

Indian Institute of Technology Kanpur
National Programme on Technology Enhanced Learning (NPTEL)
Course Title
Marketing Management – 1

Lecture: W1.I.2
Introduction To Marketing

by
Prof. Jayanta Chatterjee
Dr. Shashi Shekhar Mishra
Dept. of Industrial Management and Engineering
I.I.T. Kanpur

Dr. Shashi Shekhar Mishra: Hello, welcome to our session 2 on this course of marketing management 1. So I will just recap of what we have done yesterday in our first session on introduction to marketing. So I will start from where we have left yesterday, with what we have tried to summarize, what we have discussed about marketing, while we define marketing it with from two different perspective on social, as a social process, and probably as an organizational function, marketing is basically an exchange of value.

Where two parties are there, one could be termed as a seller, one could be termed as a buyer, and sellers, group of seller is termed as industry, group of buyer is commonly referred as a market. Now what is exchange is a physical goods or the services, what probably seller gets in return is monetary benefits for selling those product and the services, what seller also probably provides to the market is the communication about the product and the services.

And what comes back from the buyers to the seller in that loop is information which is very important for seller to probably remain relevant to the market. So this information flow of this information back from buyer to the seller is a very important part, this is where we have finished in the last class. Now one thing which I would like to emphasize here is that marketing is the interface between the organization or the firm and its customer.

While to the customers marketing represent, marketing is the representative of an organization, on the other side within an organization marketing is a basically the representative of the

customers, they take back that information from the customers back to the organization which it processes further. And probably comes out with improved offerings or probably new offerings and try to remain competitive in the market. So this is what probably the role of the marketing is there in an organization as a function also.

(Refer Slide Time: 02:43)



Dr. Shashi Shekhar Mishra: Now we will try to explain you the difference between marketing and sales, now as this picture depicts that while a sales oriented process is just focus on producing the product and then going and selling it to the customer, marketing oriented process will more, have a more focus on creation of the value.

(Refer Slide Time: 03:08)



Dr. Shashi Shekhar Mishra: And then communicating and delivery rather than just giving to the customer whatever I have, I will probably try to understand what customers want, I will try to understand customer needs, and at the same time when I am understanding the customer needs, I will also understand the environment in which customer consumes a product or the services, because without understanding those things, just probably understanding a product will not suffice.

Then probably comes once I have understood those needs, then probably I will design the product and produce it, and then it will be taken to the market to the nearest possible or the convenient point of the customers and through this, all throughout this process we will also communicate to the customer what this product is, what are its benefits. We will probably explain to the customer both its functional and emotional benefits.

Prof. Jayanta Chatterjee: In a way this part the last two blocks can be called the tactical part of the marketing, and this is the part which is the strategic part of the marketing. And when an organization is focused in creating the whole marketing value proposition from here, then we often called such organizations as market-oriented. So somebody very ably put together the basic

mantra of market orientation and said that this is an organization which is driven by sense, share and respond. As you showed in the previous picture that there is a very important feedback loop coming back from the market to the industry, so you sense and within the organization as you rightly said as representative of the customer you share with all the other functions the feedback coming from the customer, sense, share and then you respond with offerings which not only respond to the customers declared needs or as you.

Dr. Shashi Shekhar Mishra: Yeah

Prof. Jayanta Chatterjee: Said articulated needs, but also addresses the latent needs and, and that is the way today to delight the customer. So today just as your next picture shows, just by delivering the value you will you cannot win. To make these parts successful, to make your sales grow, make more products delivered to the customer we have to focus on this part that, that the strategic part of it and we have to understand that sense long before other my competitor sense and then create the value response.

Dr. Shashi Shekhar Mishra: The other side if you look at the sales process you will understand that probably company might be good in producing something and they are offering that to the customers, but however the customer may not probably like that offering because it may not suits to his needs or probably in the environment in which he consumes a product or the service probably will not be suitable so sometimes the product may not be probably anywhere less than in terms of its engineering aspects.

