regulations
- Customers have little brand loyalty
- Start-up costs are low for new businesses entering
- Product provided are not unique
- Switching costs are low
- The production process is easily learned