

MARKETING DESIGN: Marketing of Products

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CORE CONCEPTS OF MARKETING

Marketing is a social process by which individuals and groups obtain what they need and they want through creating and exchanging products and value with others.

This definition rests on the following core concepts

needs, wants and demands

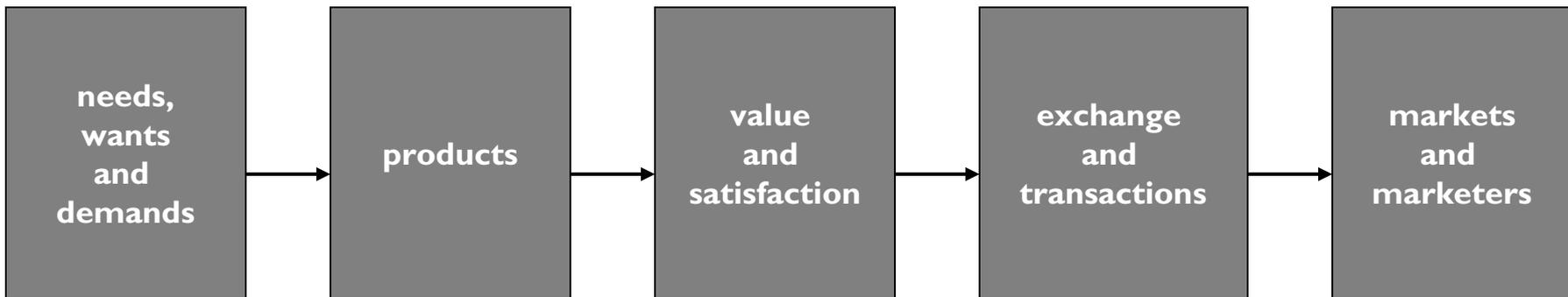
products

value and satisfaction

exchange and transactions

markets

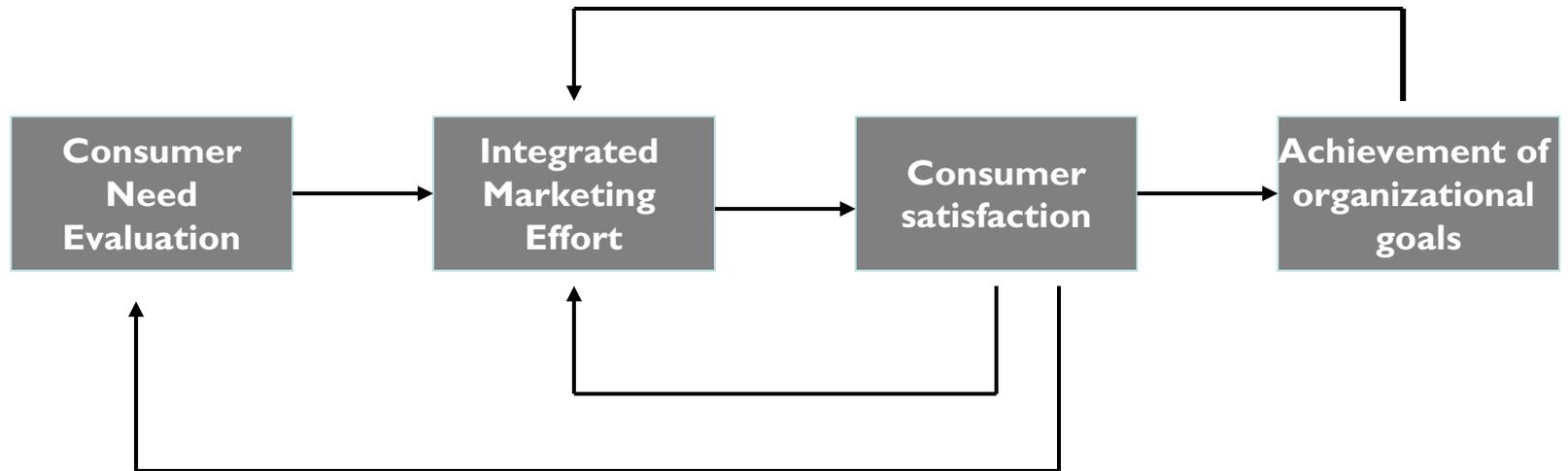
marketing and marketers



SELLING



MARKETING

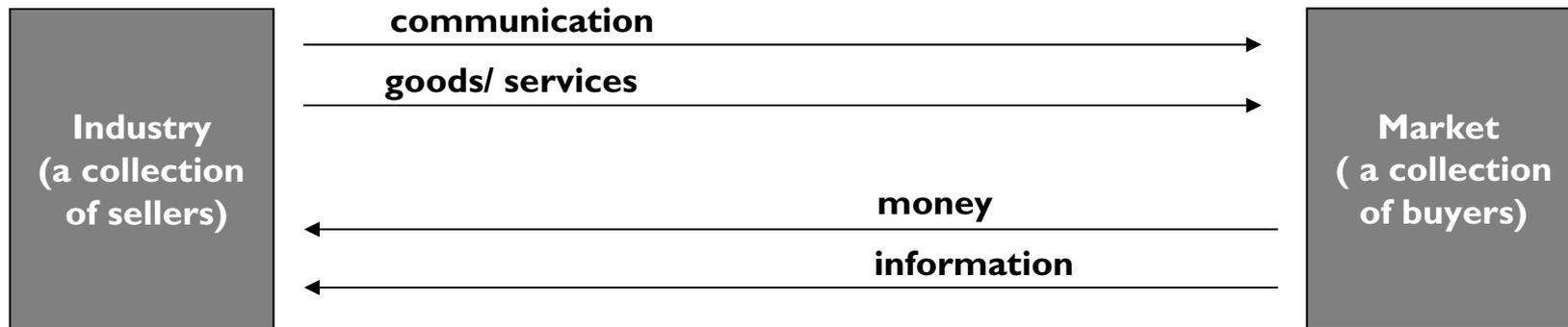


MARKETS

A market consists of all the potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy that need or want.

Marketers see the sellers as constituting the industry and buyers as constituting the market.

A SIMPLE MARKETING SYSTEM



MARKETING

Organizations are professional in handling the exchange process.

They extract resources from one set of markets, convert them into useful products, and trade them into another set of markets.

This is called **organizational marketing**.

MARKETING MANAGEMENT

Marketing management means the task of influencing the level, timing, and composition of demand in a way that will help the organization achieve its objectives.

COMPANY ORIENTATIONS TOWARDS THE MARKET PLACE

There are five competing concepts under which business and other organizations can conduct their marketing activity:

The production concept

The product concept

The selling concept

The marketing concept

The social marketing concept

The production concept

The customers will favour those products that are widely available and low in cost.

Management in production-oriented organizations concentrates on achieving high production efficiency and a wide distribution coverage.



The product concept

The customers will favour those products that offer the most quality, performance, and features.

Management in product-oriented organizations concentrates on making good products and improving them over the time.