However it may not suits to the customer requirement and sometimes it, it may happens that because of the over engineering of the product you provide something beyond the expectation or probably the needs of the customer, you also probably raise the cost of producing the product.

Prof. Jayanta Chatterjee: Or make it more complex.

Dr. Shashi Shekhar Mishra: May make it more complex yeah very, very appropriately probably stated here, so it may not be so relevant to the customers, so again that, that will bring it bring us

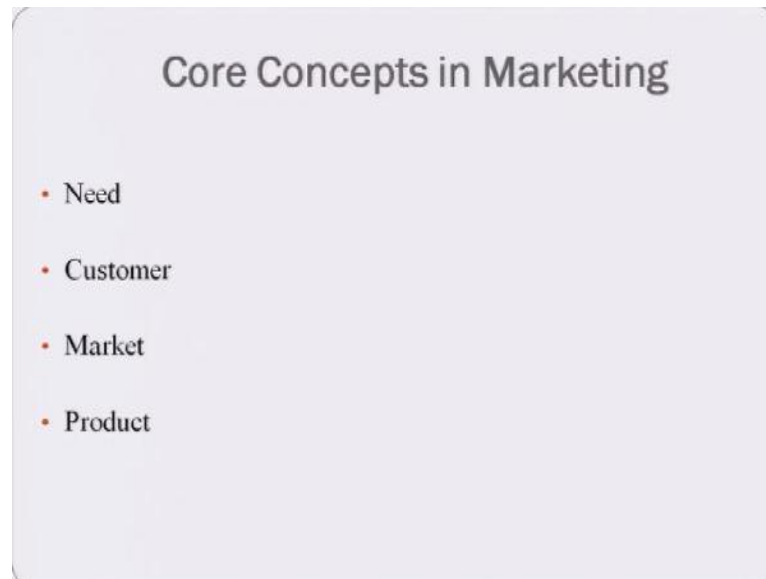
to the concept of the value, its value will come down or the perceived value will come down in the minds of the customers.

Prof. Jayanta Chatterjee: The midpoint here is that one has to think of marketing as a system, that means not only this production or creation of value and delivery of the value you have to also think as Prof. Mishra explained in the total environment, so sometimes if it is, it is not only the environment like temperature or pressure or wind or a and such outside the moisture in the atmosphere, those will affect if you are making and selling refrigerator or an air-conditioner those environmental factors will play a part.

But there are other environmental factors in the sense that what is the mental environment, what is the psychological environment, the process environment where the consumption takes place? You have to think the whole marketing issues the, the whole lot of marketing issues in that total perspective as a system, and as we will discuss much later that understanding therefore marketing as a holistic system becomes your way to success.

Dr. Shashi Shekhar Mishra: So some of these things we will also discuss probably when we will talk about consumer behavior.

(Refer Slide Time: 08:58)



Dr. Shashi Shekhar Mishra: And then we will understand what are the factors that affect the consumer choices wherein probably we will also look into the cultural factors which affects the consumers. Now coming onto the sum of the concepts which we will talk during this course is need, what we what is need, need is basically stated felt state of a deprivation, so if I at this point of time if I am hungry probably my body will let us, let me know that I am feeling hungry.

Now here it is important that needs probably are pre-existing before the marketers, marketers do not create the need what they influence is the want, want is basically the form of need which are probably affected by our cultural and environmental factors, so like if I am hungry probably I being a vegetarian I would like to have something on a veg, on the other side Prof. Chatterjee if he probably is hungry he will again like to have a fish at this point of time. So you see some of these cultural factors and all those things affects our want.

For marketer what is most important is more than want someone who desires a product, someone who want a product he should also have the buying power. So if I want probably a luxury car I can wish to have that luxury car but if I, I do not have the money to probably pay for or probably

afford that car, to maintain that car, I am probably not the part of the demand for that market here.

