

# **Program Certificate Program in General Management With Data Science & Analytics**

## **Marketing Management**

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What's your idea about Marketing?

## 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



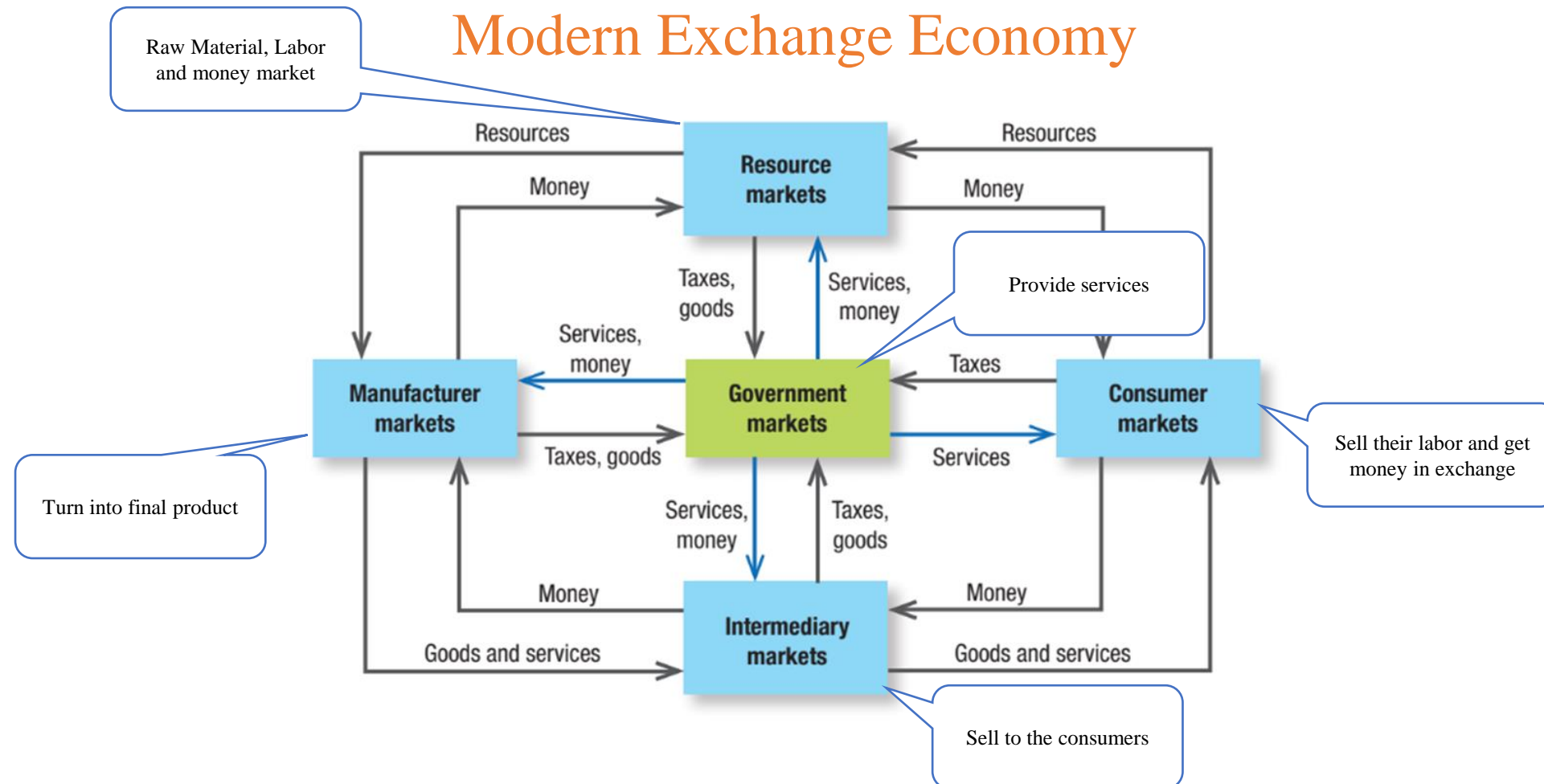
## Conditions for Exchange

- 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.

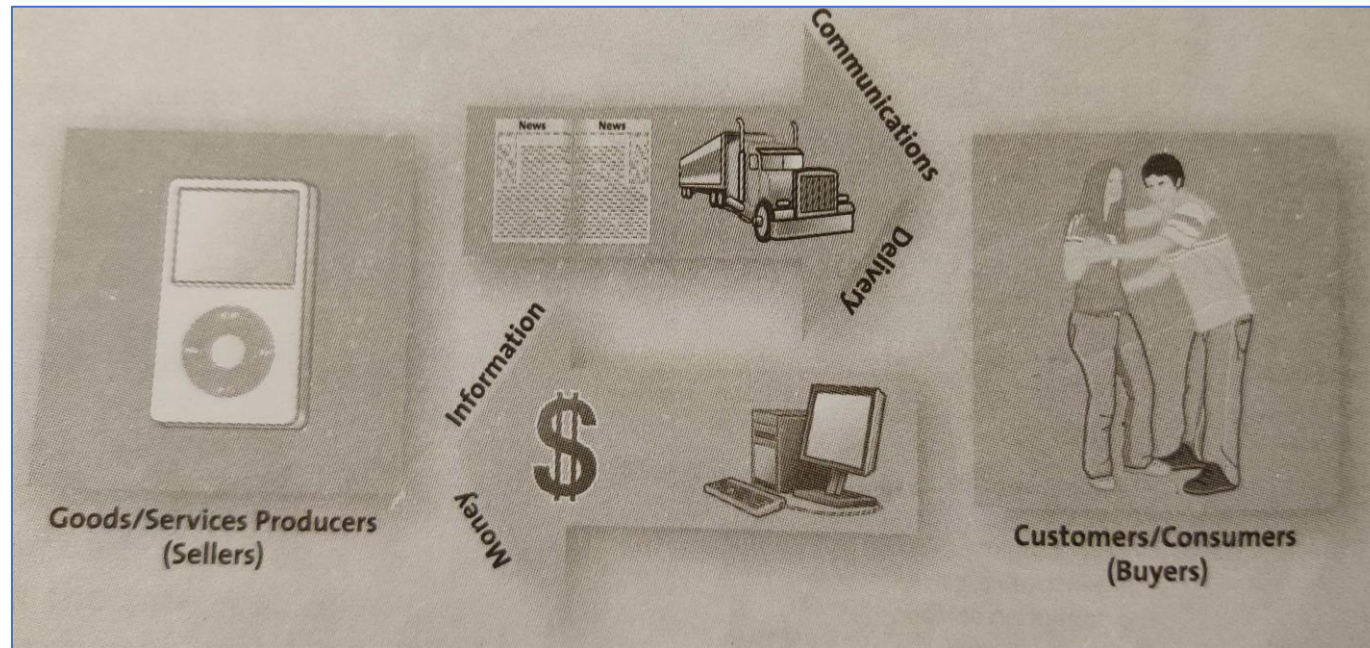
## Basic Markets?

