

Executive Certificate Program in Advanced Product and Brand Management

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What's your idea about Marketing?

Before we proceed Let's break some myths about Marketing?

- Marketing is all about *selling*
- Good Products *don't need marketing*
- More *I spend* on marketing, the more *I attract*
- Marketing will get results *right away*
- Marketing is a *waste of money*
- More customers I *target* the more I can *sell*

Marketers Vs Prospects?

A *Marketer* is someone who *seeks a response- attention, a purchase, a vote, a donation* – from another party (*Prospect*)

Defining Marketing

Social Process

Organizational
Function

Marketing as Social Process

A societal process by which an *individual* and *groups* obtain what they *need* and *want* through *creating, offering* and *freely* exchanging *products* and *services* of *value* to others. (Kolter *et al.*, 2013)

Exchange of Value



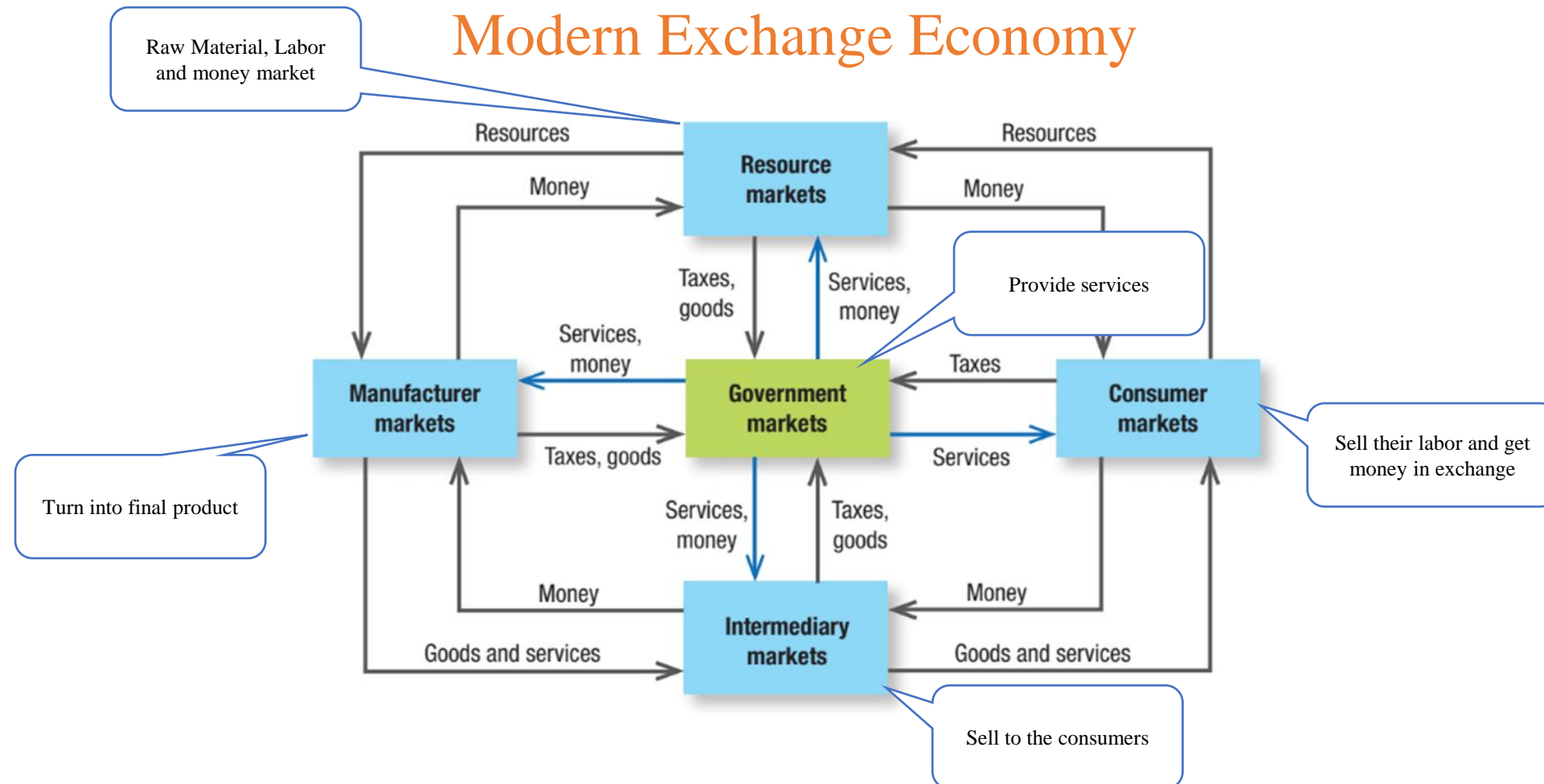
Conditions for Exchange

- There should be *at least two parties*.
- Each party should have *something* which has *value* for other party.
- Each party is capable of *communication* and *delivery*
- Free to *accept* or *reject* the offer.
- Each party believes that it is *appropriate or desirable* to involve in the exchange with the other party.

