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Paper: Commerce –V (SEM V)
MARKETING

1 Introduction to Marketing

Marketing Concept & Features, Importance, Functions, Evolution, Strategic v/s Traditional Marketing.

- Marketing Research – Concept & Features, Process, Marketing Information System (MIS) – Concept & Components, Data Mining - Concept, Importance.
- Consumer Behaviour - Concept, Factors influencing Consumer Behaviour, Market Segmentation - Concept, Benefits, Bases of market segmentation.
- Customer Relationship Management (CRM) - Concept, Techniques, Market Targeting - Concept, Five patterns of Target market Selection

DEFINITIONS

- **American Marketing Association (2008)**

**“Marketing is the activity, set of institutions & processes
for creating, communicating, delivering & exchanging
offerings that have value for customers, clients,
partners & society at large”**

DEFINITIONS

- **According to Philip Kotler**

“Marketing management as the art & science of choosing target markets & getting, keeping & growing customer through creating, delivering & communicating superior customer value.”

NATURE & FEATURES OF MARKETING

1 Marketing is a systematic and continuous process:

Of identifying customer needs and wants and satisfying them by designing and delivering the right product.

2 Ideas, Goods & Services:

Ideas – Campaigns by govt. and social organizations

Goods – Tangible goods like FMCG

Services – Intangible services - banks, insurance etc.

3 Target Markets:

One cannot sell everything to everyone or anything to anyone.

4 All Pervasive:

It is applicable not only to business but also non-business organizations.

NATURE & FEATURES OF MARKETING

5 Corporate Image:

Effective marketing enables a firm to develop and enhance its corporate image.

6 Marketing Environment:

Marketing is influenced by various environmental factors. By scanning these factors marketer can design the product that can offer differential advantage to the customer.

7 Integrated Approach:

Marketing needs to integrate with the other functional areas of the organization.

8 Societal Interest:

Modern marketers aims at a balance between – Customer Satisfaction + Profits + Public Interest

9 Competitive Advantages:

The proactive decisions gives competitive advantage to the professional marketing.

NATURE & FEATURES OF MARKETING

10 Consumer Satisfaction:

It is the outcome of a co-relationship between product performance and customer expectations.

- *When product performance matches customer expectations = Customer are satisfied
- *When product performance is below customer expectations = Customer are dissatisfied
- *When product performance exceeds customer expectations = Customer are delighted
- *When product performance exceeds very much more than customer expectations = Customers get astonished

IMPORTANCE OF MARKETING

- **Competitive Advantage:**
- **Corporate Image:**
- **Customer Satisfaction:**
- **Customer Relationship:**
- **Expansion of Business:**
- **Economies of Scale:**
- **Organizational Objectives:**
- **Optimum use of Resources:**

IMPORTANCE OF MARKETING

- **Brand Loyalty:**
- Refers to repeat the purchases and recommendations of the brand by satisfied customers to friends, neighbors and others.
- **Brand Equity:**
- It is incremental value of a brand over and above its physical aspects
- **Brand Image:**
- It is the perception of a brand in the minds of the customers.
- **Benefits to Stakeholders:**
- Effective marketing brings higher returns to the firm. It benefits various stakeholders such as – employees, shareholders, govt., suppliers, society etc.

FUNCTIONS OF MARKETING

- **MARKETING RESEARCH:**
- MR is a process which consists of systematic gathering, recording and analyzing data about marketing problems.
- **BRANDING:**
- Selecting suitable brand name for a particular product. (capable of describing features, universal usage, relevant to the product, easy to pronounce)
- **ADVERTISING:**
- It is the paid form of no-personal promotion of ideas, goods and services.
- **PRODUCT DESIGN:**
- Introduction of new product designs helps to generate goodwill.

FUNCTIONS OF MARKETING

- **AFTER SALES SERVICE:**
 - The firm must be proactive in after sales service management
- **SALES PROMOTION:**
 - It involves various tools to induce the customers to buy the product/s
- **SALESMANSHIP/PERSONAL SELLING:**
 - The personal selling staff (sales force) makes a big difference in promoting the product and generating goodwill for the firm
- **PRICING (exchange value):**
 - Effective pricing policy is vital to the success of the product in the market.

