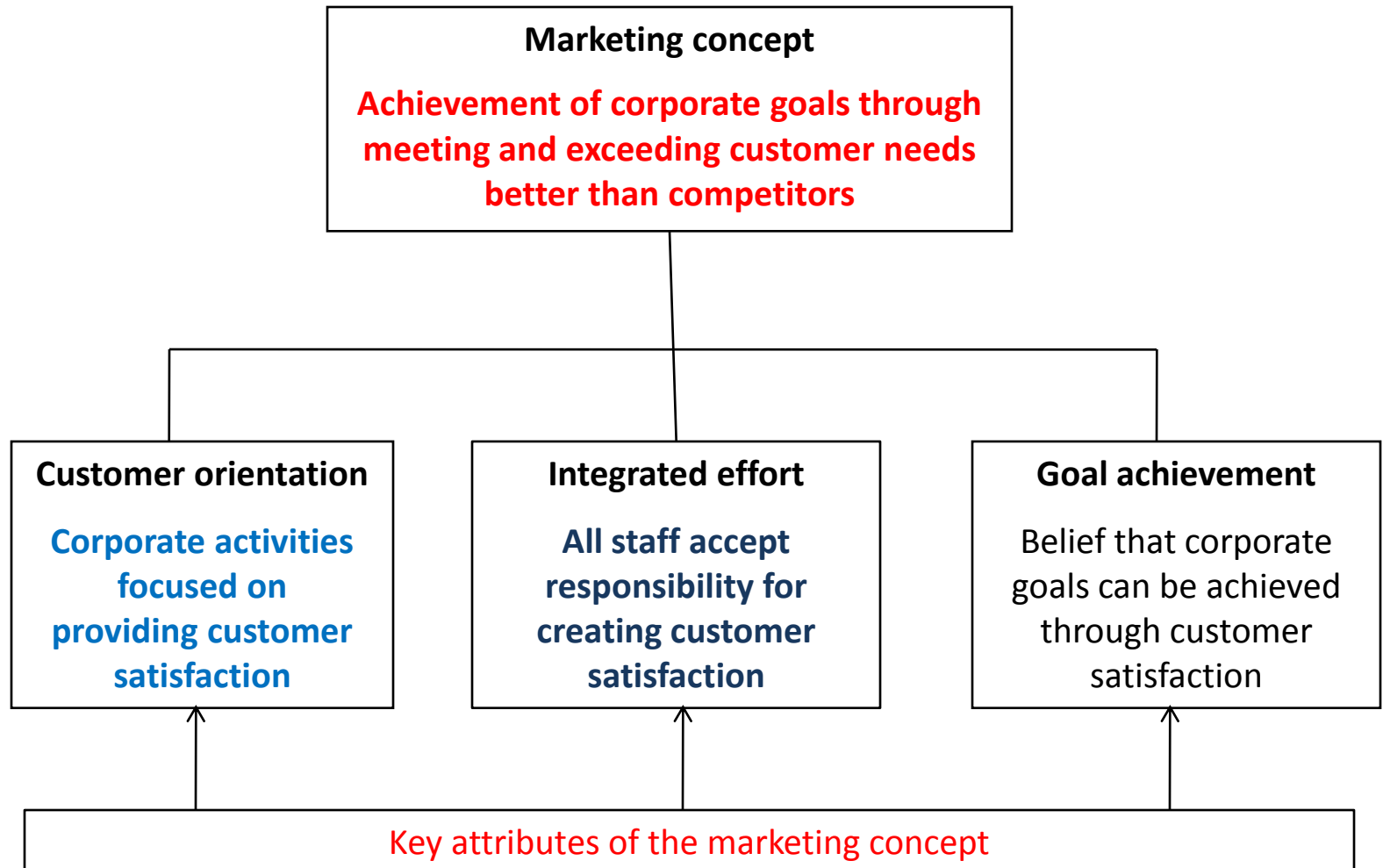


**AG ECON 631: Marketing Management**  
**Marketing Management: Concept, Purpose  
and Process**

# Marketing concept



# The Marketing Concept and Value Delivery

- Customer orientation, integrated marketing and goal achievement all aim at customer satisfaction
- The crucial question is “ how do we translate customer orientation into customer satisfaction”?
- In order to do this, company has to deliver value to the customer through its total product or service (offering)
- Satisfaction results if customer finds the offering valuable
- **Hence firms must deliver value to the customer**
- *For this firms must make deliberate efforts and manage its marketing process*

**Marketing management** is the *art and science* of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value

# What is the purpose of business?

- Producing goods and / or services ?
- Generating surplus and making profits ?
- Generating wealth for the society and individual ?

