

Fundamentals of Marketing Management

Dr. P.V. (Sundar) Balakrishnan

Managing World-Class Organizations



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S #1

What is Marketing?

Process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

Simply put:
Marketing is the delivery of customer satisfaction at a profit.

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The Marketing Objective

“Satisfy the needs of a group of customers better than the competition.”

- ❑ Distinguish from Selling or Advertising:
 - **merely a subset of marketing actions used to satisfy consumer needs.**
- ❑ Marketing focuses on the use of *all* the firm's controllable influences to satisfy the customer.

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Activities in the Marketing Process ...

- ❑ Identify needs of customers that company can satisfy
- ❑ Design a Product (“bundle of benefits”) that satisfies those needs - better than existing products.
- ❑ Promote / communicate these benefits in order to motivate purchase
- ❑ Price at the right level so that consumers are willing & able to buy the product and the firm's profit goals are met
- ❑ Make the product available at the right Place so that exchange is facilitated

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Broad Objective of Marketing

- ❑ To grow the business by **adapting it** to changes in the environment :
 - ❑ **by monitoring**
 - ❑ changes in customer needs
 - ❑ changes in competition
 - ❑ changes in the company's own skills / resources
 - ❑ **looking for opportunities & threats that arise from these changes**
 - ❑ **initiate tactical actions that “fit” the co's offering to these opportunities / threats.**

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Core Marketing Concepts



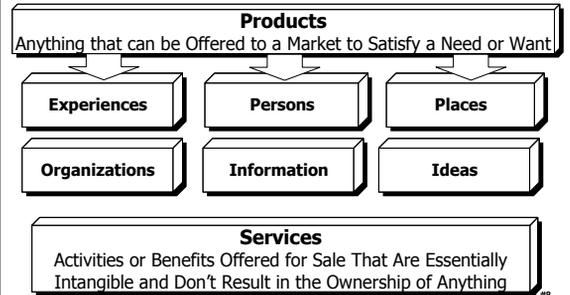
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Consumer's Needs, Wants and Demands

- Needs - state of felt deprivation for basic items such as food and clothing and complex needs such as for belonging.
 - i.e. I am hungry.
- Wants - form that a human need takes as shaped by culture and individual personality.
 - i.e. I want a burger, fries, and a soft drink.
- Demands - human wants backed by buying power.
 - i.e. I have money to buy this meal.

Products & Services:



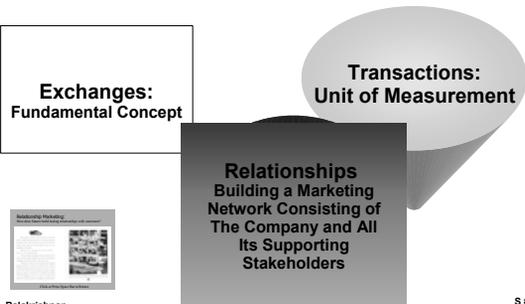
Products

- A bundle of Attributes that provide Consumers with certain Benefits.
- Also called
 - Resource; Marketing Offer; Customer Solution
- Ex: Drill Bits.
 - Benefits provided?
- Sellers who focus on the Specific product rather than the Benefits provided suffer from "Marketing Myopia".

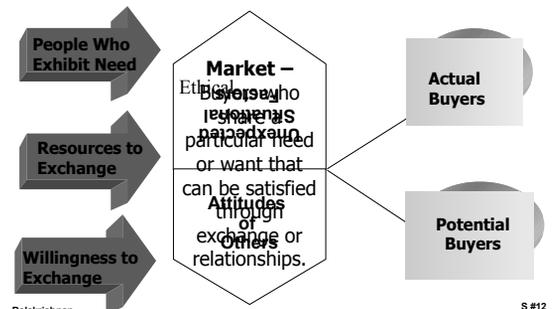
How Do Consumers Choose Among Products and Services? DMP



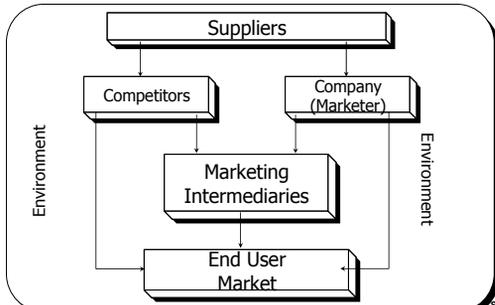
How Do Consumers Obtain Products and Services?



What is a Market?