FUNCTIONS OF MARKETING

- **PHYSICAL DISTRIBUTION:**
 - It includes place of distribution and the channels used for distribution
- **CUSTOMER RELATIONSHIP MANAGEMENT:**
 - It is concerned with managing detail information about individual customers and all ‘customer touch points’
- **MIS MANAGEMENT:**
 - Internal records, Marketing intelligence system, Marketing research, Marketing decision support system
- **TEST MARKETING:**
 - It is process of launching a product in a very limited market area in order to find out the acceptance of the product by the customers

EVOLUTION OF MARKETING CONCEPT

- **THE EXCHANGE CONCEPT:**
 - *Customers will accept products of any quality available in the market*
- **THE PRODUCTION CONCEPT:**
 - *Customer will prefer those products that are widely available and at lower price.*
- **THE PRODUCT CONCEPT:**
 - *Customer will prefer those products that offer high quality & performance*
- **THE SELLING CONCEPT:**
 - *Customer will prefer those products which are aggressively promoted with the help of publicity, advertising etc.*

EVOLUTION OF MARKETING CONCEPT

- **THE MARKETING CONCEPT:**
 - *The success of the organization largely depends on customer satisfaction*
- **THE SOCIETAL CONCEPT:**
 - *Society's welfare +Customer satisfaction +Company's profit*
- **THE RELATIONSHIP MARKETING CONCEPT:**
 - *Company will prosper, if it maintains excellent relationship with various stakeholders*
- **THE HOLISTIC CONCEPT OF MARKETING:**
 - *Integrated marketing +Relationship marketing +Internal Marketing+ Performance marketing*

TRADITIONAL MARKETING V/S **STRATEGIC MARKETING MANAGEMENT**

- **1. MEANING:**
- **Process to achieve firms objectives**
- **Providing superior value to the customers**
- **2. MARKETING RESEARCH:**
- **MR not given importance**
- **Lot of emphasis on MR**
- **3. NATURE OF DECISION MAKING:**
- **Reactive decisions**
- **Proactive decisions**
- **4. NATURE OF STRATEGY:**
- **Stability strategy**
- **Stability, Growth, Retrenchment strategy**

TRADITIONAL MARKETING V/S STRATEGIC MARKETING MANAGEMENT

- **5. OPPORTUNITY SENSING:**
- **Adhoc search for new opportunity**
- **Continuous search for new opportunity**
- **6. OBJECTIVES:**
- **Emphasis on Economic objectives**
- **Emphasis on Social as well as Economic objectives**
- **7. PRICING METHODS:**
- **Cost oriented pricing methods**
- **Market oriented pricing methods**
- **8. PROMOTION MIX:**
- **Few elements of promotion-advertising, publicity etc**
- **Integrated elements of promotion**

**TRADITIONAL MARKETING V/S
STRATEGIC MARKETING MANAGEMENT**

- **9. QUALITY OF PRODUCTS:**
 - **Hardly any emphasis on R&D**
 - **Lot of emphasis on R&D**
- **10. RELATIONSHIP WITH CUSTOMERS:**
 - **Marketing resources directed at acquiring new customers rather than customer retention**
 - **Customer centric approach. Maintaining & enhancing CR and retention**
- **11. SWOT ANALYSIS:**
 - **Hardly undertake SWOT analysis**
 - **Periodically undertake SWOT analysis**
- **12. TIME FRAME:**
 - **Short term time frame**
 - **Long term time frame**
- **13. EMPLOYEES CREATIVITY:**
 - **More importance to maturity & experience**
 - **High degree of creativity**

MARKETING RESEARCH

The American Marketing Association defines marketing research as “the systematic gathering, recording and analysing of data about problems relating to marketing of goods and services”

Features:

- | | |
|---------------------------------|---------------------------|
| 1 Systematic Process | 9 Marketing-mix Decisions |
| 2 Specific in Nature | 10 Methods of data |
| collection | |
| 3 Scope | 11 Sources of |
| data collection | |
| 4 Applied Research | 12 Suffers from certain |
| limitations | |
| 5 Bridges Company- Consumer gap | |
| 6 Continue in Nature | |
| 7 Company Objectives | |
| 8 Professional Approach | |