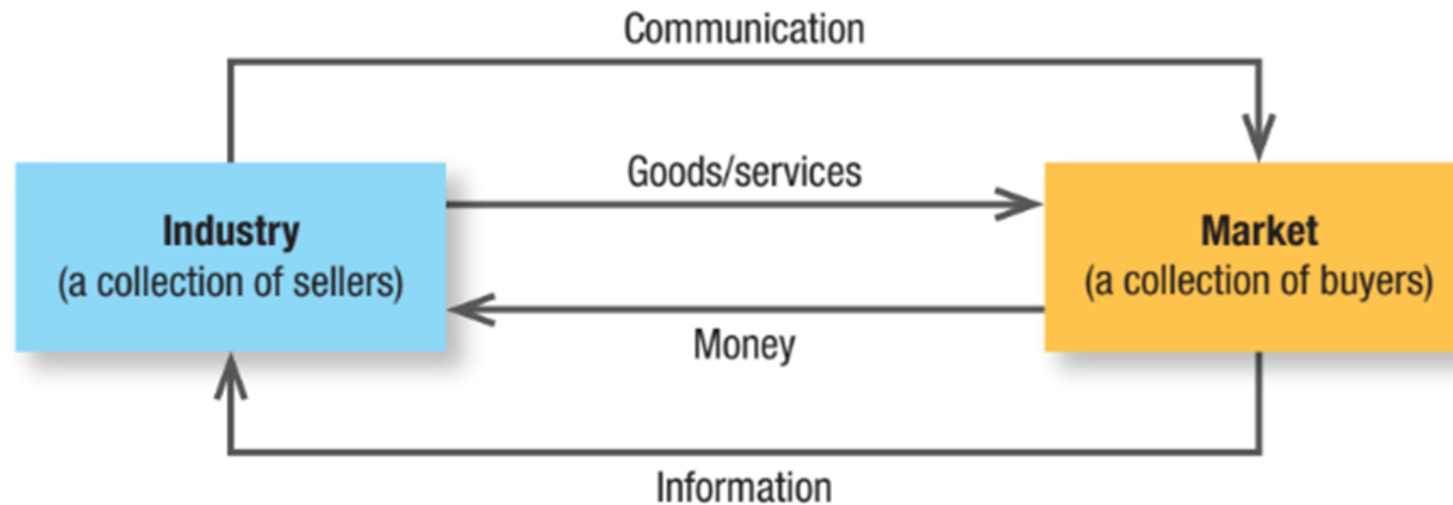
Basic Markets?

- *Resource* Markets
- *Manufacturer* Markets
- *Consumer* Markets
- *Intermediary* Markets
- *Government* Markets

