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MIDOCEAN
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Marketing Management & Marketing Function lecture-1

Marketing Management
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Learn outcomes

What is Marketing?

Marketing Defined

Marketing Management

Explain the marketing functions

What is Marketing?

- ☐ Marketing is the delivery of customer satisfaction at a profit.
- ☐ 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.
- ☐ Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

The Goal of Marketing is:

- ☐ To attract new customer by promising superior value, and to keep current customers by delivering satisfaction.
 - ☐ Success dependent upon marketing functions
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- Many people think of marketing only as selling and advertising.
 - Selling and advertising are only the tip of the marketing iceberg.
 - Marketing is one of 4 key core functions that are central to all organizations.

Why Study Marketing?

- ◆ **Plays an important role in society**
- ◆ **Vital to business survival, profits and growth**
- ◆ **Offers career opportunities**
- ◆ **Affects your life every day**
- ◆ **Better-informed consumers**
- ◆ **Demand for customer satisfaction**

Marketing Defined

- **Marketing is the process by which companies create value for customers and build strong customer relationships to capture value from customers in return.**
- **‘Marketing is the management process that identifies, anticipate and satisfies customer requirements profitably’**
- **‘The right product, in the right place, at the right time, and at the right price’**



Marketing Defined

- **Marketers act as the customers' voice within the firm and marketers are responsible for many more decisions than just advertising or sales:**
 - **Analyze industries to identify emerging trends.**
 - **Determine which national and international markets to enter or exit.**
 - **Conduct research to understand consumer behavior.**
 - **Design integrated marketing mixes – products, prices, channels of distribution, and promotion programs.**

Marketing Defined cont.

To explain marketing definition, we examine the following important terms :

- **Needs, wants, and demands**
- **Products and services**
- **Value, satisfaction and quality**
- **Exchange, transactions, and relationships**
- **Markets**

Needs, Wants, and Demands

Needs:

- The most basic concept underlying marketing is that of human needs.
- Human needs are states of felt deprivation.
- Human have many complex needs:
 - Physical needs for food, clothing, warmth, and safety
 - Social needs or belonging and affection
 - Individual needs for knowledge and self – expression

Needs, Wants, and Demands cont. ..

Wants:

- Want are the form taken by human needs as they are shaped by culture and individual personality.
- People have almost unlimited wants but limited resources.
- They want to choose products that provide the most value and satisfaction for their money.

Demands:

- When backed by buying power, wants become demands.
- Consumers view products as bundles of benefits and choose products that give them the best bundle for their money.

Products and Services

Product:

- Anything that can be offered to a market to satisfy a need or want.
- The concept of product is not limited to physical objects – anything capable of satisfying a need can be called a product.

Services:

- In addition to tangible goods, products also include services, which are activities or benefits offered for sale that are essentially intangible and do not result in the ownership of anything.

Values, Satisfaction, and Quality

Values:

- Customer value is the difference between the values the customer gains from owning and using a product and the costs of obtaining the products.
- Customers often do not judge product value and costs accurately or objectively. They act on perceived value.

Satisfaction:

- Customer satisfaction depends on a product's perceived performance in delivering value relative to a buyer's expectation.
- If the product's performance falls short of the customer's expectations, the buyer is dissatisfied.

Values, Satisfaction, and Quality cont. ..

Quality:

- Customer satisfaction is closely linked to quality.
- Quality has a direct impact on product performance.
- Quality can be defined as “freedom from defects”.
- TQM programs designed to constantly improve the quality of products, services, and marketing processes.

Exchange, Transactions, and Relationships

Exchange :

- The act of obtaining a desired object from someone by offering something in return

Transaction :