MARKETING RESEARCH PROCESS

- 1** Identify and Define problem
- 2** Conduct a preliminary investigation
- 3** Determine data needs
- 4** Determine data sources
- 5** Create research design
- 6** Design questionnaire
- 7** Designing sample of respondents
- 8** Collection of data
- 9** Organisation of data
- 10** Analysis and Interpretation of data
- 11** Preparation of research report
- 12** Follow-up of report

MARKETING INFORMATION SYSTEM (MIS)

Philip Kotler, 'A MIS consist of people, equipment and procedures to gather, sort, analyse, evaluate and distribute needed, timely and accurate information to marketing decision makers'

Features:

1 Systematic Process

2 Professional Approach

3 Continuous in nature

4 Components of MIS - Internal records, Marketing Intelligence System, Marketing Research, Marketing Decision Support System.

5 Unified & Centralised system

6 Use of latest Techniques

7 Decision Making

regular supply of information

8 Ensure

COMPONENTS OF MIS

1 INTERNAL RECORDS: All internal records preserved for the purpose of information marketing decisions.

2 MARKETING INTELLIGENCE: it refers to the information related to companies markets, gather and analysed specifically for the purpose of identifying marketing opportunities and to design product development, market penetration and market development strategies.

3 MARKETING RESEARCH: It is the systematic gathering, recording and analysing of data about problems relating to marketing of goods and services.

4 MARKETING DECISION SUPPORT SYSTEM (MDSS): It is a set of tools that assist marketing managers to make improved marketing decisions.

Forecasting & analytical marketing support/Custom database design and management system/ Research tracker database system

DATA MINING

It is a process of extracting useful data from a larger set of raw data for the purpose of effective decision-making.

CRM analysts develop data warehouses (company wide electronic database) and use data mining techniques to develop

and maintain long term relationship with the valuable customers.

The mined data can be used for various marketing decisions - Product design/modification, pricing, promotion mix distribution etc.

DATA MINING

Data mining process:

- 1** Collection and loading of data into data warehouse.
- 2** Store and manage the data in multidimensional databases (in-house-servers,the cloud)
- 3** Provide data assess to business analysts using application software
- 4** Application software sorts the data based on the user's requirements
- 5** End user presents the data in easily understandable forms such as a graphs or tables.

DATA MINING

IMPORTANCE OF DATA MINING

- 1 Consumer Behaviour
- 2 Customer Loyalty
- 3 Competitive advantages
- 4 Corporate Image (Loyal customers - *evangelists* - spread a good word about company and its products)
- 5 Customized market offerings
- 6 Lower operating cost
- 7 Lower customer defection rate
- 8 Higher customer Equity (Lifetime values of *Most Valuable Customers*)
- 9 Higher returns on investments
- 10 Effective Promotion/Pricing/Distribution strategies
- 11 Improved service to the customers

CONSUMER BEHAVIOUR

“Consumer behavior is the process whereby individuals decide what, when, where, how and from whom to purchase goods and services” - **Walters and Paul**

“Consumer behaviour as the actions and decision process of people who purchase goods and services for personal consumption” - **Engel, Blackwell and Mansard**

CONSUMER BEHAVIOUR

FEATURES:

- 1 Process
- 2 Influenced by various factors
- 3 Different for different products
- 4 Varies across Regions
- 5 Vial for marketers
- 6 Reflects Status of consumers
- 7 Results in spread effect
- 8 Improves standard of living
- 9 Undergoes a change

CONSUMER BEHAVIOUR

FACTORS INFLUENCING CONSUMER BEHAVIOUR

A) MARKETING FACTORS : Product/Price/Place/Promotion

B) PERSONAL FACTORS: Age, Gender, Education, Income level, Status in the society etc.

C) PSYCHOLOGICAL FACTORS: Learning, Attitude, Motives, Perception

D) SITUATIONAL INFLUENCES: Physical surroundings at the place of purchase, Social surroundings, Time factor, Momentary Conditions

E) SOCIAL FACTORS: Reference groups, Family, Roles & Status,

F) CULTURAL FACTORS: Race & Religion, Traditions, Values etc.