NOW WE HAVE A COLOR TO MATCH EVERY MOOD.

Now Post-it™ brand notes come in five different colors designed to match just about every mood in the office. Shown above is our rather passionate pink for hot-blooded types. But there's also a blue that's so businesslike it ought to have pinstripes. Our green goes nicely with the cool crunching of numbers and our no-bunk white is just the thing for those who feel confidently assertive. Of course, there's always our traditional yellow.

No matter what color you're in the mood to use, you can be sure you'll get the same quality and performance you've come to expect over the years. Nothing sticks quite as well as "Post-it" Notes. Nothing unsticks quite as adroitly. Nothing we've seen repositions quite as tenaciously.

So, if you're in a mood to express yourself, sit down and commit your thoughts to a "Post-it" Note. They're available at your local office supply dealer or retail store. Or you can get a free sample by calling 1-800-328-1684. No matter what color you choose, it'll get you noticed.

Commercial Office Supply Division/3M Post-it is a trademark of 3M



Post-it
Note Pad
Brand
Removable. Always stick notes.
3M

THEY GET YOU NOTICED.



The selling concept

The customers, if left alone, will ordinarily will not buy enough of the organization's products. The organization must therefore undertake an aggressive selling and promotion effort.



The marketing concept



The key to achieving organizational goals consists in determining the needs and wants of the target markets and delivering the desired satisfactions more effectively and efficiently than competitors.



The social marketing concept

The organizations' task is to determine the needs, wants and interests of the target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves and enhances the consumers and the society's well being.

What has ...

no sugar added ...

no caffeine ...

no artificial flavor ...

no chemical preservatives ...

no carbonation ...

... you guessed it!

The Veryfine Apple.

