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