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

## Modern Exchange Economy



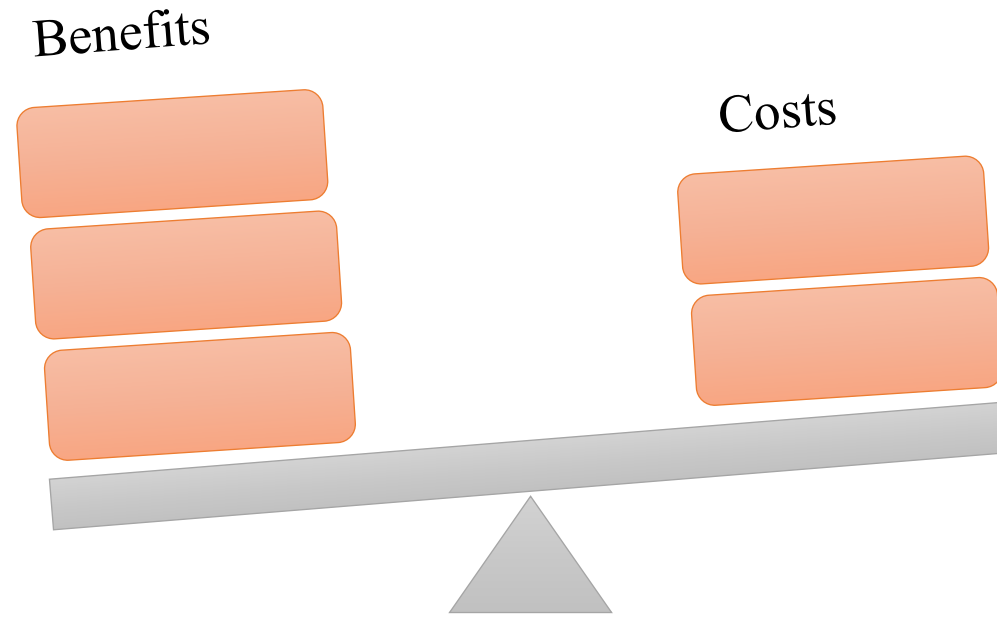
## Core Aspects of Marketing



E.g. Buying audio songs.

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**.

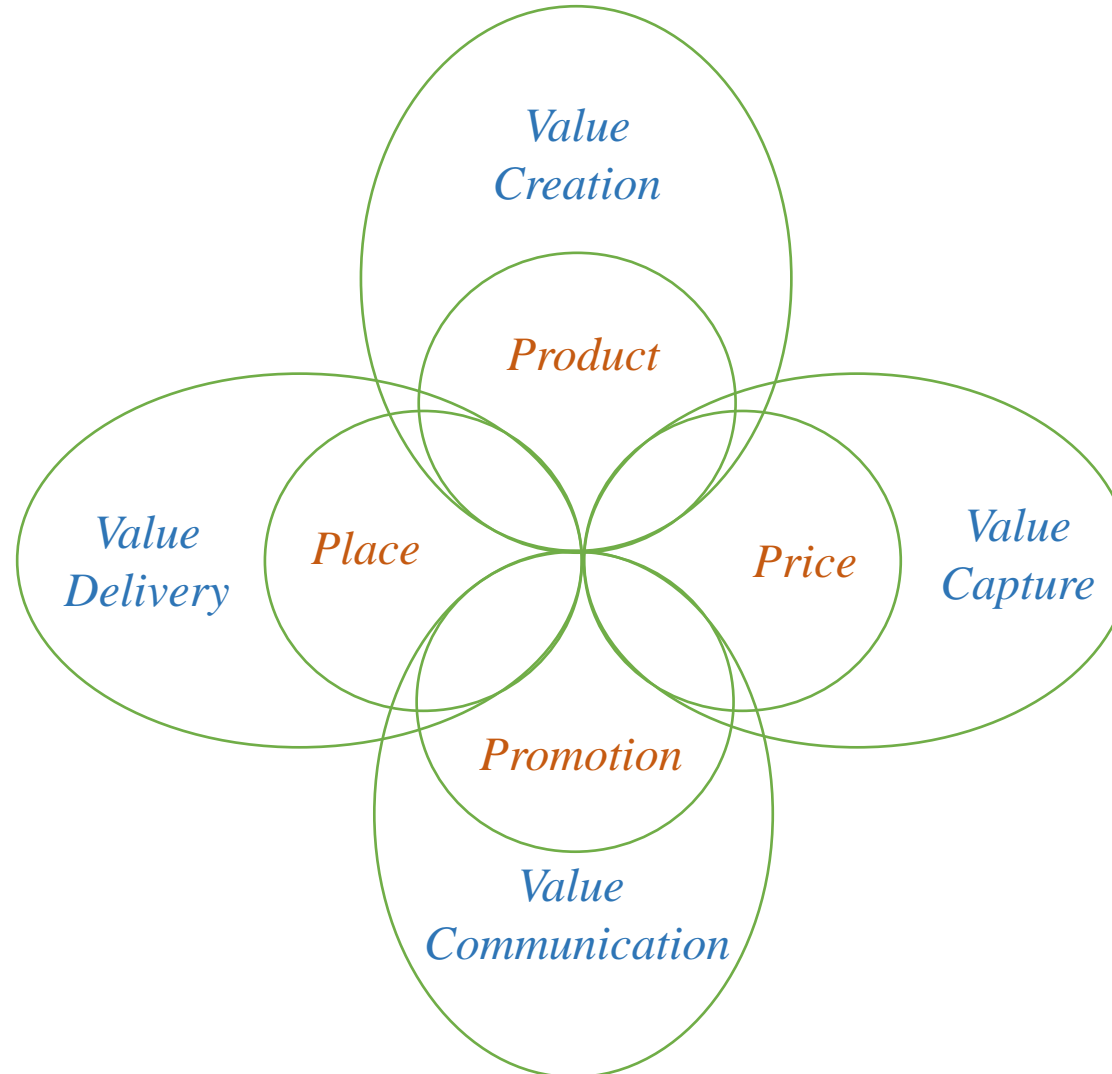
When will a person perceive *higher value*?