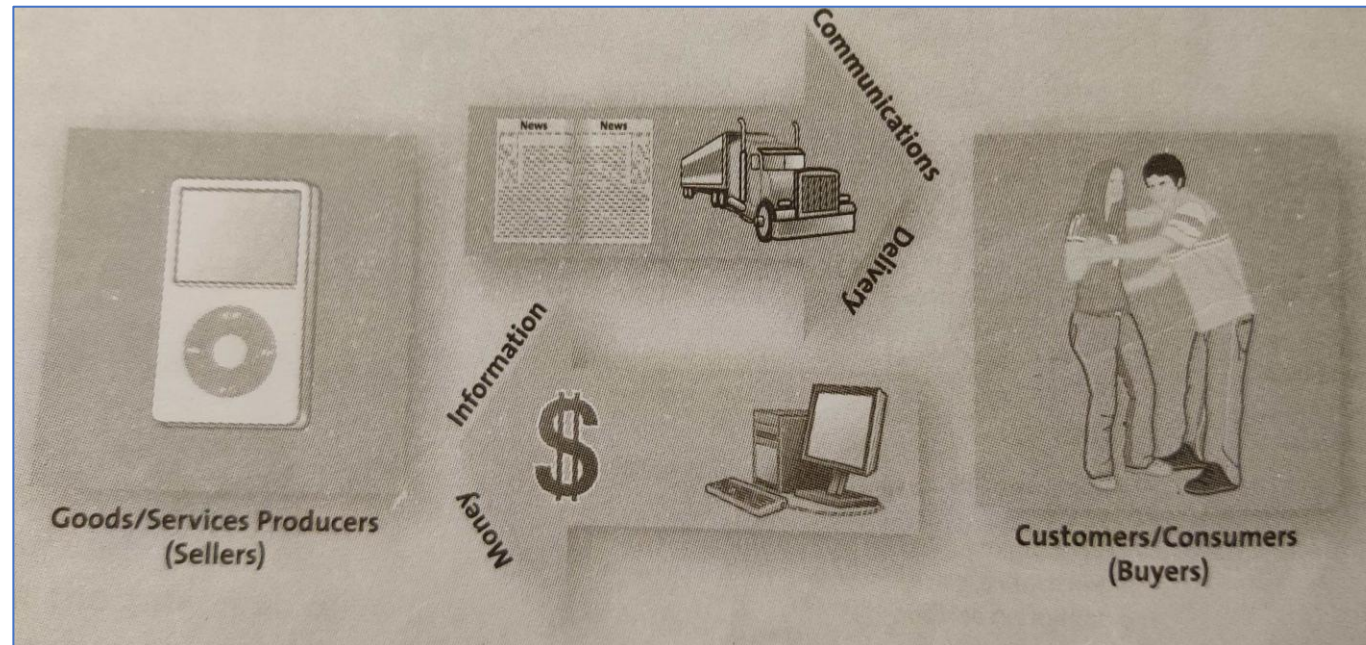
Modern Exchange Economy



Simple Marketing System

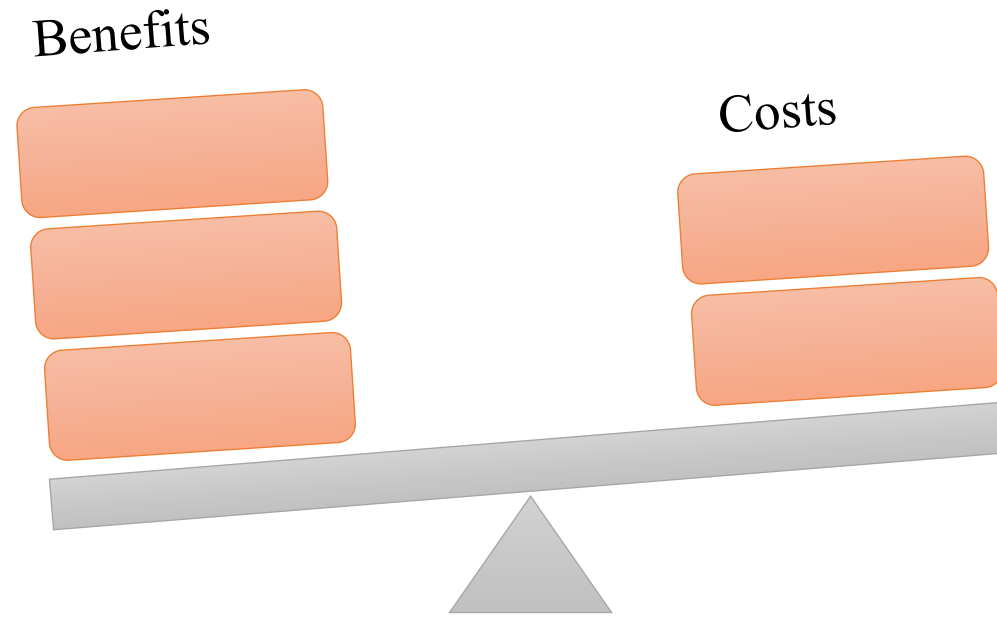


Core Aspects of Marketing



What's your idea of Value?

What is Value?



How do you buy a *product or service* ?

Do you think that cost is always *monetary*?