So it is important to understand what is a difference between need, want, and the demand and then who is the customer, customer is anyone who is interested in the offering, then probably who is market, market is a basically a place is if which is a probably a combination of the customers and the sellers, and the product we conceptualize in the marketing is bundle of benefits like if you look at any product.

I was referring to you in the previous session about a car if you look at a car, car models are differing from each other on probably the attributes like transportation, safety, status symbol, while all the probably if you take three car models from a company you will see that they are coming at different price point, A, B and C supposedly we call there are three models A, B, and C. Now you see all three of them will be fulfilling our transportation needs. However you will find out the top end model in a particular car.

Prof. Jayanta Chatterjee: Family.

Dr. Shashi Shekhar Mishra: Yeah family might becoming at a much higher price than the basic model because it has more safety features, on the other side if you look at some other brands from a probably same seller which might be probably a more probably a, will come as a probably a luxury brands and all that they will probably come at a different price point again because they are also providing you, they are also fulfilling the status needs also.

So here it is on you have to understand that product has probably these three features transportation, safety, and probably status symbol, all these three needs probably in those three products are represented by the different levels of needs being satisfied. So that is why what I was saying was in marketing very commonly a lot of probably technician will refer product as a bundle of benefits.

Now explaining to you or probably elaborating more upon what we were talking about in EMS definition of marketing as an organizational function, how it is being actually executed in the organization.

(Refer Slide Time: 13:04)



Dr. Shashi Shekhar Mishra: So you will find out from organization to organization or probably within an organization from one unit to the other organization there will be differences in the practices and the way the activities are performed, but broadly if you want to basically study or theorize what marketing process is, strategic marketing processes is, it is being represented here. Generally marketing as a process will start from the analysis of the customer company and the competitor.

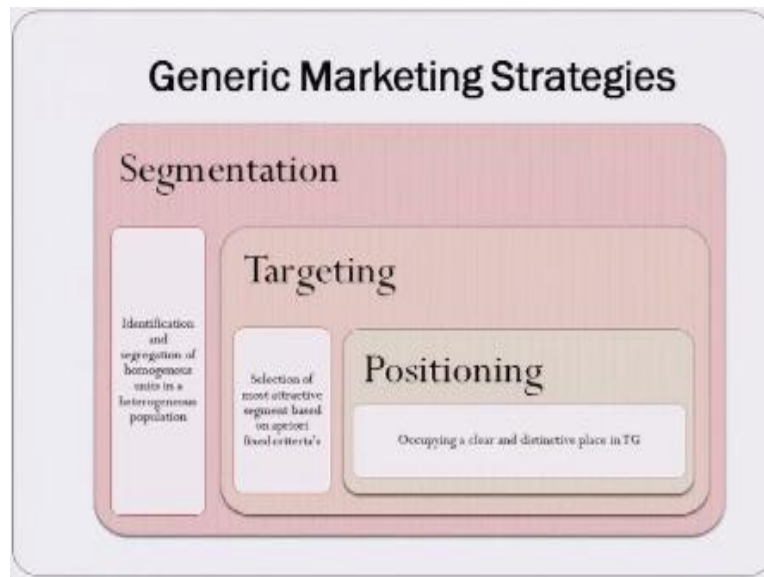
So what Professor Chatterjee was talking about, that involving the customer from the very beginning, understanding them, their environment of the consumption, the factors that affect the customers, they are very important and they needs to be studied first, and then you also understand what probably what-what-what are probably as an organization are your strength and the weaknesses.

We will talk about probably in next few session about some of these aspects we will, where we will talk about the different tools that you can use to basically study the customer company and the competitors. So as a organization you need to understand what are your strength and the weaknesses, what are your opportunities and the threads, what are your resources, your capabilities.

That constraint you are probably that enables you to do better in the market then your competitors. So those are basically the kind of analysis which are required, and then probably you generate the different market insights and based on those market insights you develop your marketing strategies. We also very commonly referred those marketing strategies as generic marketing strategy.