That's all there is
in Veryfine Apple Juice.

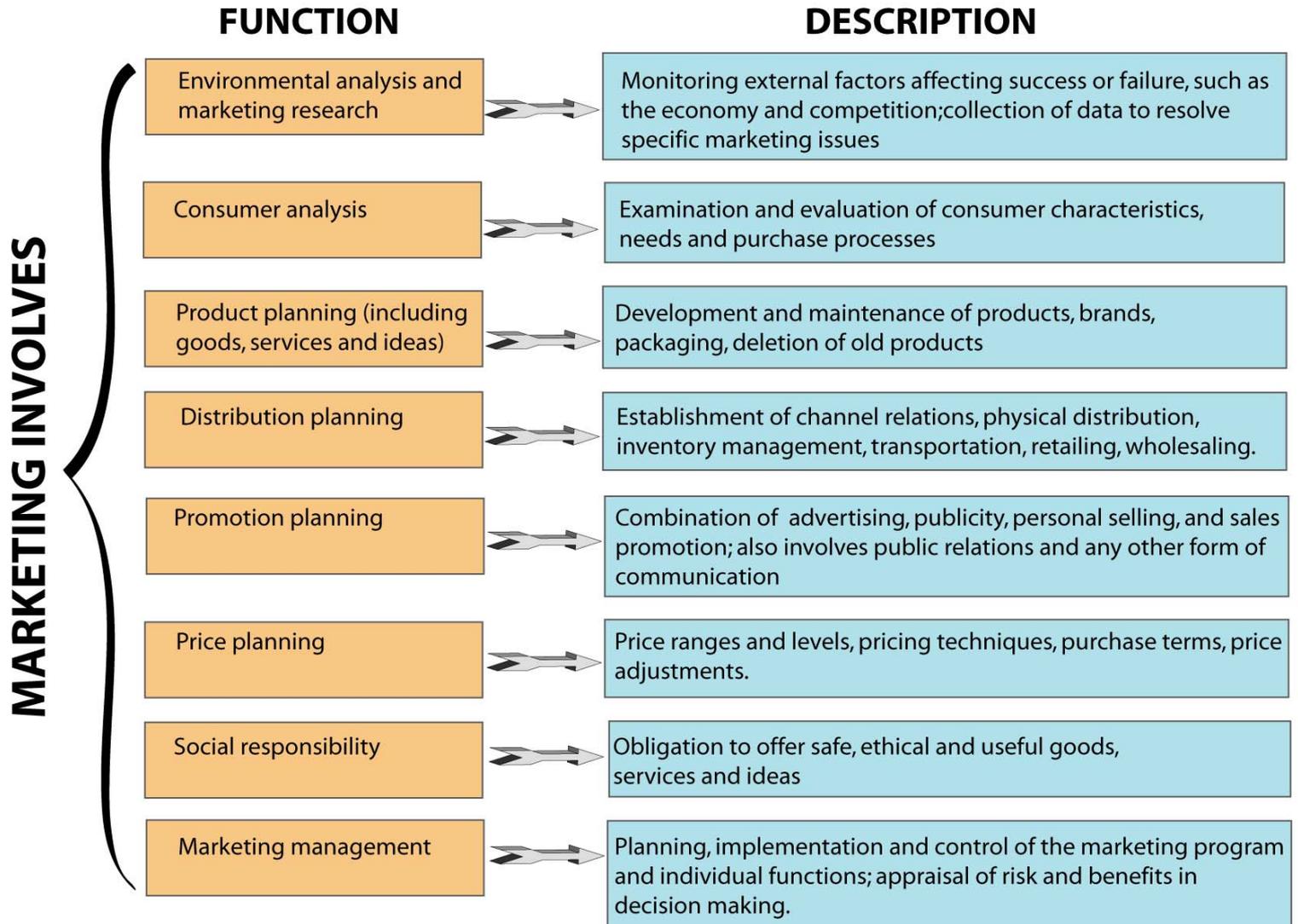
Look for the Veryfine Apple
on the label.