Value

Benefits

1. Functional Benefits
2. Emotional Benefits

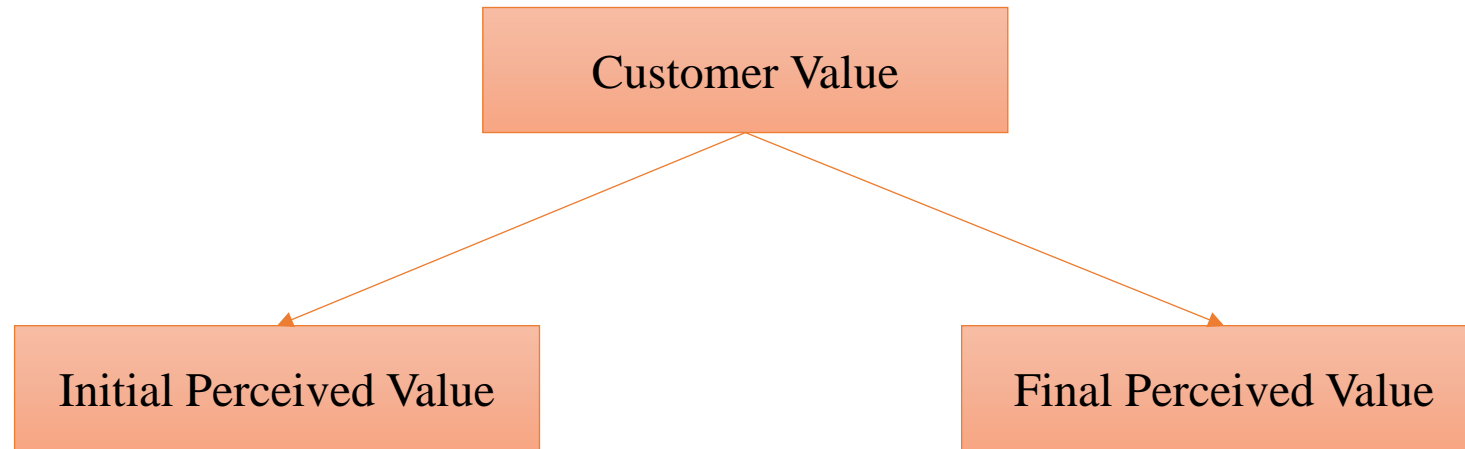
Costs

1. Monetary Costs
2. Non-monetary Costs

People do not buy product; they buy “*Value*”

In Marketing, what is *offered* to the *customers* ought to be *value*, *not just some product and its features*.

It is known as **customer value**.



Customer Value

1. Initial Perceived Value:

- In *consideration stage of purchase*, customer makes *an assessment* of the *value and the cost* he may incur from the transaction. Analyzing both, he sizes up the *ultimate value* he may gain from the transaction (*Initial Customer Value*)

Only if the initial perceived value is attractive, the buyer will proceed further with his purchase

Customer Value

2. Final Perceived Value:

- The *customer's actual experience* with the product starts only after it has *reached his hands*.
- By then, he has *already incurred the costs*, which perhaps *more than* what he had *initially plan* for.
- Some benefits he had *expected* from the product many *not have been found* in the product.

Customer Value

2. Final Perceived Value:

- Now, the customer makes an *assessment* of the *final situation*.
- **Knows:** *total cost* he has incurred and the *total value* he has received

$$\text{Final Perceived Value} = \text{Total Benefits (Value)} - \text{Total Costs}$$

When will a person perceive *higher value*?

What should a company do to *enhance value*?

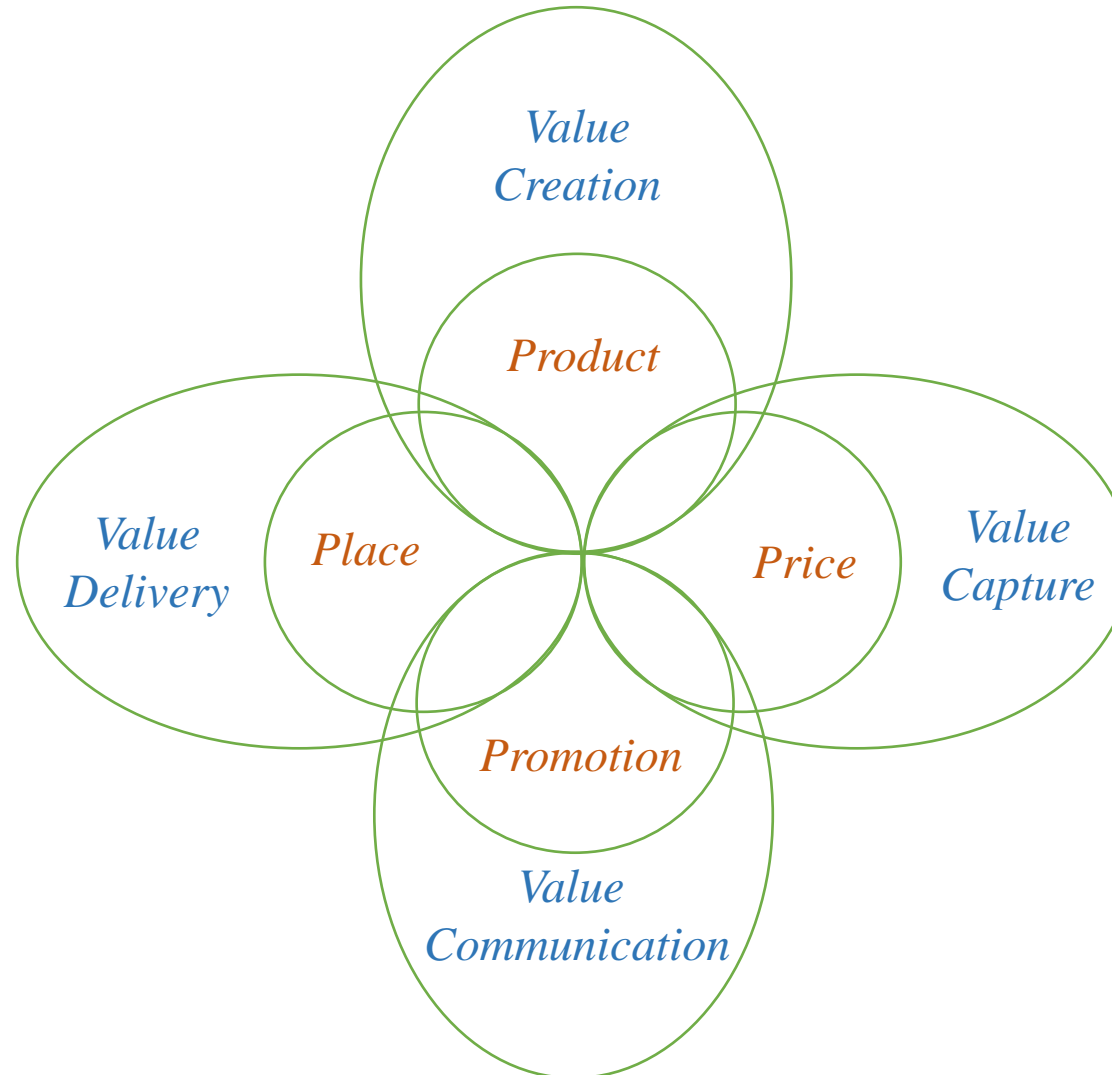
Do you think that the *cheapest/low price* product will always be
accepted as value by the customers?