**There is only one valid definition of a business purpose:  
*to create a customer***

- Peter Drucker

- Customers / clients form the basis for doing business
- Sustainable
- Investments are involved – hence long term commitments
- Businesses must develop a strategic and competitive advantage

# So what is important?

- **Customer**
- **Demand**
  - **Generation of demand**
  - **Satisfaction of demand**
- **Competitors and the dynamic business environment**
- **Company offering**

# Managing Demand

- At any given point of time

$$\begin{array}{c} > \\ \text{Actual demand} = \text{Desired demand} \\ < \end{array}$$

- Hence the need to manage the level of demand
- Several technically possible demand states, each requiring a different approach (marketing task) on the part of the firm
- Marketing manager's task is to influence the level, timing and composition of demand for a product / service

# Managing Demand

Demand State	Description	Marketing Task
Negative demand	<p>A major part of the market dislikes the product and may even be willing to pay a price to avoid the product</p> <p>Ex. Visiting a dentist Children and vaccinations Employers recruiting ex-convicts</p>	<p>Analyse why the market dislikes the product.</p> <p>What alternative marketing programmes / strategies can help to reverse the situation (lower prices, product redesigns, positive promotion, etc.)</p>
No demand	<p>Target market is uninterested or indifferent to the product</p> <p>Ex. Indian farmers' reluctance to use new hybrid seeds during late sixties College students and foreign language courses</p>	<p>Generate interest in the product</p> <p>Link product benefits to consumers' needs – show how the product is a solution to the consumers' problem</p>

# Managing Demand ...

Demand State	Description	Marketing Task
Latent demand	<p>A consumer need that is not satisfied by any existing product</p> <p>Ex. Demand for harmless cigarettes</p> <p>Demand for fuel efficient cars</p>	<p>Assess and measure the size of the potential market</p> <p>Develop products that satisfy the demand</p>
Declining demand	<p>Demand for one or more of the firm's products may be declining</p> <p>Ex. Declining demand for bicycles in urban towns and metros</p> <p>Declining demand for the conventional yellow taxis</p>	<p>Analyse the reasons for the declining demand in market</p> <p>Determine how demand can be re-stimulated to reverse the decline</p> <p>Market to new segments</p> <p>Change product features</p> <p>Find new uses for product</p> <p>Communicate more effectively</p>



## Managing Demand ...

Demand State	Description	Marketing Task
Irregular demand	<p>Temporal variation in demand leading to shortages, inventory pile-ups or idle / over-worked capacity</p> <p>Ex. Demand for tourist buses during different days</p> <p>Products whose consumption is linked to festivals</p>	<p>Find ways to alter the pattern of demand</p> <p>Synchronise marketing</p> <p>Flexible pricing</p> <p>Promotion</p> <p>Other incentives (e.g. free popcorn by theatres during noon screenings)</p>
Full demand	<p>Demand is equal to what the firm can cope with</p>	<p>Find ways to maintain demand</p> <p>Firm cannot afford to be complacent as consumer preferences and competition are dynamic</p> <p>Maintain/improve quality</p> <p>Monitor consumer satisfaction</p>

# Managing Demand ...

Demand State	Description	Marketing Task
Overfull demand	Demand higher than what the firm can cope with	<p>Find ways to temporarily or permanently reduce demand</p> <p>Demarketing. Reduce demand; do not destroy demand</p> <p>Generally discourage consumers by raising prices of reducing promotion</p> <p>Selectively reduce demand originating from less profitable segments</p>
Unwholesome demand	<p>Products that are intrinsically bad or unsuitable for consumption</p> <p>Attract organised efforts to discourage consumption</p> <p>Ex. Cigarettes, drugs, large families, cruelty to animals</p>	<p>Unsell the product</p> <p>Encourage people to give up the product</p> <ul style="list-style-type: none"> <li>Fear communication</li> <li>Price hikes</li> <li>Reduced availability</li> <li>Legal action</li> </ul>