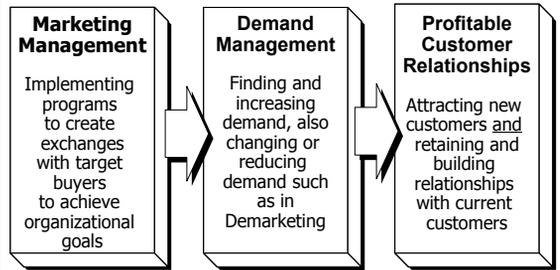
Modern Marketing System



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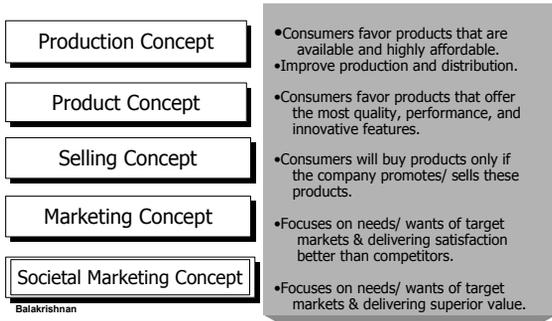
Marketing Management



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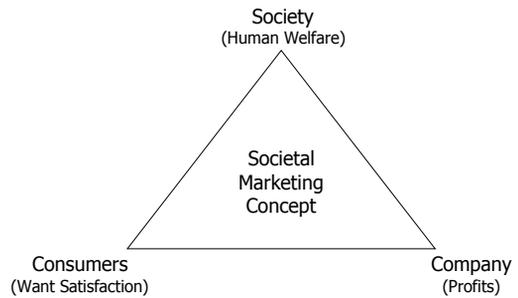
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Marketing Management Philosophies



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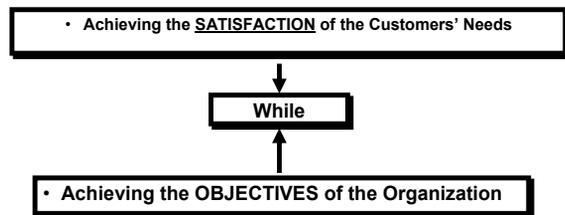
Societal Marketing Concept



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Basic Marketing Concept



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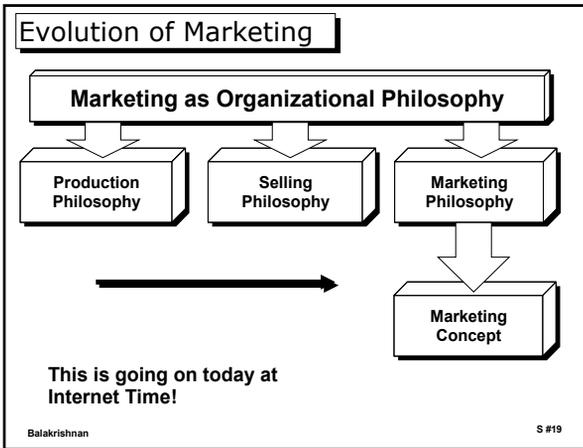
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Marketing vs. Sales Concepts



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The Marketing Concept

To achieve organizational (& Societal) goals by determining the needs and wants of customers and delivering the desired benefits more effectively and efficiently than competitors.

- "There is only one valid definition of business purpose: to create a customer."
- Peter Drucker
- "Everything starts with the customer."
- Lou Gerstner, CEO of IBM

"Creating shareholder wealth is not the purpose of the business. It is the reward for creating customer value."
- Michael Tracy and Fred Wiersema in CFO magazine

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Market Orientation

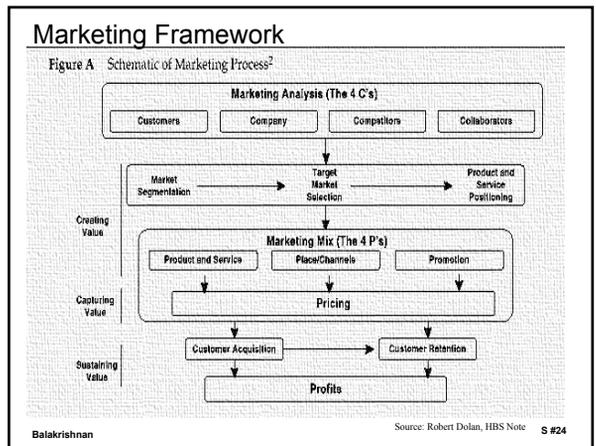
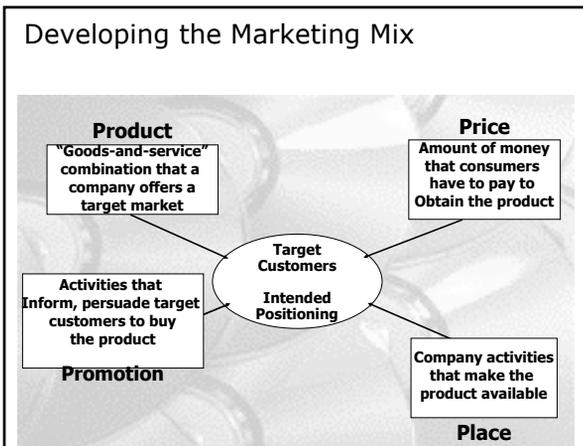
An organization that has a **market orientation** focuses its efforts on continuously collecting information about customers' needs and competitors capabilities, sharing this information across departments, and using the information to create customer value.