Or abbreviation, in abbreviation we call them as STPD, segmentation, targeting, positioning, and differentiation. Now going into each one of them probably in the later chapters we will also talk about.

(Refer Slide Time: 15:07)



Dr. Shashi Shekhar Mishra: This marketing strategy part but briefly I will just explain to you what is segmentation, targeting, and positioning is. Segmentation is when you have a probably heterogeneous mass or population, in a market if there are customers all the customers will not have same preferences, the preferences are varying across the customers in a market. Now you probably need to in this heterogeneous mass, you need to probably identify homogeneous groups, that is called as segments.

Now when you segment the market the next thing that you do is you basically have a priority set criteria's for any organization based on which you try to basically select or judge the customer segments. Which are the most attractive customer segments that you choose okay? So there are criteria's that you need to basically first build and then basically evaluate the different customer segment on those criteria's and then you should come out which one segment or probably more than one segment are the combination of the segment, you want to probably serve as an organization.

And probably the third thing that comes in this strategic marketing part is, is positioning how you should probably communicate or probably how you should position your product, a very

clear-cut positioning or probably clarity in the minds of the customer. What are the benefits of your product or the offerings? So that is what probably, there this concept of positioning is.

Prof. Jayanta Chatterjee: No, I was thinking that maybe we can take a break here, and but tomorrow should we then go deeper into each block.

Dr. Shashi Shekhar Mishra: Yeah.

Prof. Jayanta Chatterjee: Over the next couple of sessions, because each one is so fundamental, to successful marketing. So, we can look at ways of segmentation.

Dr. Shashi Shekhar Mishra: Yes.

Prof. Jayanta Chatterjee: Ways of segmentation in case of a consumer market or what we commonly call business-to-consumer b to c market, and ways of segmentation in b to b market, and then we can look at targeting in greater depth, and positioning.

Dr. Shashi Shekhar Mishra: Yeah. So how we will be proceeding I will just explain to you, while I just, just, just complete.

(Refer Slide Time: 17:38)



Dr. Shashi Shekhar Mishra: This, in this picture I will just complete on this part while this, this business analysis and marketing strategy it leads us to define what is going to be our tactical approach in the market. So what is going to be this very popularly known as this concept of four P's in the marketing, product, price, place, and promotion given by McCarthy. So what, what is going to be our product, so as I was saying product is a bundle of benefit and thought, what are, what are the benefits that you are going to deliver in your product and what are the labels of probably those benefits in your product okay?

Then what will be the price of the product, what will be the place where you will make your product available for the customers? And then how you are going to promote your product, these are very, very important decision in any probably marketing process.

(Refer Slide Time: 18:35)



Dr. Shashi Shekhar Mishra: And probably when we will go further, we will go into the each of these different aspects of marketing process and explain to you each one of them in more detailed way. So we will also talk about the different markets that exist, b to c market, business to consumer market, and b to b markets, that too two predominant probably, I mean one of the classification of the market based on the type of the customers that you are serving.

Prof. Jayanta Chatterjee: Also the process of buying and selling.

Dr. Shashi Shekhar Mishra: Yes.

Prof. Jayanta Chatterjee: The marketing process, the nature of the buyer and the process of buying and selling, based on that we will look at these different aspects in greater depth. Thank you.

Acknowledgement
Ministry of Human Resource & Development

Prof. Satyaki Roy
Co-ordinator, NPTEL IIT Kanpur

NPTEL Team
Sanjay Pal
Ashish Singh
Badal Pradhan
Tapobrata Das
Ram Chandra
Dilip Tripathi
Manoj Shrivastava
Padam Shukla
Sanjay Mishra
Shubham Rawat
Shikha Gupta
K. K. Mishra
Aradhana Singh
Sweta
Ashutosh Gairola
Dilip Katiyar
Sharwan
Hari Ram
Bhadra Rao
Puneet Kumar Bajpai
Lalty Dutta
Ajay Kanaujia
Shivendra Kumar Tiwari

an IIT Kanpur Production

©copyright reserved