Very
Very
Veryfine

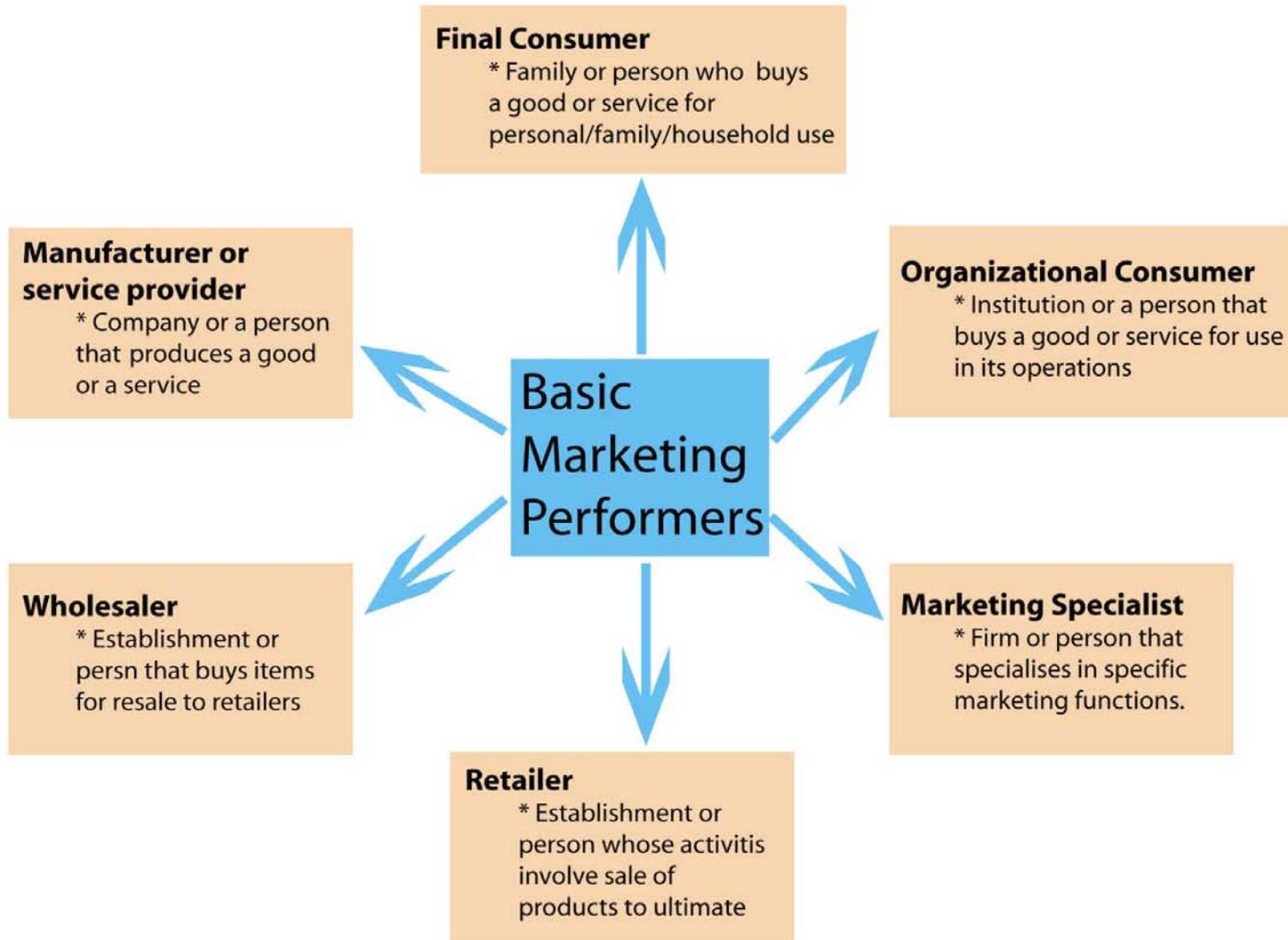
Very, very, Veryfine ...
a taste worth looking for.

(Mother's voice)
And it's all natural.

