Lesson overview and learning objectives:

In last Lesson we tried to understand the concept of Portfolio in detail and had a brief concept regarding the marketing process. The marketing process consists of four steps: analyzing market opportunities; developing marketing strategies; planning marketing programs, which entails choosing the marketing mix (the four Ps of product, price, place, and promotion); and organizing, implementing, and controlling the marketing effort. Today we will be covering Marketing process in more detail:

A. MARKETING PROCESS

The Marketing Process
Once the strategic plan has defined the company’s overall mission and objectives, marketing plays a role in carrying out these objectives.

The marketing process is the process of analyzing market opportunities, selecting target markets, developing the marketing mix, and managing the marketing effort. Target customers stand at the center of the marketing process. There are following steps in Marketing Process:

1. Analyzing marketing opportunities
2. Selecting target markets
3. Developing the marketing Mix
4. Managing the marketing effort

a. Analyzing marketing opportunities
First step of the marketing process is analyzing market opportunities and availing these opportunities to satisfy the customer’s requirements to have competitive advantage. The marketing function of analyzing market opportunities is important in the marketing planning process. Any marketing manager must analyses the long-run opportunities in the market to improve the business unit’s performance. To evaluate its opportunities, firms need to operate a reliable marketing information system. Marketing research is an indispensable marketing tool for this purpose. Researching the market allows the company to gather information about their customers, competitors, and any environmental changes to determine the market opportunities. Once the market opportunities have been analyzed, modern marketing practice calls for dividing the market into major market segments, evaluating each segment, and selecting and targeting those segments that the company can best serve.

b. Selecting the target Market:
To succeed in today’s competitive marketplace, companies must be customer centered. They must win customers from competitors and keep them by delivering greater value.

- Sound marketing requires a careful, deliberate analysis of consumers.
- Since companies cannot satisfy all consumers in a given market, they must divide up the total market (market segmentation), choose the best segments (market targeting), and design strategies for profitably serving chosen segments better than the competition (market positioning).
Market segmentation is the process of dividing a market into distinct groups of buyers with different needs, characteristics, or behavior who might require separate products or marketing mixes. Market targeting is the process of evaluating each market segment’s attractiveness and selecting one or more segments to enter. A company should target segments in which it can generate the greatest customer value and sustain it over time. A company may decide to serve only one or a few special segments, or perhaps it might decide to offer a complete range of products to serve all market segments. Special segments may be called “market niches.” Most companies enter a new market by serving a single segment, and if this proves successful, they add segments.

Market positioning is arranging for a product to occupy a clear distinctive and desirable place relative to competing products in the minds of target consumers. In positioning a product, a company first needs to identify possible competitive advantages upon which to build the position. To gain competitive advantage, the company must offer greater competitive advantage to the target segment. The company’s entire marketing program should support the chosen positioning strategy. Effective positioning begins with actually differentiating the company’s marketing offer so that it gives consumers more value than they are offered by the competition.

c. Developing the Marketing Mix

Once the company has decided on its overall competitive marketing strategy, it is ready to begin planning the details of the marketing mix. The marketing mix is the set of controllable marketing variables that the firm blends to produce the response it wants in the target market. The marketing mix consists of everything that the firm can do to influence the demand for its product. These variables are often referred to as the “four Ps.”

1). **Product** stands for the “goods-and-service” combination the company offers to the target market.
2). **Price** stands for the amount of money customers have to pay to obtain the product.
3). **Place** stands for company activities that make the product available to target consumers.
4). **Promotion** stands for activities that communicate the merits of the product and persuade target consumers to buy it.

An effective marketing program blends all of the marketing mix elements into a coordinated program designed to achieve the company’s marketing objectives by delivering value to consumers. Some critics feel that the four Ps omit or underestimate certain important activities.

1). “Where are services?” they ask.
2). “Where is packaging?”
3). The 4 Ps seems to take the seller’s view rather than the buyer’s view.
4). Perhaps a better classification would be the 4 Cs:
   a). **Product** = Customer Solution.
   b). **Price** = Customer Cost.
   c). **Place** = Convenience.
   d). **Promotion** = Communication.

d. Managing the Marketing Effort
The company wants to design and put into action the marketing mix that will best achieve its objectives in target markets. This involves four marketing management functions. The four functions are: analysis, planning, implementation, and control.

a. **Marketing Analysis:**
Marketing analysis involves a complete analysis of the company's situation. The company performs analysis by identifying environmental opportunities and threats. Analyzing company strengths and weaknesses to determine which opportunities the company can best pursue. Feeding information and other inputs to each of the other marketing management functions.

b. **Marketing Planning:**
Within each business unit, functional plans must be prepared, including marketing plans. Such plans include marketing plans which are aggregate plans consisting of plans for product lines, brands, and markets.
Marketing planning involves deciding on marketing strategies that will help the company to attain its overall strategic objectives. A detailed plan is needed for each business, product, or brand. A product or brand plan should contain the following sections: executive summary, current marketing situation, threats and opportunity analysis, objectives and issues, marketing strategies, action programs, budgets, and controls.