What should a company do to *enhance 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> ”

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

- Market: A place where the *sellers* 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=sGBr_6tjavU)

[https://www.youtube.com/watch?v=\\_weVwAhe9jI](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*

## 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

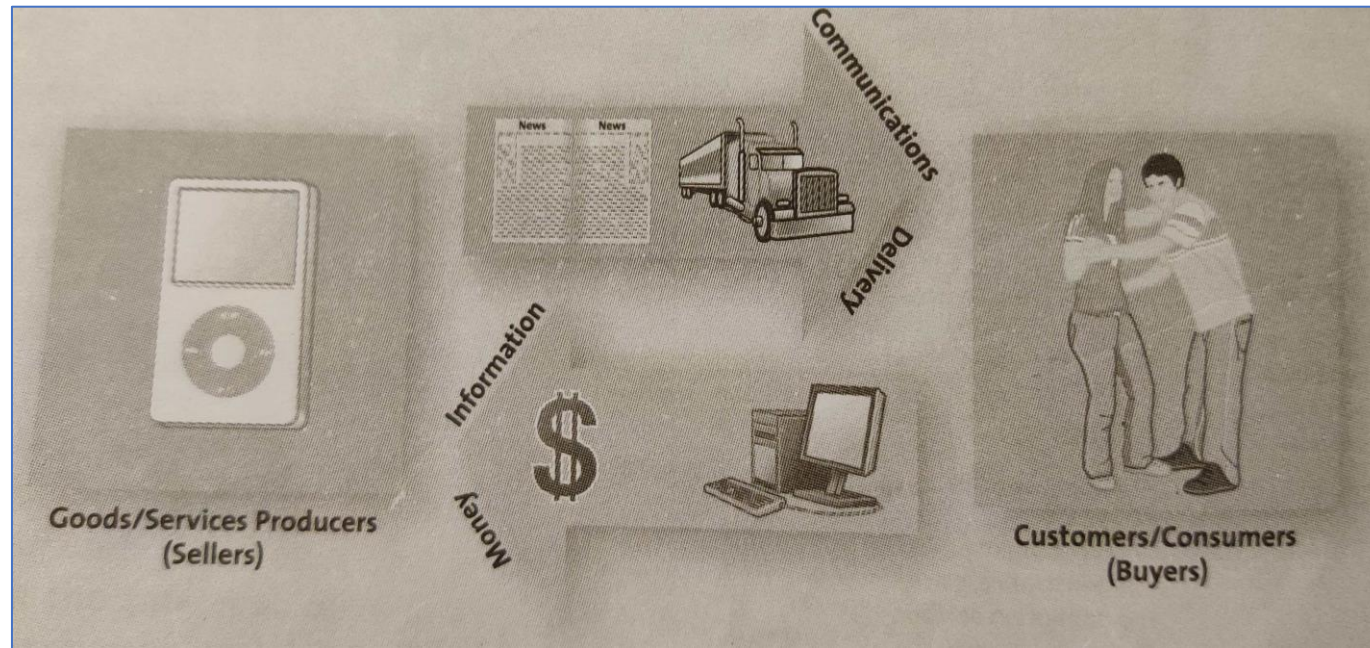
## Core Aspects of Marketing

- Marketing is about satisfying customer *needs* and *wants*

E.g., *toothpaste* (salt, white teeth, sensitive)

- *Marketing Entails an Exchange*: About the trade of things of *value* between the buyer and sellers so that each is *better off* as a result.

## Core Aspects of Marketing



E.g. Buying audio songs.

## Core Aspects of Marketing

- *Marketing Requires Product, Price, Place and Promotion Decisions:*

Also known as *Marketing Mix* or *4 Ps of marketing*

1. *Product*

2. *Price*

3. *Place*

4. *Promotion*

## Core Aspects of Marketing

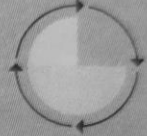




- Robert Lauterborn suggested that the *4Ps* correspond to the customers' *4Cs*:

<b>4 Ps</b>	<b>4 Cs</b>
<i>Product</i>	Customer <i>needs</i> and <i>wants</i>
<i>Price</i>	<i>Cost</i> to the customer
<i>Place</i>	<i>Convenience</i>
<i>Promotion</i>	<i>Communication</i>

## Core Aspects of Marketing

1. Product: *Creating Value*
2. Price: *Capturing Value*
3. Place: *Delivering Value*
4. Promotion: *Communicating Value*

## Core Aspects of Marketing

Marketing Mix	Value	
Product	Creating	
Price	Capturing	
Place	Delivering	
Promotion	Communicating	

## Core Aspects of Marketing

*Marketing Mix:* The marketing mix is the *set of marketing tools* the firm *uses to pursue its marketing objectives* in the target market.

1. *Product:* Creating Value (*Offering*)

2. *Price:* Capturing Value (*E.g., Flight Prices*)

- Marketer, the key is to determining prices which customers are *willing to pay* so that they are *satisfied with purchase* and seller/company *generate reasonable profit*.

## Core Aspects of Marketing

### 3. *Place*: Delivering Value

- Describes *all the activities necessary* to get the *product to the right customer* when the *customer wants it*.
- Focus is more on *supply chain management*

## Core Aspects of Marketing

### 4. *Promotion*: Communicating Value

- Best products even will go *unsold* if marketers cannot *communicate their value* to the target customers.

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

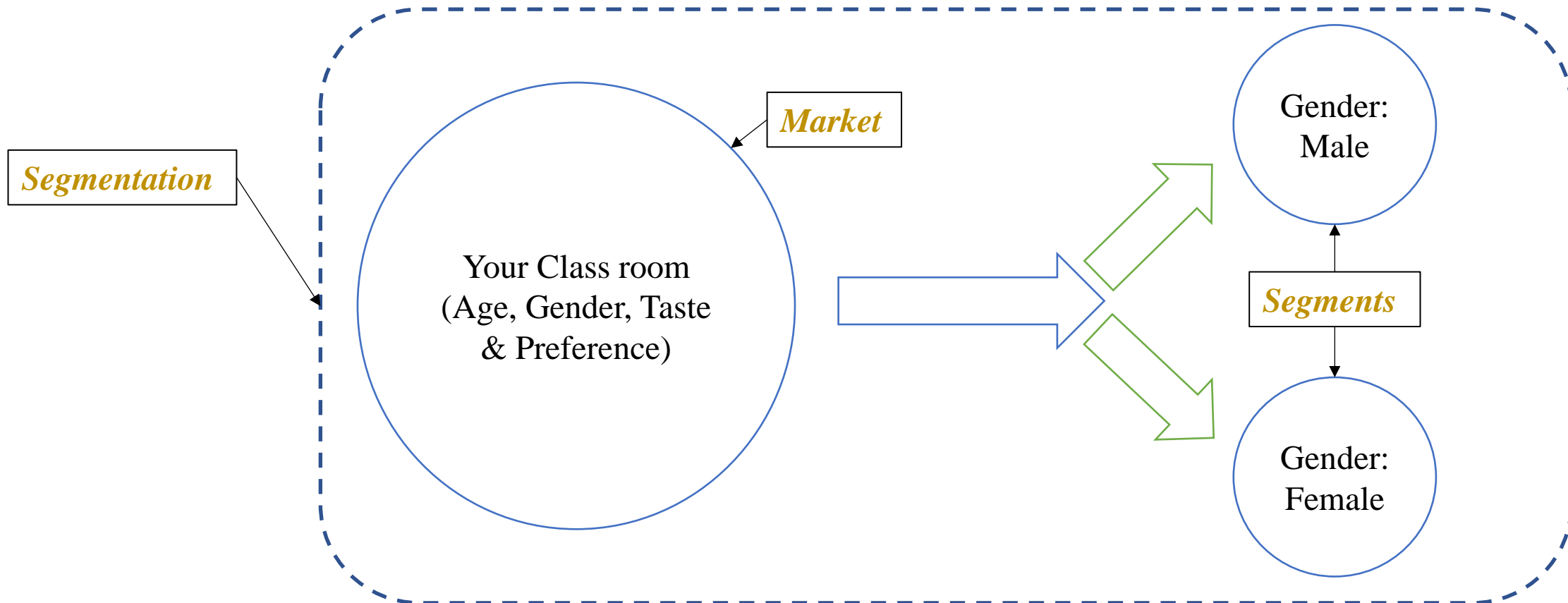
- *Segment*: Group of customers who *share a similar set of needs*
- *Target Market*: The segment which a *marketer decides* to cater to as a marketer can rarely satisfy everyone
- *Positioning*: Act of designing a company's *offering and image* to occupy a *distinctive place*.