MARKETING FUNCTIONS



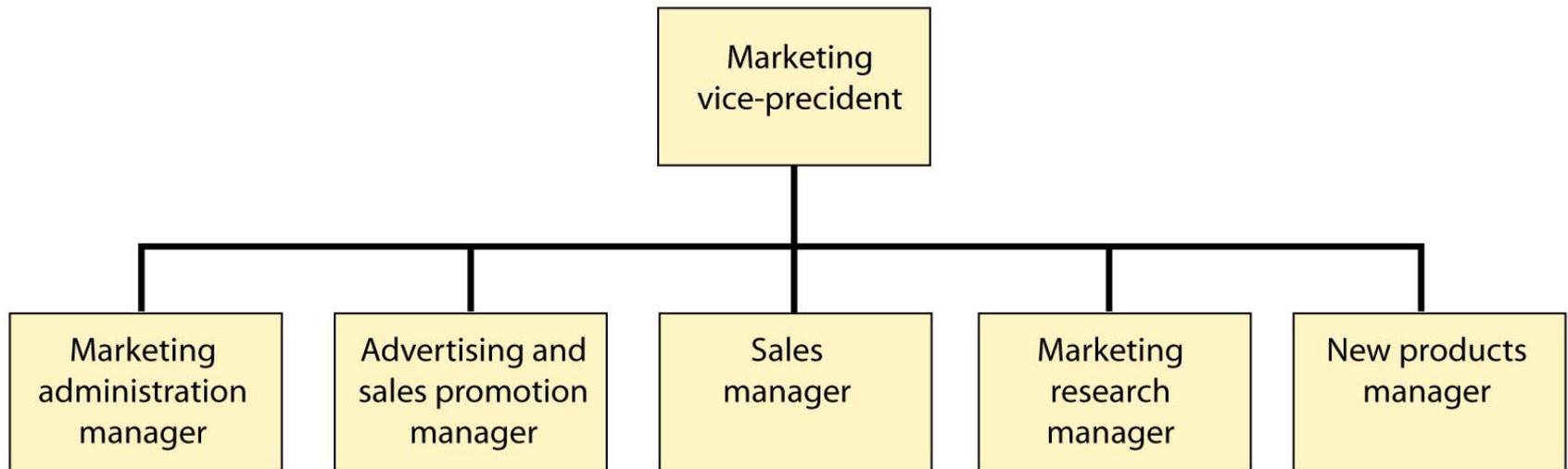
BASIC MARKETING PERFORMERS



Ways of Organizing the Marketing Department

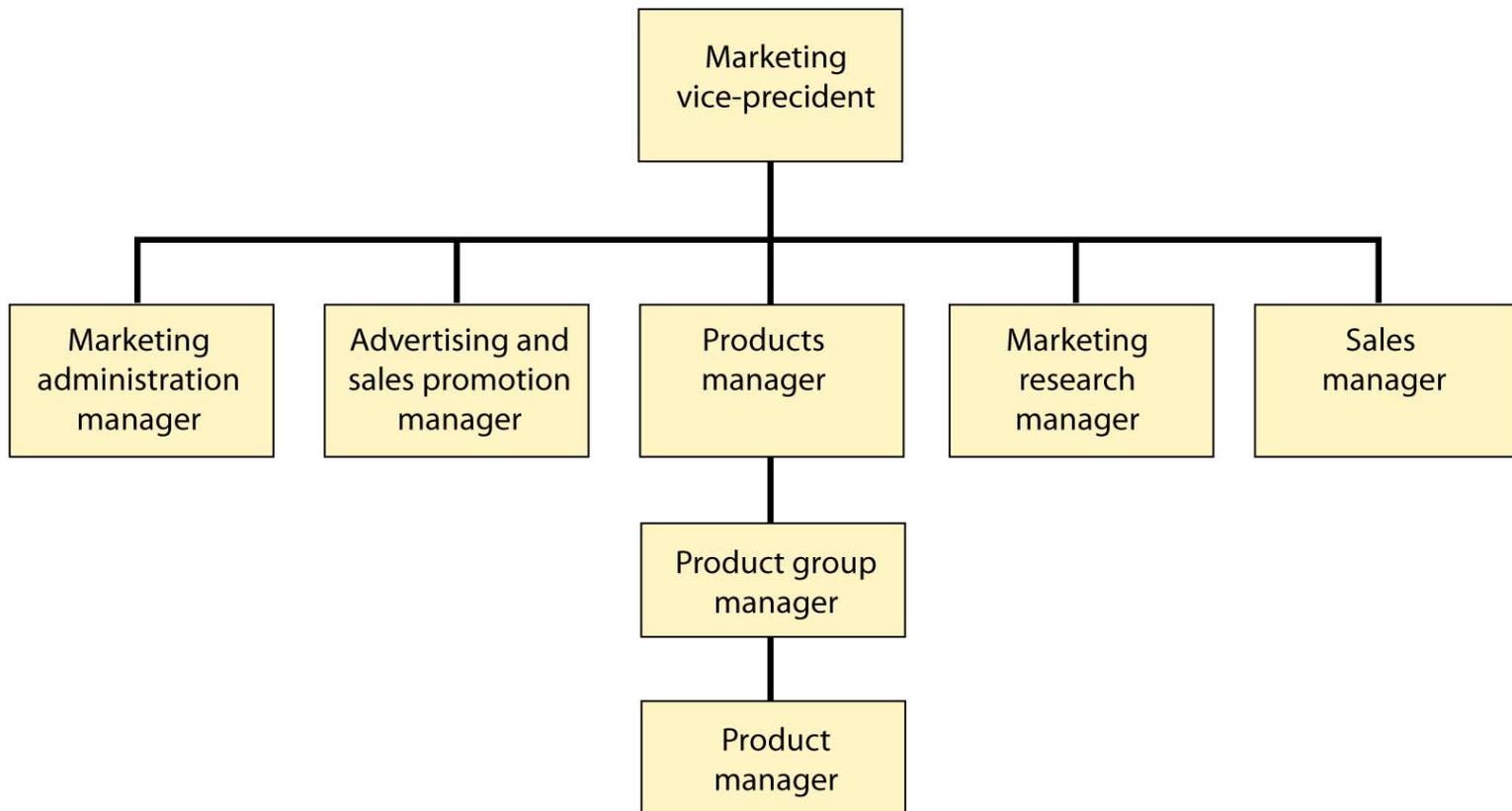
Functional organization