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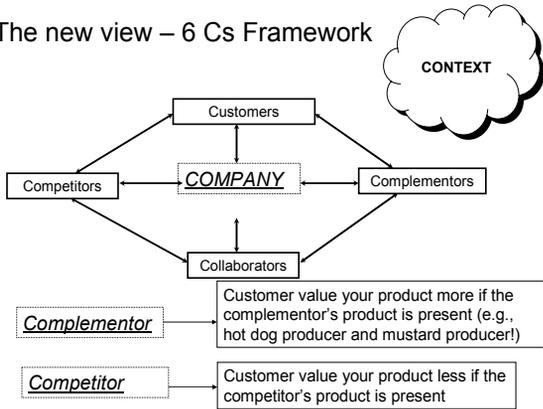
Connecting With Customers

- **Market Segmentation:** determining distinct groups of buyers (segments) with different needs, characteristics, or behavior.
- **Market Targeting:** evaluating each segment's attractiveness and selecting one or more segments to enter.

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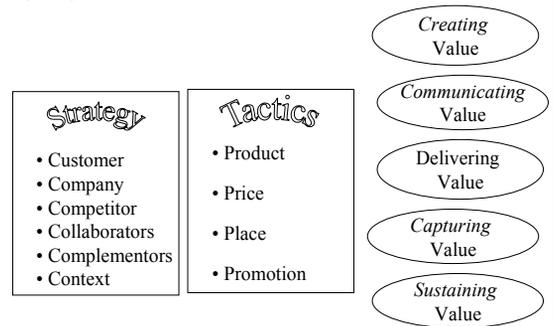
The new view – 6 Cs Framework



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Recasting the 6C - 4P Framework in Value Terms



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Consumer Benefits

Create value for consumers and benefit producers through the four utilities:

- *Form utility*—having a product or service in the form you want it by to make it more appealing to buyers.
- *Time utility*—having a product or serviced when you want it.
- *Place utility*—having a product or service where you want it.
- *Possession utility*—helping buyers to take possession of a product or service.

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Relationship Marketing

The hallmark of developing and maintaining effective customer relationships is today called **relationship marketing**, linking the organization to its individual customers, employees, suppliers, and other partners for their long term benefit.

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Connections With Customers



- Most marketers are targeting fewer, potentially more profitable customers.
- Asking:
 - What value does the customer bring to the organization?
 - Are they worth pursuing?
- Focus has shifted to:
 - keeping current customers, and
 - building lasting relationships based on superior satisfaction and value.

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Customer Relationship Management (CRM)

Customer relationship management is the process of identifying prospective buyers, understanding them intimately, and developing long-term perceptions of the organization and its offering so that buyers will choose them in the marketplace.

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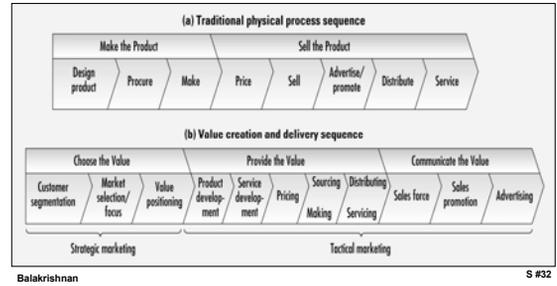
Technologies for Connecting



The Marketing Process

• The Value Delivery Sequence

Two Views of the Value-Delivery Process



The New Marketing Paradigm

Old view

- Marketing as a Function
- Separate Function
- Product Management
- Feature Positioning for mass market
- Domestic Focus
- Consumers
- Short-term sales, share objective
- Transactions
- Limited use of IT
- "Self-sufficiency" bias
- Price discounts
- Product quality
- Media and sales "power"; efficiency

New view

- Marketing as a Business Philosophy
- Integrated with other functions
- Market and Account management
- Benefit positioning for segmented markets
- Global focus
- Value creation for all Stakeholders
- Long-term profit and satisfaction
- Long-term relationship partnerships
- Expanded use of IT strategies
- Co-marketing and strategic alliances
- Value-based pricing
- Quality provider
- Message effectiveness