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

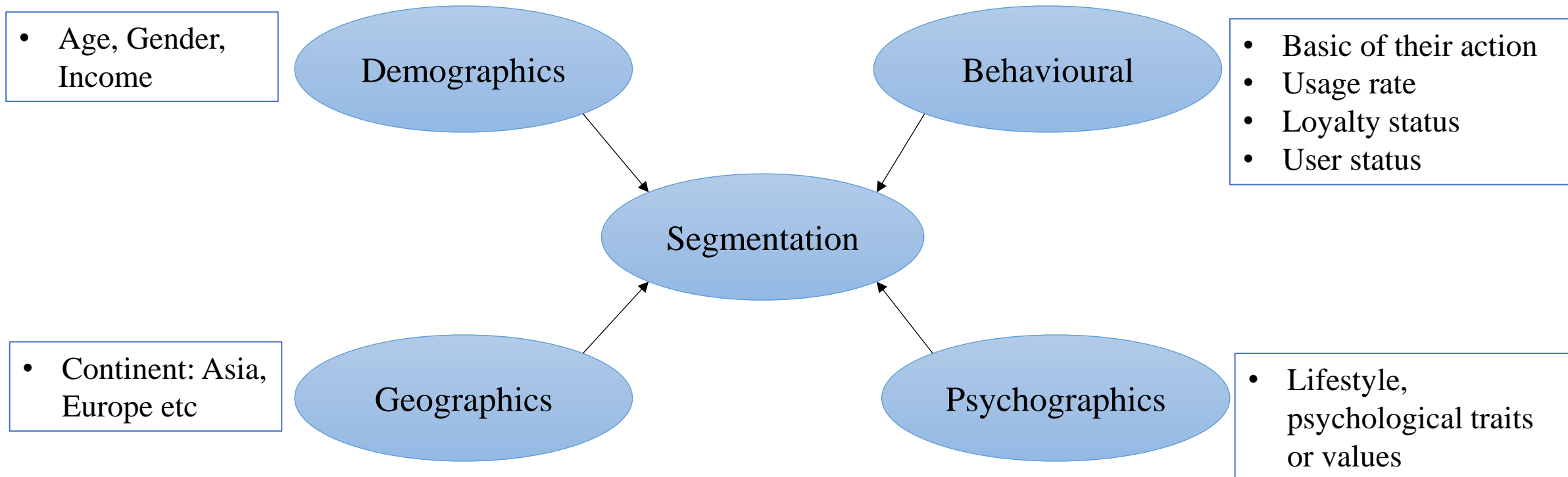
## Segmentation, Targeting and Positioning

- 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*).

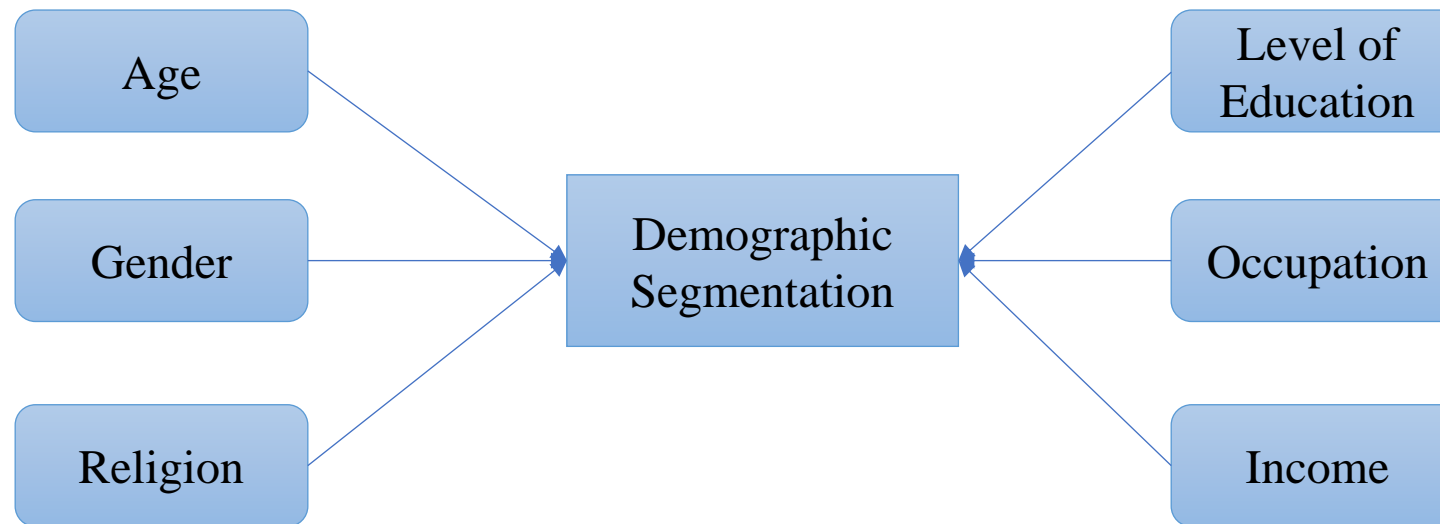
## Segmentation, Targeting and Positioning



## Types of Segmentation



## Demographic



*Example of Demographic Segmentation?*

## Demographic

What *Titan* is doing with its brand '*Fastrack*'?

### *Segmented market*

Chose *Youth, age between 18-35*

*Working adults* and *postgraduate students*

(*Metros* and *mini metros*)

## Demographic

Do you think *women consumer* are a *distinct segment* for *many products*?

### *Apparels in India*

*Shoe in India* (Adidas derives *35% [6.4. billion Euros]* of revenue from *women segment*)

What about the *Scooters*?

*Pleasure, Scooty pep*

Income

*Airline Industry*

*Economy, Business class, and First class*

Do you think that *marketer can enter in any segment* that they have *identified*?