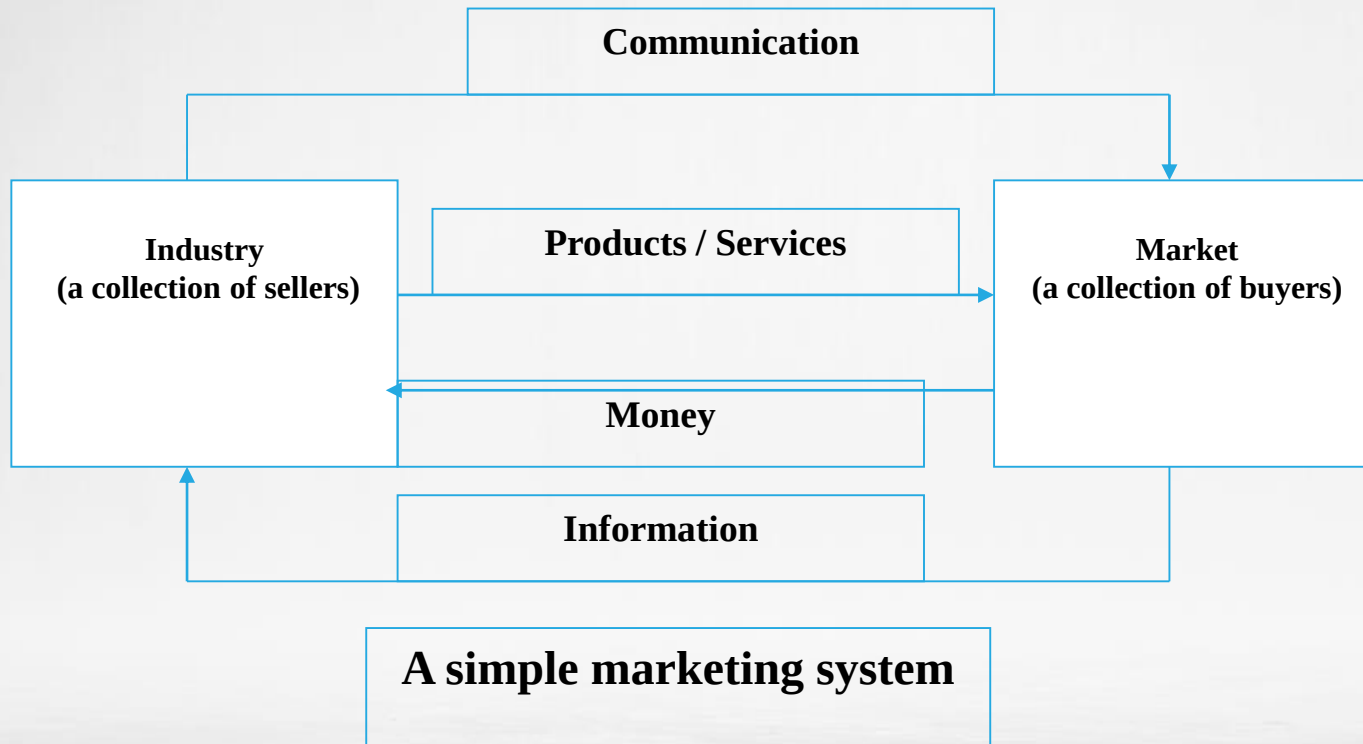
- A trade between two parties that involves at least two things of value, agreed – upon conditions a time of agreement, and a place of agreement.

Relationship marketing :

- The process of creating, maintaining, and enhancing strong, value – laden relationships with customers and other stakeholders

Markets

The set of all actual and potential buyers of a product or service



Originally a “market” was a place where buyers and sellers gathered to exchange goods (such as a village square).

Marketing Management

The analysis, planning, implementation, and control of programs designed to create, build, and maintain beneficial exchanges with target buyers for the purpose of achieving organizational objectives.

What is Marketing Management?

- ❑ Marketing management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.

- **Developing marketing strategies**
- **Capturing marketing insights**
- **Connecting with customers**
- **Building strong brands**

- **Shaping market offerings**
- **Delivering value**
- **Communicating value**
- **Creating long-term growth**

Marketing management process

- ❖ Analysis/Audit - where are we now?
- ❖ Objectives - where do we want to be?
- ❖ Strategies - which way is best?
- ❖ Tactics - how do we get there?
- ❖ Implementation - Getting there
- ❖ Control - Ensuring arrival

Marketing Management Involves:

- **Demand Management :**

The organization has a desired level of demand for its products. At any point in time, There may be no demand, adequate demand, irregular demand, or too much demand, and marketing management must find ways to deal with these different demand states.

- **Building Profitable Customer Relationships :**

Beyond designing strategies to attract new customers and create transactions with them, companies now are striving to retain current customers and build lasting customer relationships.

MARKETING MANAGEMENT PHILOSOPHIES

- The role that marketing plays within a company varies according to the overall strategy and philosophy of each firm.
- There are five alternative concepts under which organizations conduct their marketing activities:
 - Production concept
 - Product concept
 - Selling concept
 - Marketing concept
 - Societal marketing concepts

Production Concept

The philosophy that consumers will favour products that are available and highly affordable and that management should therefore focus on improving production and distribution efficiency.

Product Concept

The philosophy that consumers will favour products that offer the most quality, performance, and innovative features.