CONSUMER BEHAVIOUR

BUYING DECISION PROCESS

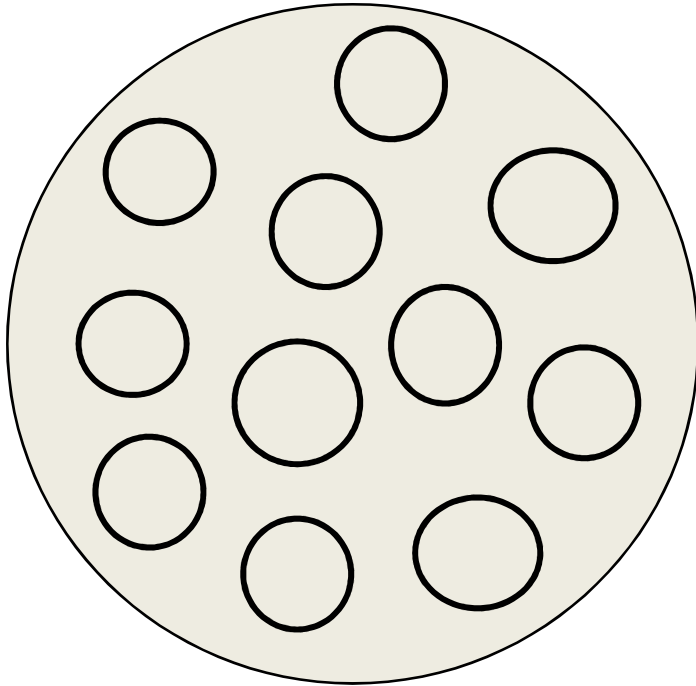
- 1** Need Identification
- 2** Information Search
- 3** Listing alternative Brands
- 4** Evaluation of Alternatives
- 5** Attitude
- 6** Trial Purchase
- 7** Purchase decision
- 8** Post-purchase behaviour

MARKET SEGMENTATION

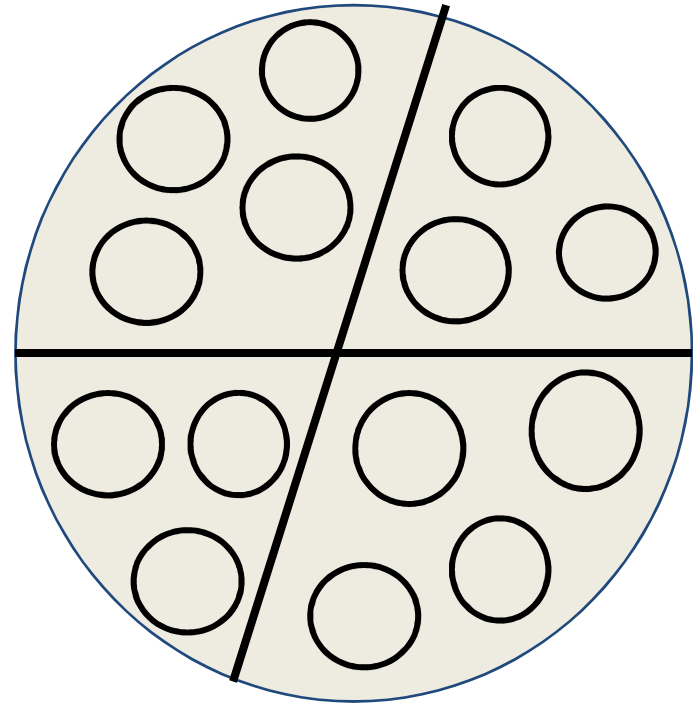
Philip Kotler : *The act of dividing a market into distinct groups of buyers who might require separate products and/or marketing mixes.*

William J. Stanton : *Market segmentation is the process of dividing the total heterogeneous market for a good or service into several segments, each of which tends to be homogeneous in all significant aspects.*

MARKET SEGMENTATION



NO MARKET SEGMENTATION



MARKET SEGMENTATION

MARKET SEGMENTATION

IMPORTANCE :

1 Market opportunities

2 Product Development

3 Promotional Mix

4 Pricing of Products

5 Distribution Strategies

6 Media Selection

7 Timing of Marketing efforts

8 Use of Resources

9 Better Service to Customers

10 Customer Loyalty

BASES OF MARKET SEGMENTATION (Consumer Market)

Geographic Segmentation: Region, Urban/Rural, Locality

Demographic Segmentation: (Study of different aspects of population) Age, Gender, Income, Education, Family size etc.