## Segment Attractiveness

*Identifiable*

*Substantial*

*Reachable*

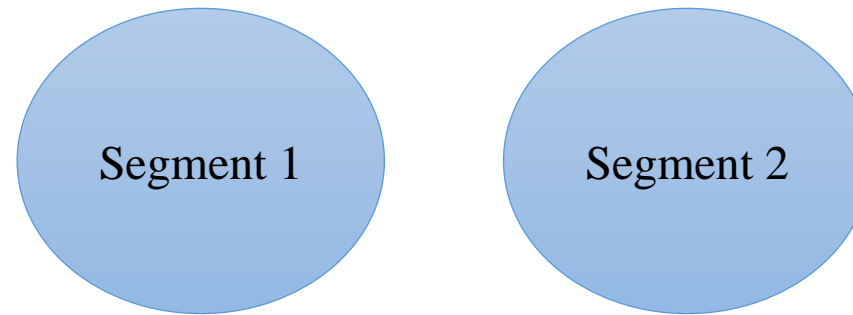
*Responsive*

*Profitable*

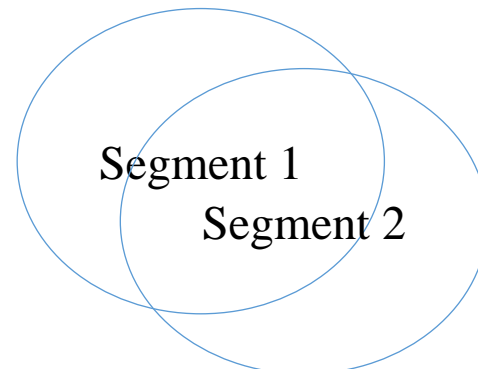
## Segment Attractiveness

*Identifiable*

*Option A*

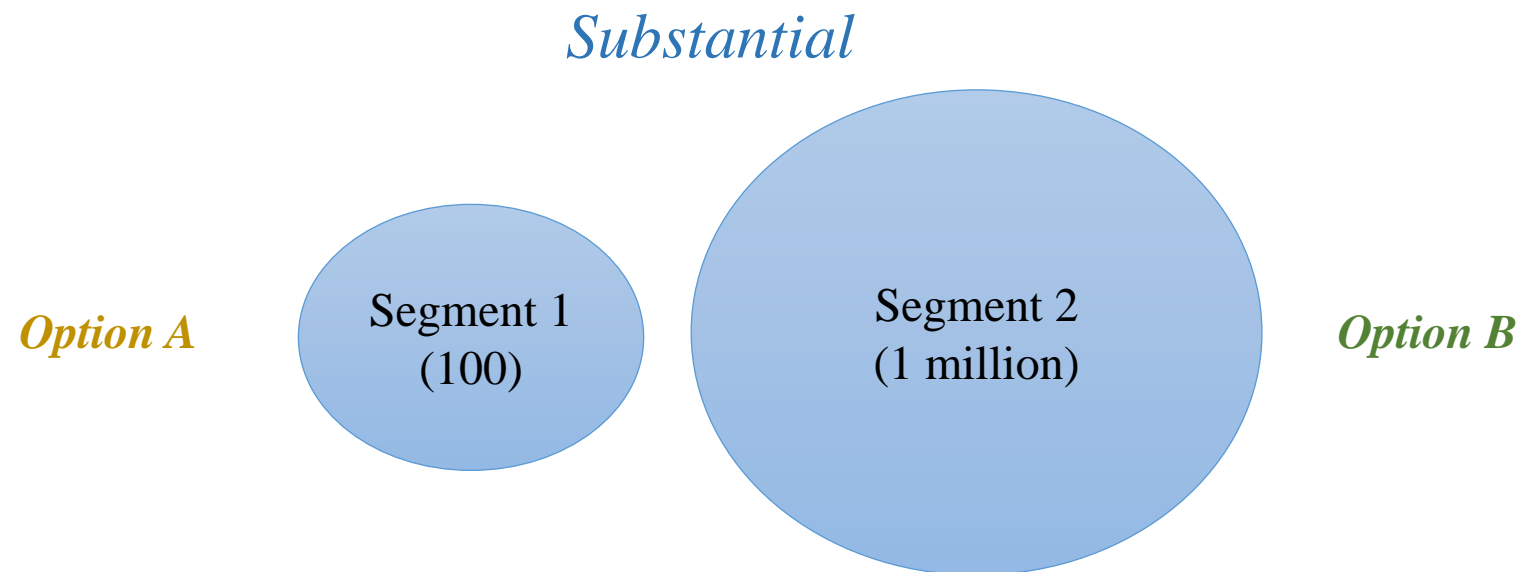


*Option B*



*Distinct* marketing strategies are *not necessary*  
meet the *member's need*

## Segment Attractiveness



If *segment is small*, then what will *happen*? Will you go to *serve the segment*?

## Segment Attractiveness

### *Reachable*

If the *segment is not reachable* then do you think the *company should move ahead*  
*or not?*

Reachable in term of *accessibility* through *communication* and *product distribution*

## Segment Attractiveness

### *Responsive*

The *customers in the segment* must react *similarly* and *positively* to the offering

E.g., Maruti start offering the *luxury cars* to the *large ad lucrative segment*

Which car *people prefer to buy* in *luxury car segment* (brands)?

*Audi, BMW* etc.

## Segment Attractiveness

Do you think *Maruti* should *pursue the segment*?

No, It may be possible that market probably *will not be responsive to it*.

## Segment Attractiveness

*Profitable*

Should *assess* the *potential profitability* of the segment

Point should keep in mind

*Growth* (current and expected)

*Competitiveness* (substitute, entry barrier)

*Market access* (ease of developing distribution channel)

