

MODULE 1

Introduction to Marketing

Agenda

- *Marketing – Why?*
- *Concepts in Marketing*
- *Marketing – Definition*
- *Marketing Vs. Selling*
- *Marketing – Prerequisites*
- *Marketing Environment*
- *Marketing – 4 Ps*
- *Recent themes in Marketing*

Marketing – Importance

- *Why Marketing?*
- *What is its importance?*
- *Why should we study Marketing?*

Why Marketing?

- *Increasing Competition*
- *WTO, Globalization, Freer Exports and Imports*
- *Across Functions*
- *Finance Company, Computer Company etc*
- *Customer Focussed*
- *From a Seller's Market to a Buyer's Market*
- *Look at Bajaj today*

Why Marketing?

- *Not enough to be good, must communicate this too*
- *Thus, Marketing is crucial*

Concepts in Marketing

- **The Production Concept** : *States that Consumers will favor those products that are widely available and low in cost*
- *Therefore what do you do?*
- *Any companies following this concept today?*

Production Concept

- *Produce as much as possible*
- *Distribute widely*
- *Example, Henry Ford's early cars*
- *Today, screws, nuts, plugs*
- *However, there were problems here, which were?*
- *No focus on quality and features, just price and availability*
- *This gave way to the Product Concept*
- *Product Concept: Consumers will favour that product that offers the best quality/performance and most features*
- *Hence, what do you do?*
- *Make the "best" possible product*
- *Do R&D, come out with new features, improve, improve and improve*
- *What are the problems here?*

Product Concept – Myopia

- *Ted Levitt called it "Marketing Myopia"*
- *Focus on the consumer need, rather than on the product*

- *For instance, railroad companies in the US*
- *The rise of budget airlines, even in Asia*
- *Bajaj missed the motorcycle revolution*
- *IBM missed the PC revolution*

Marketing Concept

- *Marketing Concept: Determine Consumer Needs/Wants and fill them better than anyone else, at a profit*
- *The Consumer is thus the starting point*
- *Marketing starts with consumer needs*
- *Hence, marketers have to be consumer focused always, consumer obsessed, in fact*
- *Who is the market leader in consumer electronics today here in this country?*
- *So is the end or can we improve the marketing concept any further?*
- *Is the customer the only person you care about?*

Societal Marketing Concept

- *You need to care about society as well*
- *Societal Marketing: Fill consumer needs, at the same time, harm him/her & society as little as possible*
- *Thus, McDonalds faces lawsuits*
- *Eco-friendliness is in vogue - CFC free fridges the norm*
- *Thus, currently, the last two concepts hold sway*

Marketing – Definition

- *AMA, 1948; “ Marketing was the performance of business activities directed toward, and incident to the flow of good and services from producer to consumer” a mere highway*

- *“The process of planning and executing the conception, pricing, promotion and distribution of ideas and goods and services to create exchanges that satisfy individual and organizational objectives” - AMA, 1985*

Marketing Vs. Selling

- *Is selling the same as Marketing?*
- *Any ideas?*
- *Selling is “how to convert this product to cash”? “How do I get the customer to part with money”?*
- *Marketing is “How do I find consumer needs and fill them better than anyone else?”*
- *Selling is short-term focussed, mktg is not*
- *Selling is a part of marketing, which is all-encompassing*

Marketing – Prerequisites

- *What/who need to be there for Marketing to take place?*

Marketing – Prerequisites

- *Exchange*
- *Two parties, one marketer and one buyer*
- *A Product is a good, service or idea that the customer acquires to satisfy a need or a want*
- *So what is a need and what is a want?*
- *Any difference?*

Marketing - Prerequisites

- *A need is a felt state of basic deprivation*
- *A Want - Specific Satisfier of Deeper Needs*
- *I am hungry, I need food, but do not want chapathi, want a masala dosa*

- *A need is at a more basic level*
- *Plus for Marketing to take place, one needs money, of course*

The Marketing Environment

- *What Constitutes the Environment ?*
- *All internal and external factors that directly or indirectly influence a marketer's actions*
- *Internal factors are closer than external ones*
- *Some degree of control can be exerted over them*
- *Microenvironment Vs. Macroenvironment*

A Few Examples

- *European Exporters in the Banana wars*
- *Asia's currency crisis*
- *Japanese exporters when the yen rose*
- *Oil Companies in Iraq*

A Few Examples

- *And so on and so forth*
- *Thus, sometimes companies cannot do a thing*
- *Still GE, Microsoft, Sony, Toyota continue to excel - how ?*

Some Internal Environmental factors

- *The set of factors inside the marketer's value chain*
- *That can influence marketing success*

Employees

- *Hire good people*
- *Empower them*
- *keep them happy otherwise how can they keep your customers happy ?*

Stockholders

- *How can they influence you ?*
- *Mergers and acquisitions require support*
- *Institutional investors*
- *can buy and sell huge volumes*
- *shareholder value*

Partners

- *McDonald's franchisees*
- *Microsoft's partners*
- *Resellers and Distributors*

Suppliers

- *crucial when there are lots of parts*
- *car industry*
- *JIT*
- *Few suppliers only (following Japanese)*

Customers

- *Consumer Movement*
- *Thus, the importance of relationship marketing*
- *particularly, when times are hard*

The External Environment

1. The Political Environment

- *What if Gore wins ? Will eco friendliness be important ? Will my imports from China be affected ?*
- *Especially important internationally*
- *political upheavals in Russia, the Gulf etc*

2. The Economic Environment

- *Interest rates*
- *The wealth effect*
- *GDP growth ? Inflation ?*
- *particularly for high-end brands, durable brands*
- *Marketing – 4 Ps*
- *Marketing revolves around what McCarthy called the 4 Ps*
- *What are they, anybody? Need any hints?*
- *Product*
- *Place*
- *Price*
- *Promotion*
- *Recent Themes in Marketing*
- *From transaction to relationship marketing*
- *Frequency flyer programmes Long-term*
- *Single Sale to Ongoing*
- *Short-term to Relationship*
- *Mutual Benefit*
- *Customisation*
- *From mass marketing to mass customisation*
- *Use of Net*
- *Even FMCG companies use 15% of their advertising budgets online*

- *Recent Themes in Marketing*
- *Integrated Marketing Communications*
- *From one tool, advertising to many tools, all in one voice*
- *Society and stakeholders very important*
- *Look at the Tata name and the Reliance name, for instance*
- *Benchmarking*
- *TCS Vs. Infy, for instance*

Summary

- *Find Needs/Wants and Fill Them better than others*
- *It is extremely important to be aware of environmental contingencies; environmental scanning is most critical*
- *the only constant in the world is change*
- *Remain fiercely customer focused*
- *Unlike IBM, Bajaj*
- *the customer is the king*
- *the customer pays your salary*
- *Relationships are important*
- *Stakeholders important, particularly society*