In case of *electric vehicle*, how you will proceed in *reference to value*.

Put Simply, Marketing is all about *'meeting human needs profitably'*

American Marketing Association

“Marketing is an *organizational function* and *a set of processes* for *creating, capturing, communicating, delivering* and exchanging offerings that have *value* for *customers, clients, partners* and *society at large*”



Do you think *Marketing* and *Selling* are different?

Key Differences

Selling	Marketing
It start with the <i>seller</i> and focused on the <i>needs of the seller</i> and <i>their existing products</i>	It starts with the <i>buyers and focuses constantly on their needs.</i>
Seller is the <i>centre of the business</i> universe.	<i>Buyer is at the centre</i> ; activities follow the buyer and his needs
Emphasis is on <i>saleable surplus</i> available with company.	Focuses on <i>identification of customer need/market opportunity</i> . Aim to covert “ <i>need</i> ” into “ <i>product</i> ”

Million Dollar Question: Will other functions matter if there is no sufficient demand for products and services?

That's why they say, Marketing Matters.

Decoding the concept of **Market**, **Marketplace** and **Marketspace**

- Market: A place where the *sellors* and *buyers* meets to buy and sell goods and services.
- Marketplace and Marketspace: physical (*Place*) Vs virtual (*Space*)

Marketplace Vs Marketspace

- Marketspace and Marketplace are the *marketing platforms* through which the products and services are *bought and sold*.
- *Marketspace* offers products and services through a *digital platform (online)*, the *marketplace* allows the buying and selling of goods and services through a *physical platform or real existing market*.
- *Marketplace*: Retail outlets, supermarkets; *Marketspace*: eBay

What is Marketed?

- Goods (*Physical, tangible*)
- Services
- Events (*E.g., IPL*)
- Experiences (*E.g., Theme Park*)
- Persons
- Places
- Properties
- Organization
- Information (*E.g., Coursera, Edx*)
- Ideas

What is Marketed?

https://www.youtube.com/watch?v=sGBr_6tjavU

https://www.youtube.com/watch?v=_weVwAhe9jI

Core Concepts of Marketing

Need, Wants and Demand:

- *Need*: Basic human need
- *Want*: Need becomes a want when it is directed to a specific product that might satisfy the need. (*Our wants are shaped by our society*)
- *Demand*: are the *want* for *specific products* backed by *an ability to pay*

Need : Food

Want: *Chicago Style Pizza (USA), Rice with lamb and carrot (Afghanistan)*

Demand: If you have money, going and asking the shopkeeper for it

E.g., Mercedes

Do Marketers *Create Needs*?

At best, *Marketers* can *validate and understand needs*. Marketers *can't create needs*.