Marketing specialists report to a marketing Vice-President



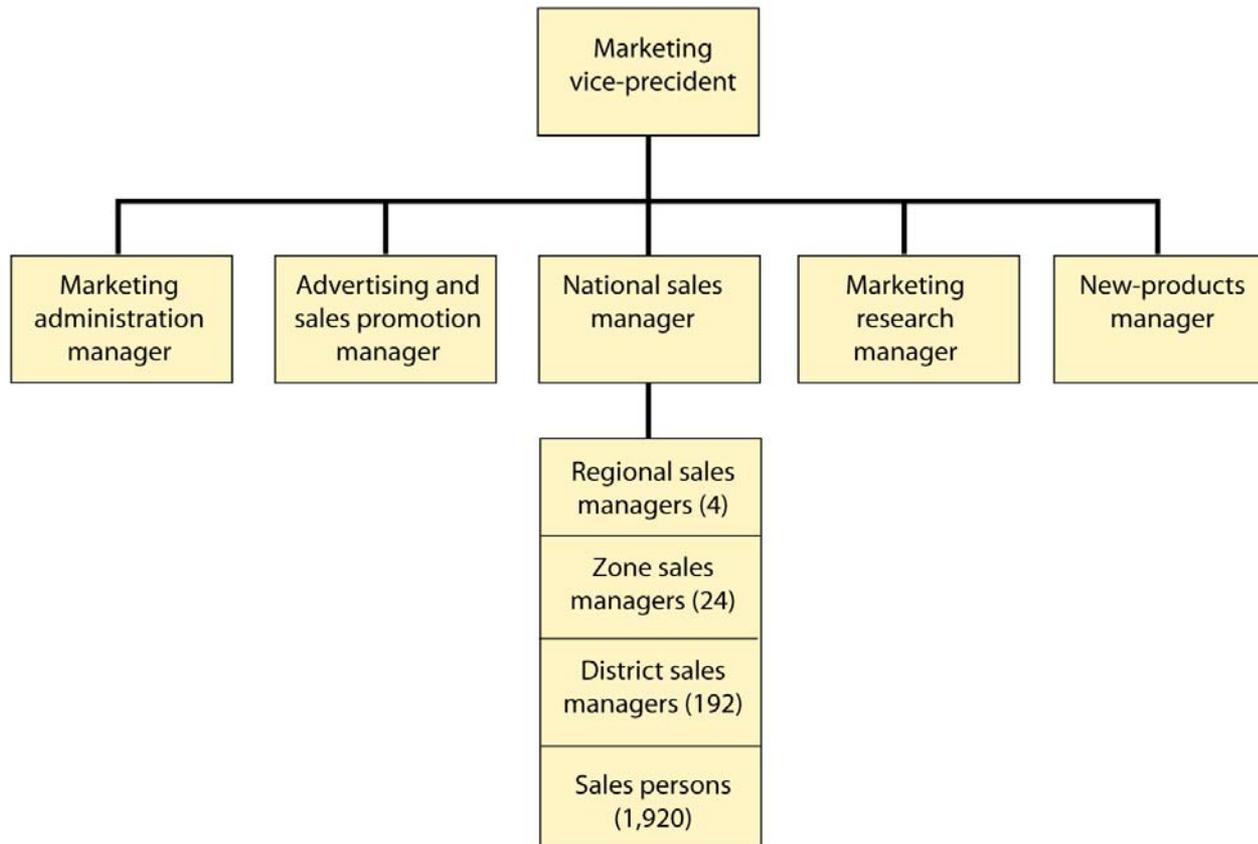
Product management organization

Companies producing a variety of products often establish product /brand management organization