Socio-graphic Segmentation: Culture, Reference group etc.

Psychographic Segmentation: Life style, Personality (leadership, independence, masculine, impulsive, ambitious etc.) Attitude (individual beliefs and feelings)

Behavioural Segmentation: Usage rate (heavy users, medium users, light users, non-users)) , User status (non-users, ex-users, potential users, first time user, regular user), Buying motives (pride, convenience, fear)

BASES OF MARKET SEGMENTATION (Industrial Goods Market)

- 1** Segmentation as per the features of the buyers i.e. industrial users.
- 2** Segmentation as per the type of organization.
- 3** Segmentation as per the Geographic location of the purchasers.
- 4** Segmentation as per buying capacities of customers i.e. industrial users.

NICHE MARKETING

A niche market is a segment of a larger market that can be defined by its own unique needs, preferences, or identity that makes it different from the market at large.

A niche is a segment within a segment just as a segment is a market within a market.

NICHE MARKETING

Nearly every market can be further refined, or divided, by the particular needs and preferences of its constituents. Some of the most common ways to define a niche are based on:

- **Price** (e.g. luxury, moderate, discount)
- **Demographics** (gender, age, income level, education level)
- **Level of quality** (premium, handmade, economical)
- **Psychographics** (values, interests, attitudes)
- **Geographics** (residents of a certain country, city, or even neighborhood)

NICHE MARKETING

For example, within the market for women's shoes are many different segments or niches. Shoes for vegan women would be a niche market, as would shoes for plus-sized women, shoes for nurses, and shoes for transgendered people. These are all niche markets within the larger market for women's shoes.

MERITS: 1) Lesser risk in marketing 2) Can manage with limited resources
3) Secures higher profit due to concentration on limited area 4) Higher goodwill due to personal contacts 5) Limited competition

DEMERITS: 1) Not useful to large companies 2) Niche marketer may lose market when competition becomes stiff 3) It's a short term strategy may not work in the long run 4) Change in the composition of consumers may force to wind up the

CRM **(CUSTOMER RELATIONSHIP MANAGEMENT)**

Philip Kotler & Gary Armstrong, “CRM is concerned with managing detailed information about individual customers and all customer ‘**touch points**’ to maximise customer loyalty”

The touch points includes every contact between the customer and the company, which includes customer purchases, payment interactions, service calls, satisfaction surveys etc.

Need and Importance of CRM:

- | | |
|---|--|
| 1 <i>Information about customers</i> | 5 <i>Periodic revision of data</i> |
| 2 <i>360 degree view of customer relationships</i> | 6 <i>Ensures better service</i> |
| 3 <i>Provides data</i> | 7 <i>Achieves customer loyalty and equity</i> |
| 4 <i>Provides competitive advantage</i> | |

TECHNIQUES OF CRM

1. Data Warehousing and Data Mining: Storing of customer data – Mining of data for effective marketing decisions.
2. One-to-one Marketing: Marketing as per customer's feedback – Right 4Ps.
3. Loyalty Programmes: Special offers and services to most valued customers (MVCs).
4. After-sale-service: Effective ASS – Selection, Training, Motivation.
5. Priority Customer Programmes: MVCs are given priority in ASS, delivery, etc.
6. Satisfaction Surveys: Feedback from customers.
7. Suggestion Schemes: Suggestions from customers for 4Ps.
8. Service Agents: To Communicate with customers.

MARKET TARGETING

MT is a process of selecting the target market from the entire market area. Five

Patterns of Market Selection :

1. Single Segment Concentration: One market segment, One product, One marketing-mix.
2. Product Specialisation: Several market segments, one product, one MM.
3. Market Specialisation: One market segment, several products, several MM.
4. Selective Specialisation: Several Market segments, different products, several marketing-mixes.
5. Full Market Coverage: All segments, several products, several marketing-mixes.