Marketers *can not create needs*, whereas *marketers can create wants*.

E.g., transport is *basic need* for all, but marketers has *created different wants* to fulfil this need

People *buy what they need* or *what they want* ?

People across India need *healthy hair*. For this need, a person in a *rural area* would want *a simple hair oil* while a *woman in an urban city* might want something that's *not as sticky as hair oil*. So, therefore, probably a serum

Evolution of Marketing Concepts

- *Production concept:*
 - Consumers prefer products that are *widely available and inexpensive*, focus on *reducing costs and mass production*.
 - The assumption is that *consumers go solely by price*
 - However, a consumer *actually go by a variety of considerations* besides price.
 - The production concept fails to serve.

Evolution of Marketing Concepts

- *Product concept:*
 - Here, companies believe “*product excellence*” is supreme thing.
 - They are *obsessed* with the *product*; *its quality* and *its features* more than the customers’ *need and want*.
 - Consumers buy those products that offer utmost *quality and performance*.

Issue: *Marketing Myopia*

Evolution of Marketing Concepts

- *Marketing Myopia:*
 - Professor Theodore Levitt
 - *Short sighted view* of the business
 - Caused by an *excessive emphasis* of the firm *on product*
 - *Ignore the customer* and the fact that the product is just a means to *satisfy the need* of customer

E.g., *Nokia, Blackberry*

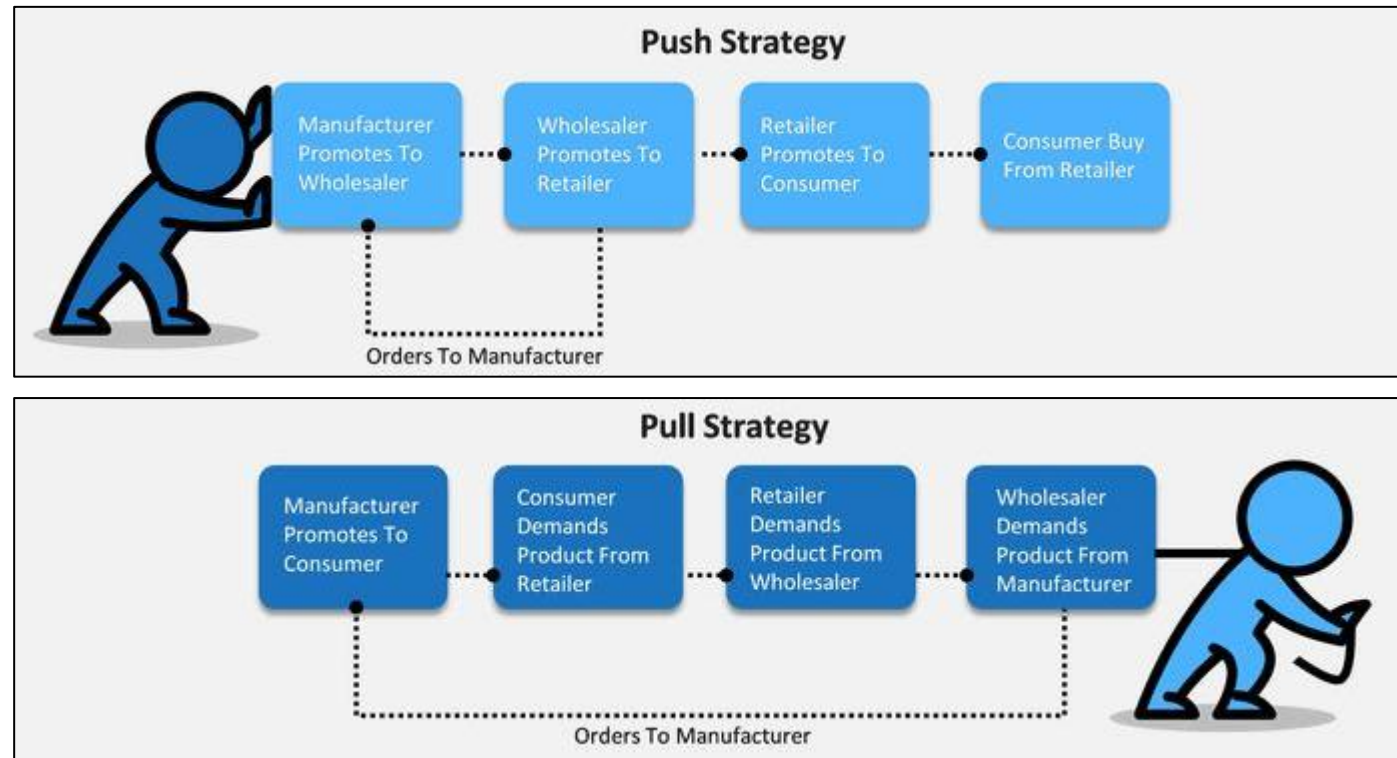
Evolution of Marketing Concepts

- *Selling Concept:*

- Don't leave the *customer alone*, keep *pushing* to sell.
- Former CEO of Coca Cola Sergio Zyman view on selling: “The purpose of marketing is to *sell more stuff* to *more people more often* for *more money* in order to make *more profit*.”
- Practiced most with goods that *buyer normally do not to buy*.