Geographical organization

Organization of sales force along geographical lines

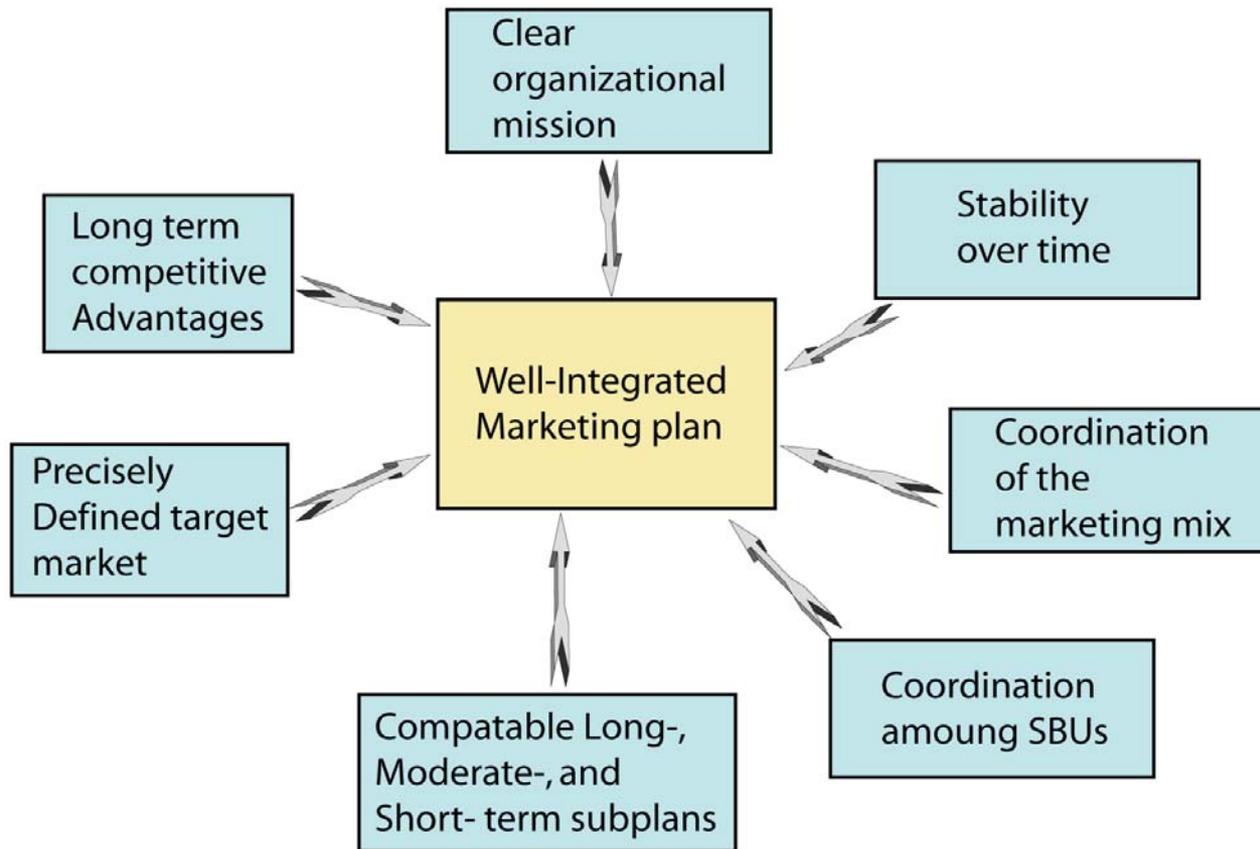


Conflict between Marketing and other Departments in an organization

Department	Their Emphasis	Marketing's Emphasis
R&D	Basic research Intrinsic quality Functional features	Applied research Perceived quality Sales features
Engineering	Long design lead time Few models Standard components	Short design lead time Many models Non standard components
Purchasing	Narrow product line Price of material Economic lot sizes Purchasing at infrequent intervals	Broad product line Quality material Large lot sizes Immediate purchasing for customer needs
Manufacturing	Long production lead time Long runs with few models No model changes Standard orders Ease of fabrication Average quality control	Short production lead time Short runs with many models Frequent model changes Custom orders Aesthetic appearance Tight quality control

Department	Their Emphasis	Marketing's Emphasis
Finance	Strict rationales for spending Hard and fast budgets Pricing to lower costs	Intuitive arguments for spending Flexible budgets Pricing to further market development
Accounting	Standard transactions Few reports	Special prizes and discounts Many reports
Credit	Full financial disclosures by customers Low credit risks Tough credit terms Tough collection procedures	Minimum credit examination of customers Medium credit risks Easy credit terms Easy collection procedures

INTEGRATING A MARKETING PLAN



KFC: turning to a well- integrated marketing strategy



Timex Corporation: a dis-integrating marketing strategy



Contrasting the marketing plans of KFC and TIMEX

ELEMENT	KENTUCKY FRIED CHICKEN	TIMEX
Clarity of organizational mission	Concentrates on fried chicken and related items	Produce health care products, yet watches amount for most of the sales
Long term competitive advantages	High market share, high store loyalty and name recognition, distribution strength	High brand recognition, distribution strength
Precision with which target market is defined	Specific: family oriented, largely take out, nutritional appeal	Dispersed: watches priced from 7.95\$ to 100\$, new products appealing to different customers
Compatibility of long, moderate, and short term plans	Menu, pricing, and expansion proposals based on long term objectives; long term gains not sacrificed for short- term profits.	Management too slow to recognize long term trends, excessive short term orientation, over reliance on mechanical watches

ELEMENT	KENTUCKY FRIED CHICKEN	TIMEX