Selling Concept

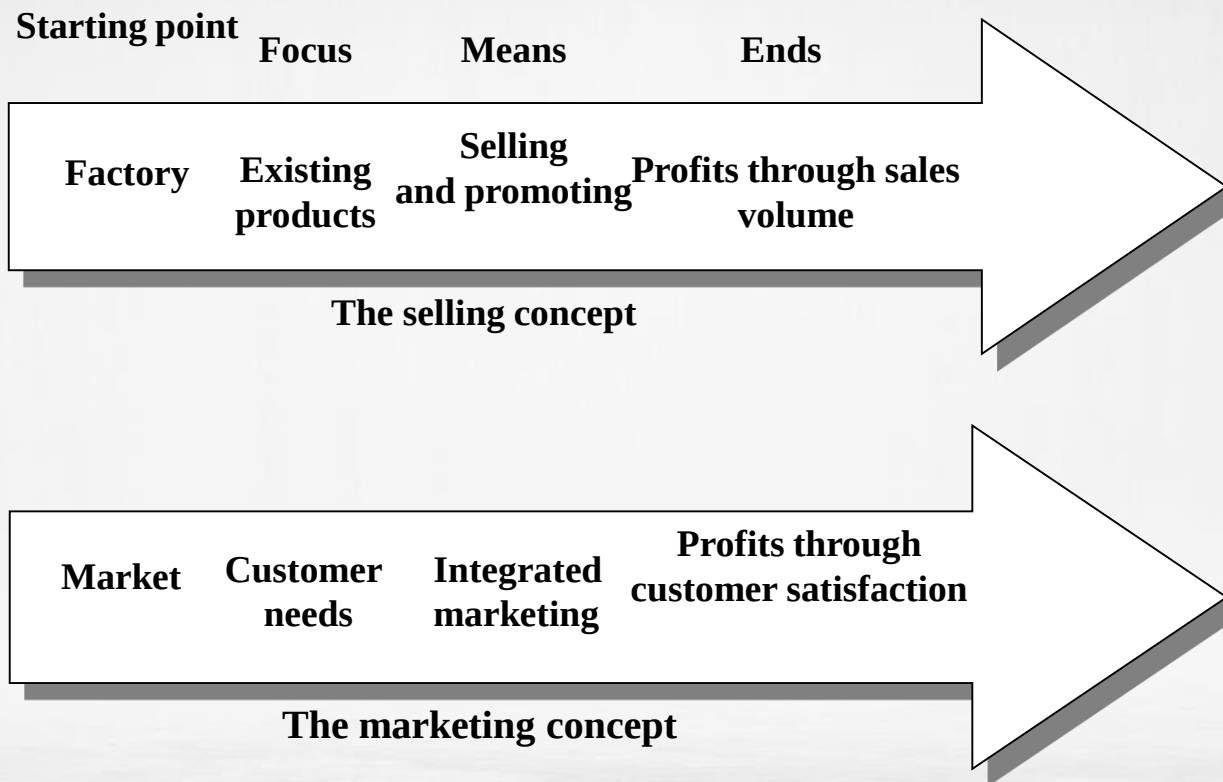
The idea that consumers will not buy enough of the organization's products unless the organization undertakes a large – scale selling and promotion effort.

Marketing Concept

The marketing management philosophy that holds that achieving organizational goals depends on determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors do.