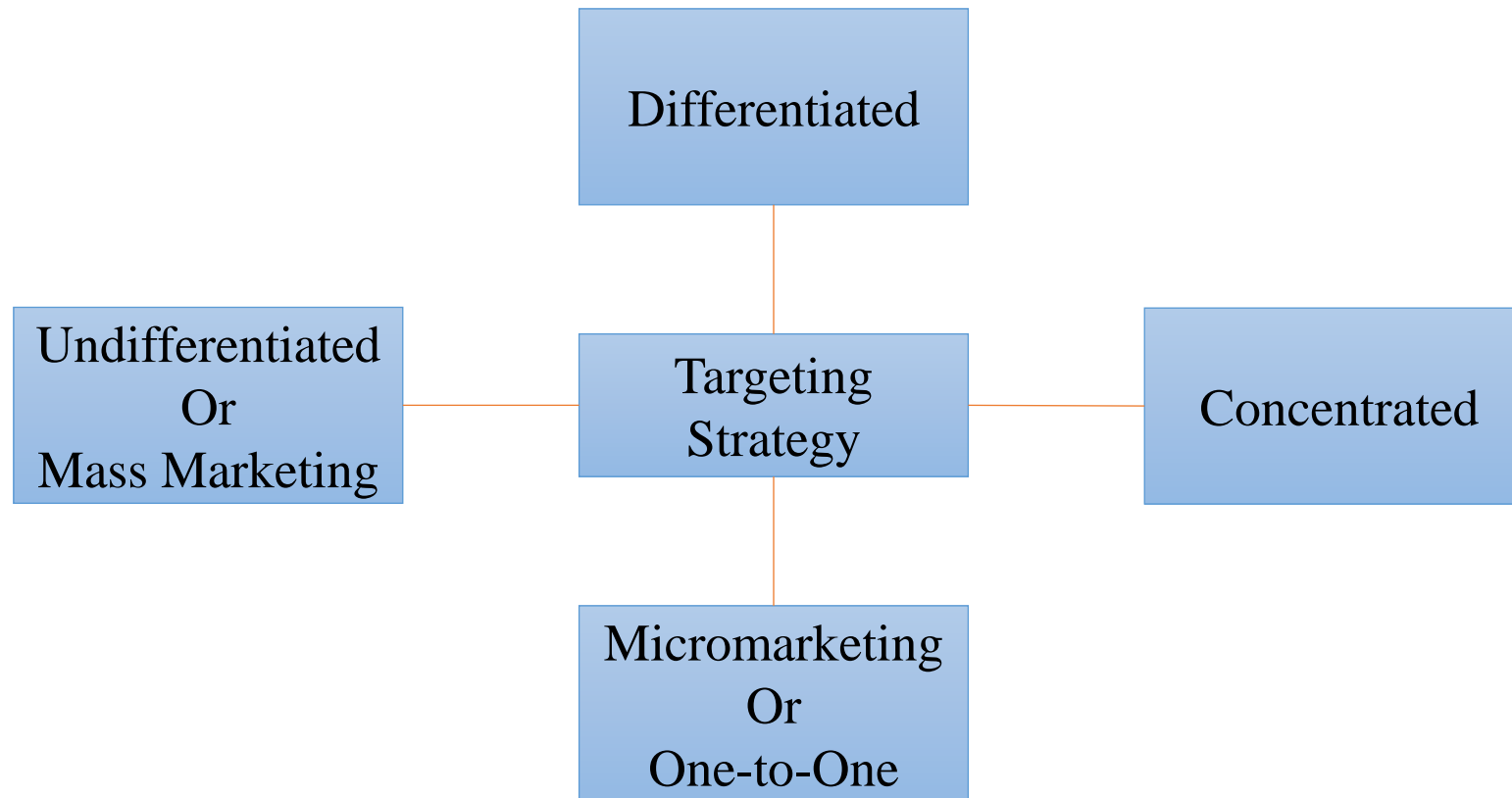
## Targeting

*Look for the company's competencies and resources to address the need of the segment*

E.g., A *large number* of segments is *attractive*. However, a company *may not be able to serve* the *all segments* because of a *lack of resources*.

What about any *health band*?

## Targeting Strategies



## Undifferentiated Targeting Strategy or Mass Marketing

- *Everyone* might be *considered a potential user* of the product
- Everyone perceived the *same benefits* from the *product*
- Hence, *no need* to develop a *specific strategy* for *different group*
- Very effective for *basic commodities*

E.g., *Salt, Sugar*

What about *Gasoline market* ? (*differentiated* or *undifferentiated*)

*Gasoline (Undifferentiated)*

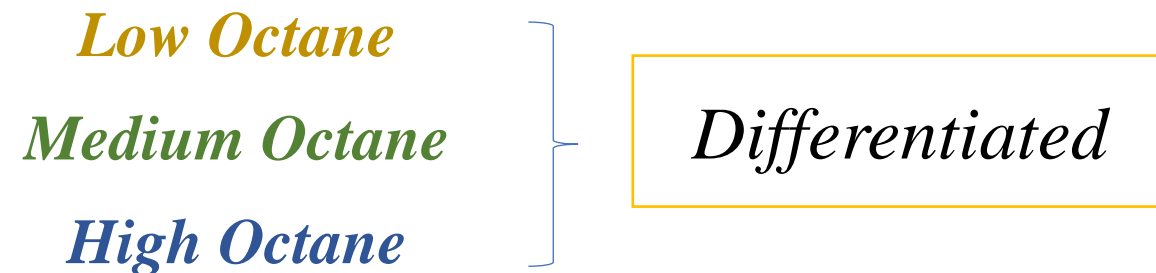
## Differentiated Targeting Strategy

- Target *several segment* with *different strategies*
- *Helps firm* to *cater bigger market share*
- *Increase* market of overall product
- *Lower* the company's *overall risk* as it in *multiple segment*

E.g., *Adidas group*, adidas *Reebok*, *Rockport* and *TaylorMade-adidas golf lines* of clothing and footwear

What about *Gasoline market* ? (*differentiated* or *undifferentiated*)

*Gasoline (Undifferentiated)*



## Concentrated Targeting Strategy

- Select a *single target market*
- Focuses all *energy and resources*

E.g., *Entrepreneurial start-ups*

## Micromarketing (one-to-one) Targeting Strategy

- When a company *tailors* a *product or service* to *suit* an *individual* customer's *wants or needs*
- Generally adopted by *small producers or service providers*
- *Hard* to adopted by the *larger firms*

*Any big company which has adopted such strategy?*

*Dell (custom made computers)*

Till now, we are *ready with the target market*

## Positioning

It involves a *process of defining* the *marketing mix variables* so that *target customers* have a *clear, distinctive, desirable understanding* of *what the product does* or *represent* in *comparison with competing products*.

## Positioning

*Usually focus on*

How *product/services affect consumer*

How *it is better* than the *competitor's product/services*

What do you think when you see a *Volvo logo*?

## Positioning Strategy

- It involves:
  - *Choosing a frame of reference by identifying the target market and relevant competition*
  - *Identifying the optimal points of parity and point of difference given that frame of reference*

## Frame of Reference

*What customer usually do with the evaluation of the product?*

Compare with *reference point* in term of *benefits* and *costs*

*When this comparison is beneficial and when it will be unattractive?*

When comparing with the *inferior product*; comparing with the *better offering*

Hence, It serve as a *benchmark* against which customer *evaluate the benefits* a company is offering