E.g., *Img (test packs), insurance*

Push marketing Vs Pull marketing?



Offering more sales incentive to stores,
Point of sale display
E.g., New company

Mass media promotions, word-of-mouth referrals and advertised sales promotions,

Evolution of Marketing Concepts

- *Marketing concept*: Emerged in mid 1950 (Sense and respond philosophy)
 - *Customer* is central to the business
 - More focused on to *develop the right product for your customers* than *finding the right customer for your products*.

E.g., Dell

‘Segmentation, Targeting and Positioning’

What do you understand from *‘Segmentation, Targeting and Positioning’*?

What is Segmentation?

“The process of dividing the market into groups of customers with different needs, wants or characteristics- who therefore might appreciate products or services geared especially for them- is known as market segmentation”

Segmentation, Targeting and Positioning

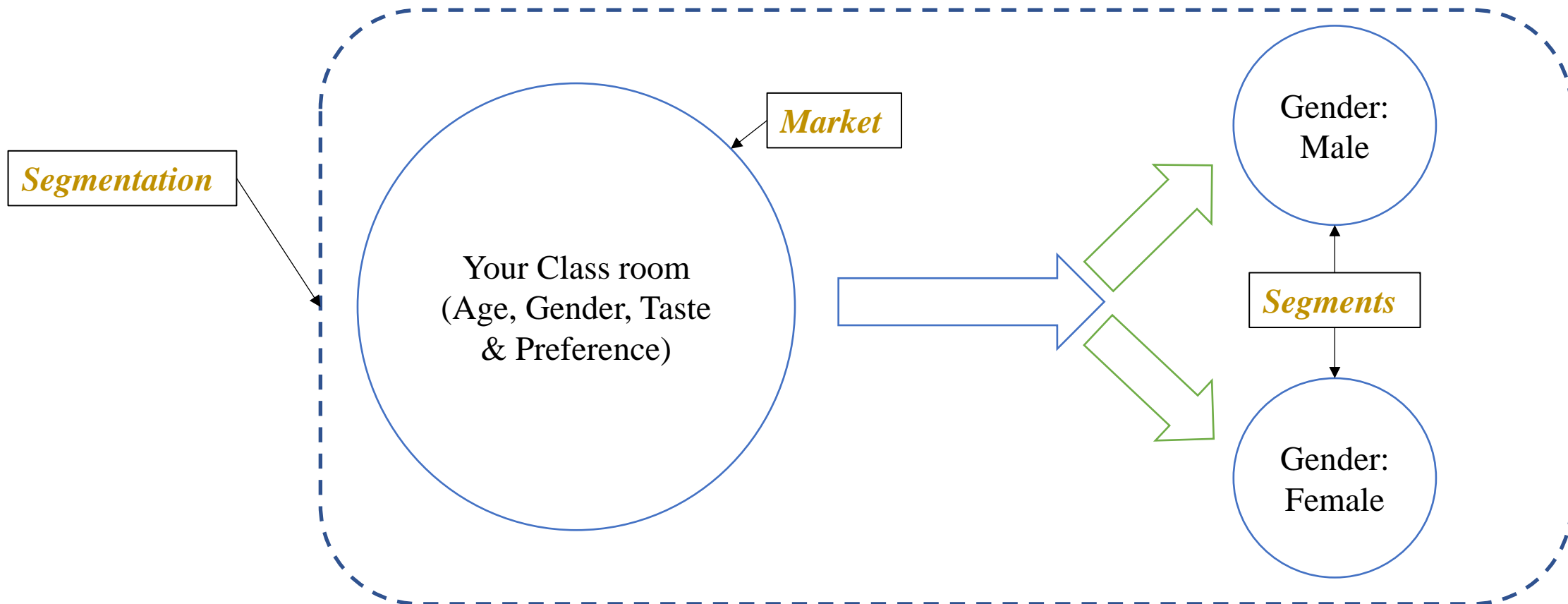
- Identify *distinct groups* of *buyers* who *differ* in their *needs and wants* (*Segmentation*)
- Select *one or more* market *segments to enter* (*Targeting*)
- For each target segment, *establish*, *communicate* and *deliver* the *right benefits* for the company's market offering (*developing a value proposition and positioning*)