Co-ordination among different outlets	Every outlet of KFC is a self contained unit of PesiCo with adequate resources and no conflicts with other outlets	Ad budgets to be divided among watches and health care items
Co ordination of marketing mix	Standardization of procedures, new locations carefully determined, ' we do chicken right ' theme, moderate prices	Poor product planning (heavy quartz watch, lack of fashion), reduced advertising for many years, high prices on non innovative products, 100\$ watches in drug stores
Stability of strategy over time	One consistent strategy used since 1978, all future plans keyed to it.	Strategy changes frequently, uncertainty about future direction and emphasis (watches?, medical products?)

SWATCH: popularizing fashion watches



For years, the Swiss were world leaders in the watch industry. In 1974, they had a world wide market share of 30 per cent.

Then, the Japanese began to market quartz watches. By 1983, the market share of the Swiss fell to 9 per cent world wide.



Environmental analysis and marketing research indicated that for a turn around to occur, an inexpensive, good quality quartz analog watch needs to be marketed (since the market is flooded with digitals).

As per the consumer analysis, 80 per cent of the watches sold in the U.S. were priced under \$50.



consumer groups were identified:

- Preteens, 16 to 24 years old
- Those over 24 years

Life-style categories chosen were:

- young and trendy
- active and sporty
- cool and clean
- classic

**Swatch watches were to be
'a fashion accessory and only secondarily a watch.'**



Distinctive appeal

Advance technology

Three year replaceable battery

Waterproof and shock proof made of tough plastic

The most popular attribute is fashion appeal:

The watches come in various colours and designs.

New models come out very often and are quickly dropped.

Consumers are encouraged to buy more than one, as a fashion accessory. An average customer owns three different models.



In the U.S., swatch watches are distributed through 4000 department and specialty stores, **not** in jewelry stores (non progressive and poor merchandisers), Not in discount stores (it would tarnish the Swatch image).

‘You need to control distribution and not flood the market or people might lose their hunger for the product.’



The marketers at Swatch U.S.A. continually plan and integrate company efforts.

They have introduced new products such as clothing and pens under the Swatch name, spread sales through the year, and opened hundreds of Swatch shops in department stores.

The goal is for watches to represent only half of the company sales.

THANK YOU