### Contents of a Marketing Plan

1. **Executive summary** - The opening section of the marketing plan that presents a short summary of the main goals and recommendations to be presented in the plan.

2. **Current marketing situation** - The section of a marketing plan that describes the target market and the company's position in it. The current marketing situation is the section of a marketing plan that describes the target market and the company's position in it. Important sections include:
   1). A market description.
   2). A product review.
   3). Analysis of the competition.
   4). A section on distribution.

3. **Opportunities and Issues Analysis** - This section requires the marketing manager to look ahead for threats and opportunities that the product(s) might face. A company marketing opportunity would be an attractive arena for...
marketing action in which the company would enjoy a competitive advantage. In the threats and opportunities section, managers are forced to anticipate important developments that can have an impact, either positive or negative, on the firm. Having studied the product’s threats and opportunities, the manager can now set objectives and consider issues that will affect them.

4. Objectives - Objectives should be stated as goals the company would like to reach during the plan’s term.

5. Marketing strategy - The marketing logic by which the business unit hopes to achieve its marketing objectives. Marketing strategy consists of specific strategies for target markets, marketing mix and marketing expenditure level. Strategies should be created for all marketing mix components. The marketing budget is a section of the marketing plan that shows projected revenues, costs, and profits. The last section of the marketing plan outlines the controls that will be used to monitor progress. This allows for progress checks and corrective action.

6. Action programs - This section sets out what will be done, when, by whom and how much will be spent doing it.

7. Projected profit-and-loss statement - The marketing budget section of the plan shows projected revenues, costs and profits/surpluses.

8. Controls - This last section outlines the control measures that will be used to monitor progress. Goals may be set out weekly, monthly, quarterly, annually or for all such periods. Following evaluation of results, actions are recommended and implemented in the next period.

c. Marketing Implementation:
Marketing Implementation is the process that turns marketing plans into marketing actions in order to accomplish strategic marketing objectives. Whereas marketing planning addresses the “what” and “why” of marketing activities, implementation addresses the “who”, “where”, “when”, and “how”. One firm can have essentially the same strategy as another, yet win in the marketplace through faster or better execution. Successful implementation depends on an action program that pulls all of the people and activities together and forms sound formal organizational structure its decision and reward structure (HRM functions and procedures) and the firm’s marketing strategies fitting with its company culture (the shared system of values and beliefs).

Marketing Department Organization
The company must design a marketing department that can carry out marketing analysis, planning, implementation, and control. Formats for organizing the department include:

1). The functional organization where different marketing activities are headed by a functional specialist (such as a sales manager, advertising manager, etc.).

2). The geographic organization where sales and marketing people are assigned to specific countries, regions, or districts.

3). A product management organization where a product manager develops a complete strategy for a product or brand. Today, many firms are shifting to customer equity management where customer profitability is important.

4). A market or customer management organization where a specific market plan is developed for each specific market or customer.
5). A **combination plan** where large companies many times combine elements of any of the above.

d. **Marketing Control**

Marketing control is the process of measuring and evaluating the results of marketing strategies and plans, and taking corrective action to ensure that marketing objectives are attained. Implementation requires four steps:

1. **Set specific goals** (What do we want to achieve?).
2. **Measure performance** (What is happening?).
3. **Evaluate performance** (Why is it happening?).
4. **Take corrective action** (What should we do about it?).

Two broad forms of control are important:

1. **Operating control** involves checking ongoing performance against the annual plan and taking corrective action when necessary.
2. **Strategic control** involves looking at whether the company’s basic strategies are well matched to its opportunities. The major tool for accomplishing this form of control is the marketing audit. The **marketing audit** is a comprehensive, systematic, independent, and periodic examination of a company’s environment, objectives, strategies, and activities to determine problem areas and opportunities. The purpose is to recommend a plan of action to improve the company’s marketing performance.

1. The marketing plan covers all major marketing areas of a business, and not just trouble spots.
2. If done correctly, the audit is normally conducted by an objective and experienced outside party who is independent of the marketing department.