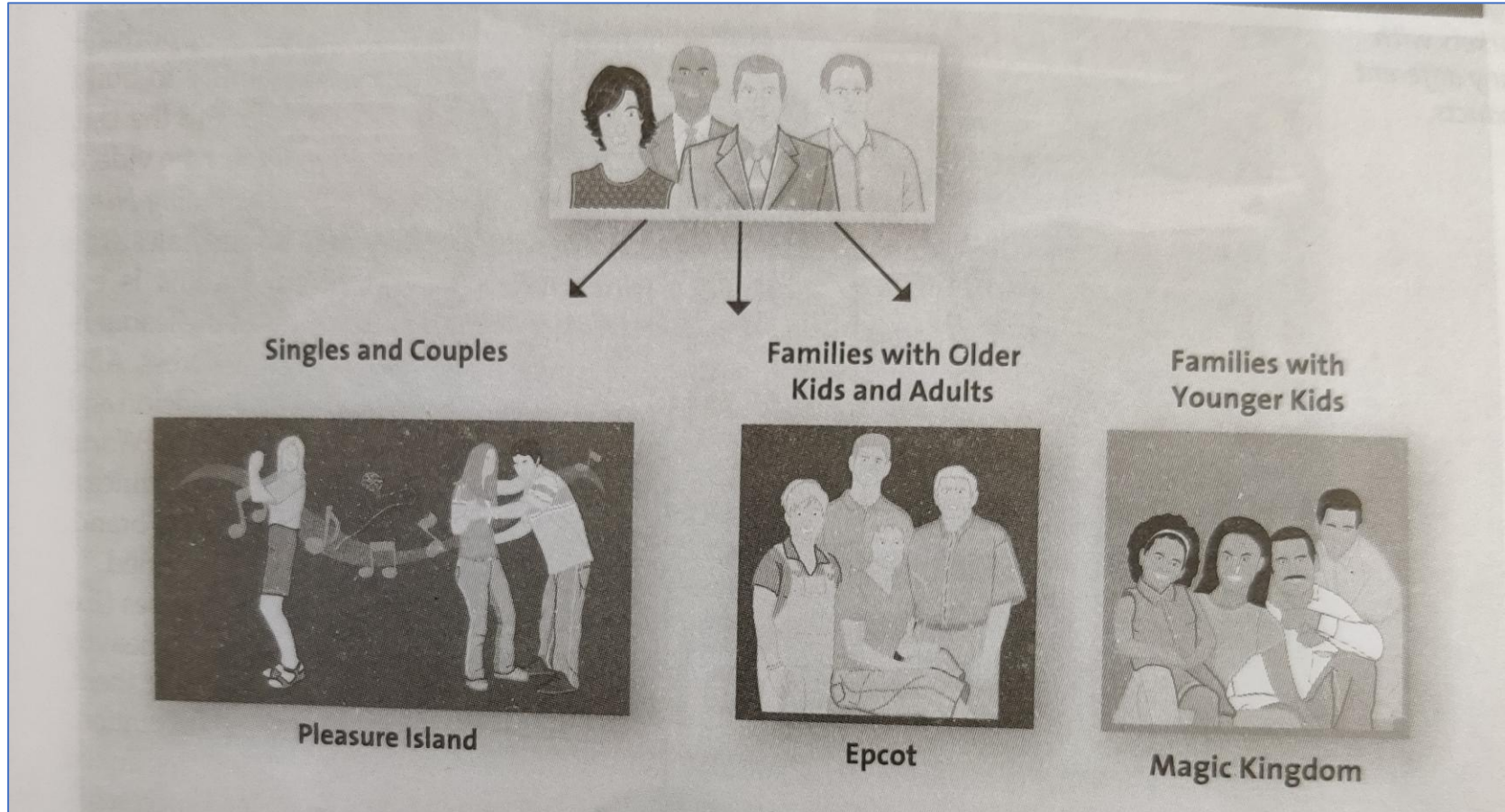
Segmentation, Targeting and Positioning

- *Segment*: Group of customers who *share a similar set of needs*
- *Target Market*: The segment which a *marketer decides* to cater to as a marketer can rarely satisfy everyone
- *Positioning*: Act of designing a company's *offering and image* to occupy a *distinctive place*.

E.g. *RADO* vs. *Sonata*

Segmentation, Targeting and Positioning





Segmentation, Targeting and Positioning

Segmentation

Divide the Market
into **distinct**
groups of
customers.
(segments)

Types of Segmentation