## What is Point of parity (POP) and difference (POD)?

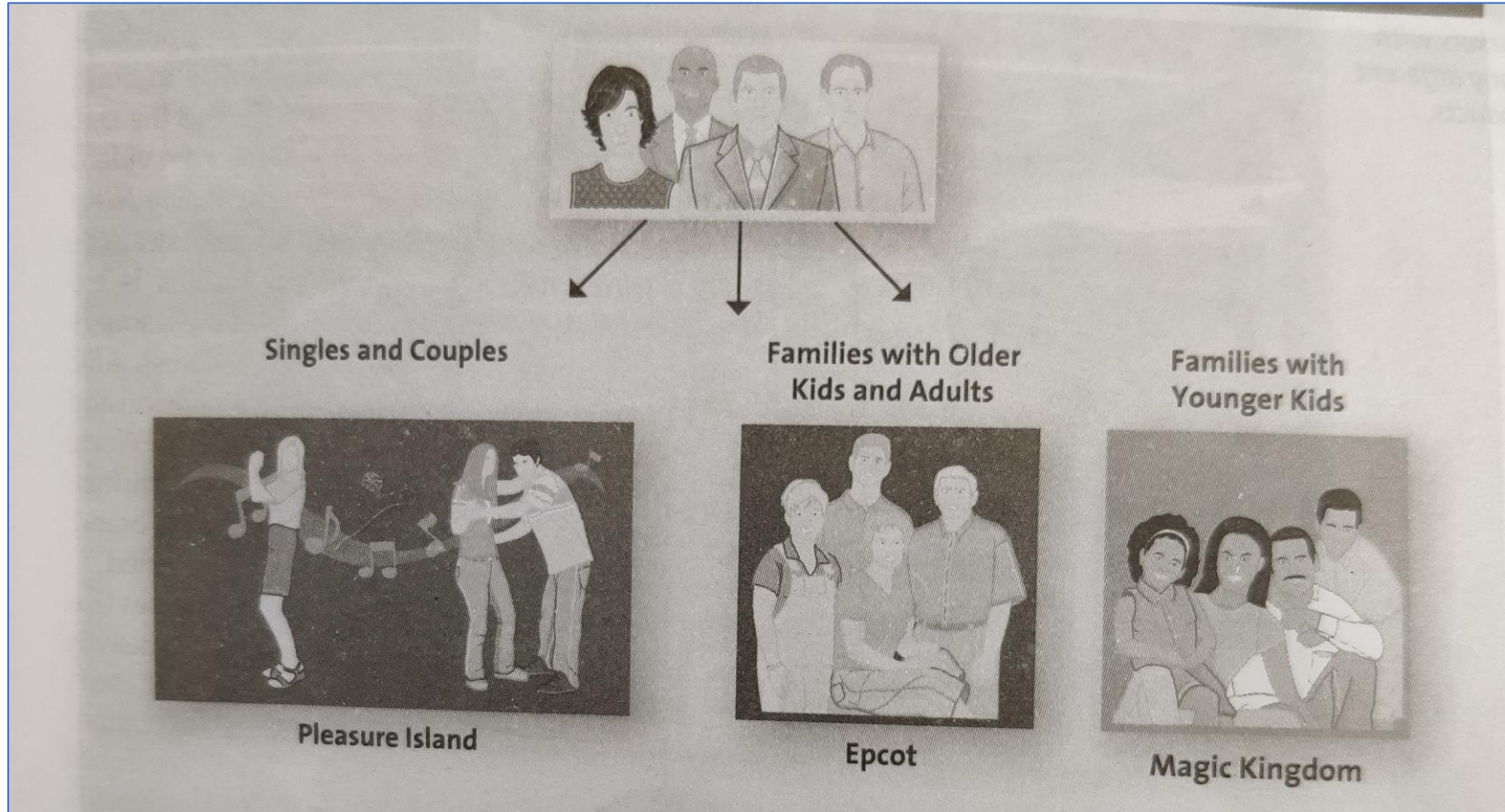
Attribute that are *not unique* and *shared* by the other brand too. (*Parity*)

Attribute or benefits that are *different* from the *competitors' products*  
(*Difference*)

E.g., *Toothpaste*

*What is POP and PODs?*

POP (Clean teeth), POD (Charcoal, Salt)



## Targeting

*E.g.,*

- *Xiaomi*: The company has selected the *Young, tech-savvy generation* of *urban India* for its *smartphones*.
- *Nivea*: When Nivea entered in Indian Market, it selected the *top 30-35 cities* of India as its target market for its *premium skincare products*.
- *HUL*: HUL treat *entire Indian market* as their target market for *various products*.

## What is Positioning?

*“Market positioning involves the process of defining the marketing mix variables so that target customers have a clear, distinctive, desirable understanding of what the product does or represents in comparison with competing products.”*

*E.g., Mountain Dew, Thumps Up, Coca Cola*

## Marketing Strategy using STP

*Firm: Xiaomi*

*SBU: Mobile Phones*

- 1. Target Market: **Young tech-savvy generation** of **urban India***
- 2. Positioning: The **'affordable luxury'**. On par with the leader brand at **half of the price***

## Segmentation, Targeting and Positioning



*Consumer Behavior*

## Difference between Customer and Consumer

- Product may be *purchased by one person* and *consume by other*
- *Consumer, not the purchaser*, determines the *product satisfaction*
- Purchase of the product depends upon the *consumers expectations* of the degree to which *it satisfy the needs*
- Consumption determines whether these *expectation are confirmed*

## What is 'Consumer Behavior' ?

“Consumer behavior is the *study of how individuals, groups and organizations select, buy, use and dispose of goods, services, ideas or experiences to satisfy their needs and wants*”

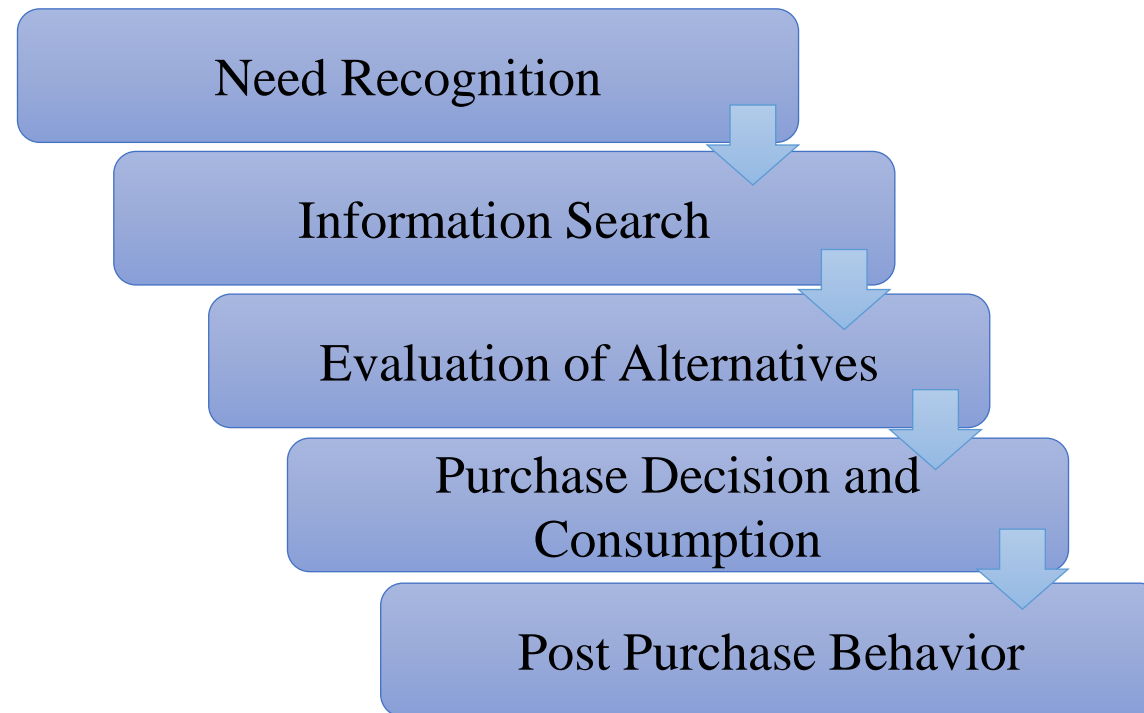
When does '*Buying process*' begin ?

