

Introduction to Marketing Management & the Marketing Process

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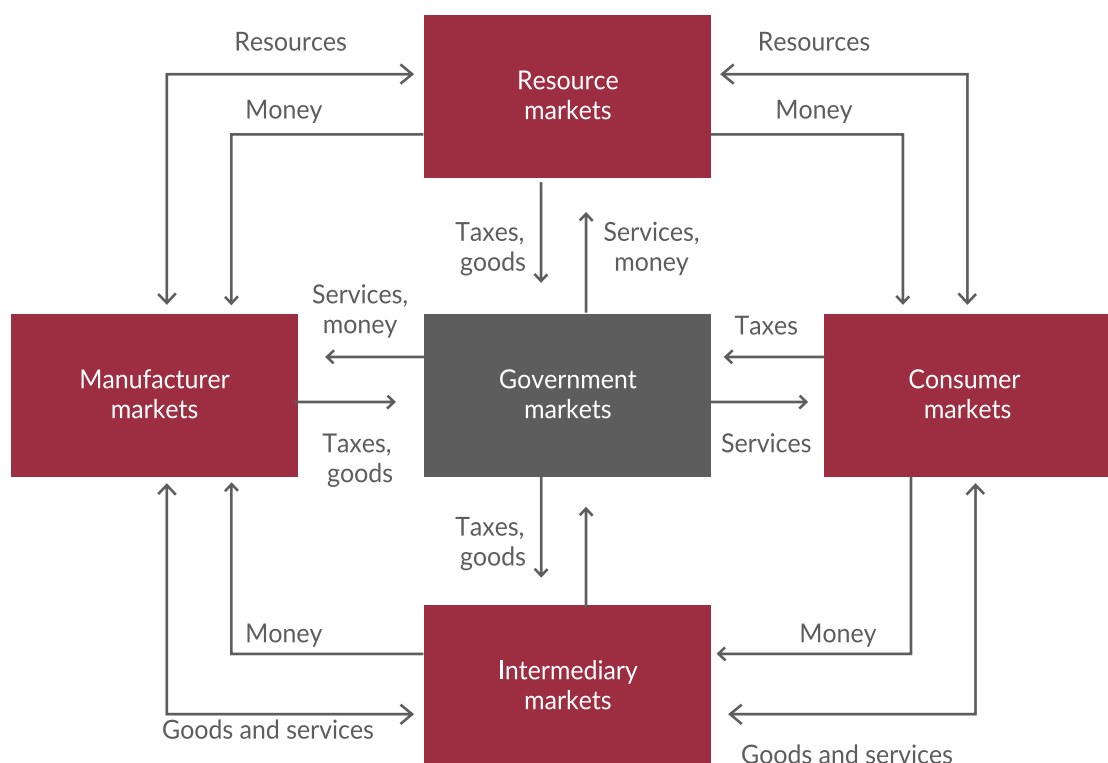
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Note: Some elements of this book were not included in this workshop.



A. Markets and Marketing

The first thing that needs to be done before starting a discussion about marketing is to go over the concept of what a market is. The reason for that is simply that this is where the marketing actions are carried out. A market is simply a place where buyers and sellers converge to buy or sell their goods. There are five types of markets: Resource markets, manufacturer markets, intermediary markets, consumer markets and government markets (see Figure 1).



Everything starts with the resource market as this is the market that supplies the resource needs of manufacturer markets so that market offerings can be produced. The output of the manufacturer markets then goes to the intermediary markets and then on to the consumer markets. The fifth market is represented by the government markets which interact with all markets through the services provided.



The starting point, therefore, is the resource market and is therefore the first stop for the members of the manufacturer markets as they require resources to produce their offerings. The production of the manufacturer markets then reaches the intermediary markets to finally reach the consumer markets. As you can see from Figure1, the government markets are the only ones that actually interact with all four of the other markets in the form of services provided or tax collection.

B. Basic Marketing Concepts

Marketing was defined by the American Marketing Association's Board of Directors as:

...the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. (Approved July 2013)

The idea of marketing revolves around the core concept of basic needs, represented by needs, wants and demands. Needs, in this particular case, refer to essential human requirements to survive at a minimum level, namely air, food, shelter and clothing – which represent the most basic level of human requirements. Once these requirements are fulfilled, human beings start to develop other more sophisticated needs such as recreation and entertainment. The word sophisticated here is key because it is at this point that needs can also become wants. In very basic terms – a person needs to eat. Nourishment can be fulfilled through a variety of foods, ranging from the most basic to the most sophisticated, as some people might be satisfied with rice and others simply with a bowl of cereal. Once a person starts looking for a particular option, such as a McDonalds hamburger, and can afford it, then this need becomes a want.



C. The Functions of Marketing

There are six critical functions that should be executed by the marketing department: distribution, market research, price setting, product and service management, promotional activities and matching customers to products.

I. Distribution

Distribution refers to how goods and services get to the people who can buy them. It could be a store located in a geographic area where customers are located, or an online virtual store. The concept of distribution, as it relates to marketing, involves many other variables that support the central idea of getting goods and services to consumers. Some of these variables are order taking systems, fulfillment systems, delivery systems, etc.

II. Market Research

Market research deals with gathering information about the organization's target customers. This process can help the organization answer the following crucial questions: Who are the people they want to sell to? Why should these people buy from the organization as opposed to a competitor? Getting answers for these questions requires careful monitoring and observation of market trends and competing products or services.

III. Setting Prices

Pricing is one of the most important functions of marketing. This is the one organizational area that directly impacts revenues, therefore setting a price for a product or service can be a challenge. If the price is too high, customers will not buy and if prices are too low then profitability might be hurt and organizational performance affected.