Chapter-1

The selling and Marketing Concepts Contrasted

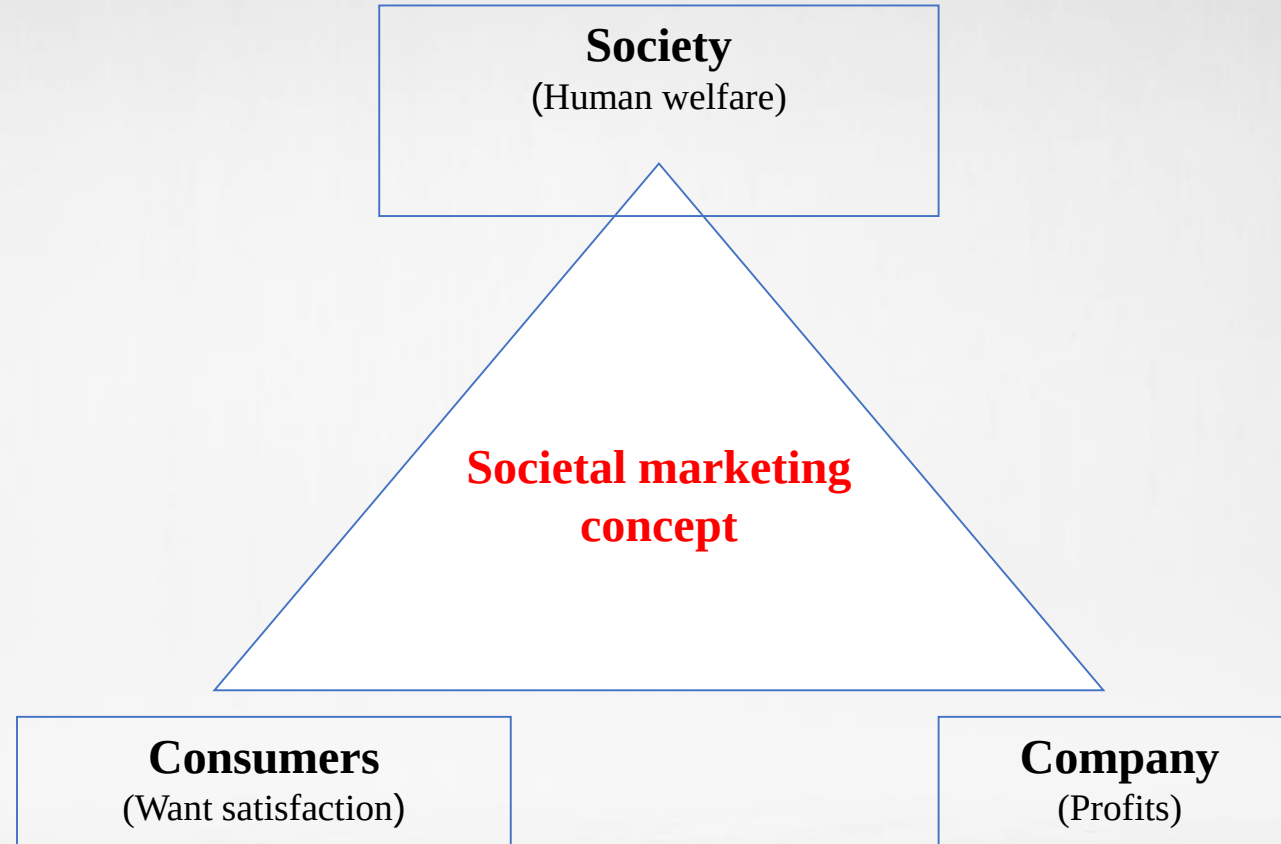


Societal Marketing Concept

The idea that the organization should determine the needs, wants, and interests of target markets and deliver the desired satisfactions more effectively and efficiently than competitors in a way that maintains or improves the consumer's and society's well – being.

Chapter-1

Three Considerations Underlying The Societal Marketing



What Are the Marketing Functions?

- Interrelated activities working together to get products from producers to customers

1. Product/Service management
2. Marketing information management
3. Pricing
4. Channel management
5. Promotion
6. Selling



Product/Service Management

- Obtains, develops, maintains, and improves product/service mix
- Plans, directs, and controls a product's life cycle
- Generates ideas for new products
- Improves or updates existing products
- Removes products from the market

Importance of Product/Service Management

- Helps to determine the business's image/brand
- Must offer products that customers want and need

- **Gathers, accesses, synthesizes, evaluates, and disseminates information**

Importance of Marketing-Information Management

- **Prevents guessing**
- **Helps businesses to:**
 - ✓ **Learn about their customers**
 - ✓ **Predict the future**
 - ✓ **Find out if customers are satisfied**

Pricing

- **Determines and adjusts prices to:**
 - ✓ Maximize return
 - ✓ Meet customers' perceptions of value

Importance of Pricing

- **Affects how well a product will sell**
- **Impacts how much profit the business will make**
- **Must set prices customers are willing to pay**
- **Helps decide when to adjust prices**
- **Must cover costs**

Channel Management

- Identifies, selects, monitors, and evaluates sales channels
- Puts products in the customers' hands

Importance of Channel Management

- Gets products from producers to customers
- Makes products available when and where customers want to buy
- Determines which channel members should do

Promotion

- **Communicates information about goods, services, images, and/or ideas to achieve a desired outcome**
- **Informs, persuades, or reminds customers about a business and/or its products**
- **Uses a variety of methods to communicate with customers**

Importance of Promotion

- **Helps create the business's image**
- **Tells customers about products**
- **Generates product demand**



Selling

- Determines client needs and wants
- Responds through planned, personalized communication
- Influences purchase decisions
- Enhances future business opportunities
- Provides customers with the products they want

Importance of Selling

- Involves contact with customers
- Meets customers' needs
- Sells customers the most appropriate products
- Benefits businesses, customers, and society

Marketing Functions' Important Roles

- To carry out a business's marketing plan
- To attract the target customer to the business

- **Growth Of Non-profit Marketing**
- **The Information Technology Boom**
- **Rapid Globalization**
- **The Changing World Economy**
- **The Call For More Ethics And Social Responsibility**

The New Marketing Landscape

The past decade taught business firms everywhere a humbling lesson.

- * Domestic companies learned that they can no longer ignore global markets and competitors.**
- * Successful firms in mature industries learned that they cannot overlook emerging markets, technologies, and management approaches.**
- * Companies of every sort learned that they cannot remain inwardly focused, ignoring the needs of customers and their environment.**