It start when *consumers recognize* that they have an *unsatisfied needs*.

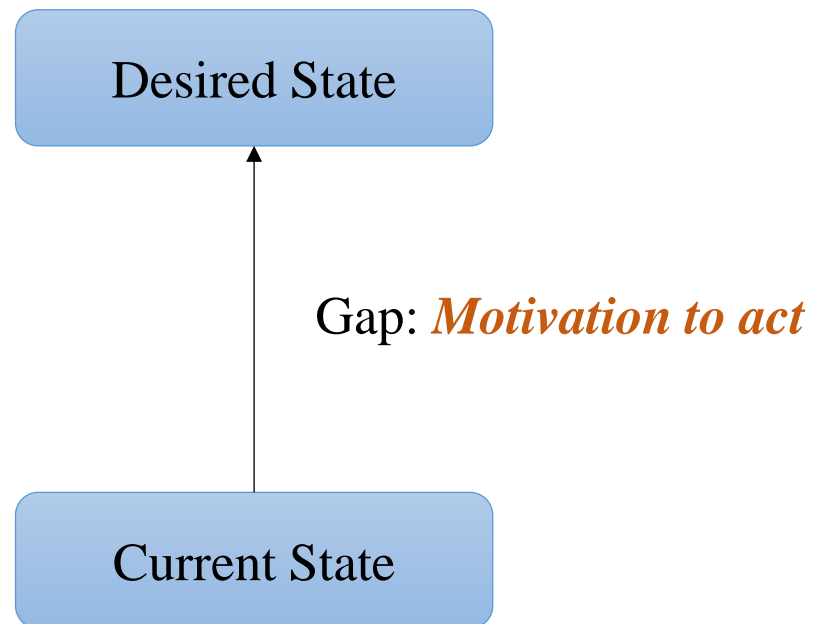
## What is ‘Consumer Decision Process’ ?

“The Consumer decision process model *represents the steps* that consumers go through *before, during* and *after* making purchases”

## Consumer Decision Process



## Need Recognition



### *Need Classification:*

- *Functional Needs:* It pertains to the *performance* of a *product or services*. E.g., *need for transportation* can be fulfilled by *a bicycle, a motorcar* or *a scooter*.
- *Psychological Needs:* It pertains to the *personal gratification* consumers associate with a product/service. E.g., BMW motorcycle.

## Information Search



E.g., Examines *own memory* and *knowledge* about product/service

E.g., Gathering information from *friends*, *salesperson*, *internet* etc.

## Information Search

- **Personal:** Family, Friends, Neighbours
- **Commercial:** Advertisements, Web sites, Sales-persons, Dealers, Displays
- **Public:** Mass Media (Newspapers, magazines, radio, television, and the Internet),  
Consumer organizations
- **Experiential:** Handling, Examining, Using the Product

## Evaluation of Alternatives

- By now, *we have products*.
- We need to *choose the best one* based on *our criteria*

How?

## Expectancy Value Model

Consumers *evaluate products* by a *set of attributes*

*Weights attached* to *each attribute*

Total *perceived value* = *sum* (*weights* x *value of each attribute*)

Suppose Person X has narrowed her choice set to four laptop computers (A, B, C, D). Assume that he is interested in four attributes: *memory capacity, graphics capability, size and weight, and price*. Table below shows his beliefs about how each brand rates on the four attributes.

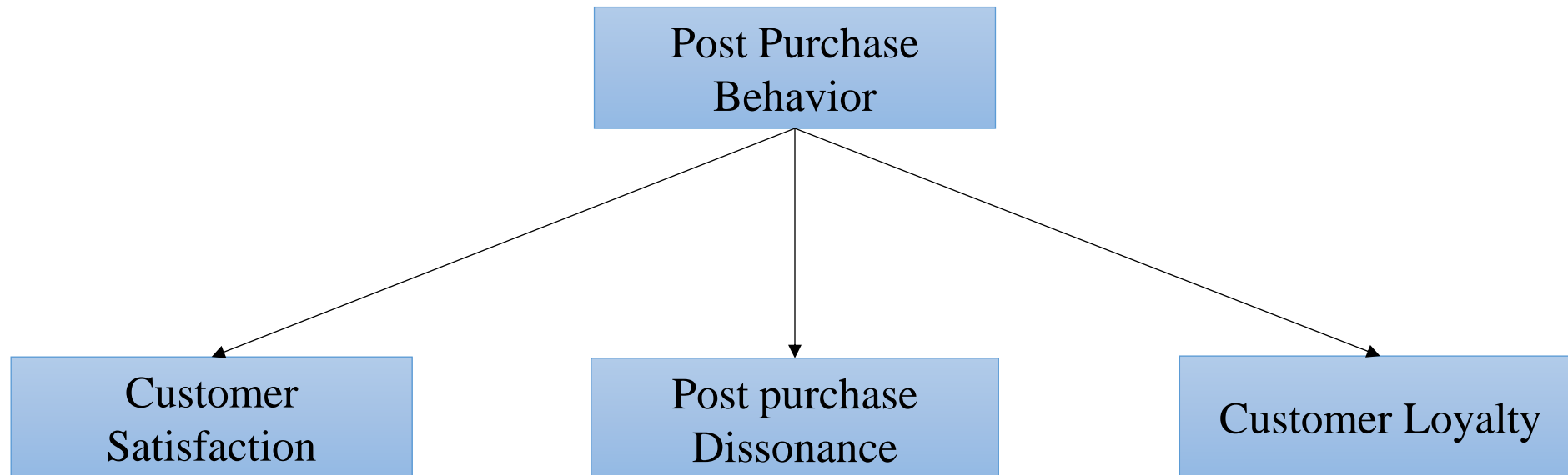
If one computer dominated the others on all the criteria, we could predict that persons X would choose it. But, as is often the case, his choice set consists of brands that vary in their appeal. If Person X wants the best memory capacity, he should buy C; if he wants the best graphics capability, he should buy A; and so on.

Laptop Computer	Attribute			
	Memory Capacity	Graphics Capability	Size and Weight	Price
A	8	9	6	9
B	7	7	7	7
C	10	4	3	2
D	5	3	8	5

## Purchase Decision

- After *evaluating alternatives*, consumer is *ready to buy*.
- It may possible that the selected *option is not available*.
- *Value* is a *strong driver* of consumers' *purchase decisions*
- Consumers *only purchase those products* which *provide them best value*

## Post Purchase Behavior



## What is 'Post Purchase Dissonance'?

- It occurs when a *consumer questions* the *appropriateness* of a purchase after *his or her decision has been made*.
- It is *likely* for the product that are *expensive*, *infrequently purchased* and are associated with *higher levels of risk*