Understanding Marketing Management

Marketing Management (MKT600)

Anna Zarkada

BSc (AUEB), MSc (UMIST), PhD (QUT)
Assistant Professor
Department of Business Administration
Athens University of Economics and Business
email: azarkada@aueb.gr
Learning Objectives - I

- **Knowledge and Understanding**
  - concepts, paradigms and processes of marketing
  - strategic marketing theories, models and concepts
  - organisation-wide nature of marketing
  - strategic marketing planning process and techniques in the context of
    - globalisation
    - information technology.
  - trends
Learning Objectives - II

- **Cognitive and Intellectual skills**
  - Think critically
  - Gather, analyse and utilize research and marketing information

- **Practical/Professional Skills**
  - Research, interpret and evaluate current marketing theories and apply in an organisational setting
  - Be aware of the importance of marketing in creating customer and shareholder value
  - Be aware of how exogenous factors influence marketing strategy

- **Key Transferable Skills**
  - Operate effectively when critically evaluating knowledge and applying it to marketing issues
  - Demonstrate the ability to influence key decision-makers
  - Apply marketing theory in an organisational setting
Methods for achieving objectives

**individual responsibilities**
- study of theory
- examination of business practice
- participation in learning tasks

**group processes**
- exchange of opinions
- sharing of experiences

**necessary attitudes**
- creativity
- curiosity
- willingness to communicate
Course perspective: student-centred, self-directed learning

Your role

**Adult learner**
- thorough preparation
- applying critical and creative thinking
- working consistently

My role

**Facilitator**
- for meeting
  - personal and career development objectives
- advisor
- basic content provider
- gatekeeper
  - course flexibility
  - the profession
Defining Marketing for the 21st Century
Key Questions

- Why is marketing important?
- What is the scope of marketing?
- What are some fundamental marketing concepts?
- How is marketing management changing?
Structure of Flows in a Modern Exchange Economy
Exchange is the focus

- Exchanges are carried out by business firms, and also by non-business organisations and even individuals.
- Four conditions must exist for an exchange to be able to occur:
  - Two or more people or organisations must be involved
  - The parties must be involved voluntarily
  - Each party must have something of value to exchange, and the parties must believe they will each benefit from the exchange
  - The parties must communicate with each other
A Simple Marketing System

Industry (a collection of sellers)  Money  Market (a collection of buyers)

Communication  Information  Goods/Services
What is Marketing?

Marketing is an

• organizational function and
• a set of processes for
  • creating,
  • communicating, and
  • delivering value to customers and
  • for managing customer relationships
• in ways that benefit
  • the organization and
  • its stakeholders.
What is Marketing Management?

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.
Key constructs
the PRODUCT concept

A set of basic real (tangible) and symbolic (intangible) attributes assembled in an identifiable form which can be
- offered
- obtained and
- consumed in order to satisfy wants or/and needs

- size
- price
- appearance
- performance ...

- object
- service
- place
- person
- idea
What is Marketed?

- Goods
- Services
- Events & Experiences
- Persons
- Places & Properties
- Organizations
- Information
- Ideas

STOP CLIMATE CHANGE BEFORE IT CHANGES YOU.
### Top 100 Global Brands Scoreboard

Search the interactive rankings of this year’s featured brands

Click column heading once to reorder from highest to lowest. Click twice to reorder from lowest to highest.

<table>
<thead>
<tr>
<th>2007 Brand Rank</th>
<th>2006 Brand Rank</th>
<th>Change in Rank</th>
<th>Brand Name</th>
<th>2007 Brand Value $m</th>
<th>2006 Brand Value $m</th>
<th>Change in Value From Prev Year (in %)</th>
<th>Parent Company</th>
<th>Country</th>
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<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>0</td>
<td>Coca-Cola</td>
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<td>67,000</td>
<td>-3</td>
<td>Coca-Cola</td>
<td>U.S.</td>
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<td>1</td>
<td>Nokia</td>
<td>33,696</td>
<td>30,131</td>
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<td>FINLAND</td>
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<td>Toyota</td>
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<td>27,941</td>
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<td>7</td>
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<td>-2</td>
<td>Intel</td>
<td>30,954</td>
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<td>8</td>
<td>9</td>
<td>1</td>
<td>McDonald’s</td>
<td>29,398</td>
<td>27,501</td>
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<tr>
<td>9</td>
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<td>-1</td>
<td>Disney</td>
<td>29,210</td>
<td>27,848</td>
<td>5</td>
<td>Walt Disney</td>
<td>U.S.</td>
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<td>10</td>
<td>10</td>
<td>0</td>
<td>Mercedes-Benz</td>
<td>23,568</td>
<td>21,795</td>
<td>8</td>
<td>DaimlerChrysler</td>
<td>GERMANY</td>
</tr>
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</table>
Interbrand Top 10 brands 2012

Product – Service continuum

tangible  intangible

1. Coca-Cola
2. Apple (+129%)
3. IBM
4. Google
5. Microsoft
6. GE
7. McDonald's
8. Intel
9. Samsung
10. Toyota
Brand

A name and/or a mark intended to identify the product of one seller or group of sellers and differentiate it from competing products.

- a brand name
- a brandmark
- a trademark

A set of tangible and intangible attributes.

A means of want satisfaction.
I want it, I need it...

Five Types of Needs

1. Stated needs
   "I want an inexpensive car"

2. Real needs
   ‘It’s not only the price, I want low running costs as well’

3. Unstated needs
   he’s polite, he listens to me, I trust him

4. Delight needs
   he’s giving me the GPS for free!!!!

5. Secret needs
   wait till my neighbors see this car!
Demand States: AZ case study

- Negative BP
- Nonexistent TV
- Latent EBR/tablet
- Declining 7 videonet
- Irregular 30+ sunscreen
- Full moisturizer
- Overfull DSL
- Unwholesome Rothmans
The marketing discipline over time
Development of the Marketing Concept

production

selling

Marketing

Customer Relationship Marketing & Corporate Social Responsibility

the mousetrap

Fridges to the Eskimos

SERVICE DOMINANT LOGIC
Holistic Marketing Dimensions

Marketing Department
Senior Management
Other Departments

Internal Marketing

Holistic Marketing

Integrated Marketing

Products & Services
Communications
Channels

Socially Responsible Marketing

Ethics
Environment
Legal
Community

Relationship Marketing

Customers
Channel
Partners
The marketplace isn’t what it used to be...

- Information technology
- Globalization
- Deregulation
- Privatization
- Competition
- Convergence
- Consumer resistance
- Retail transformation
21st Century 4Ps

- **Personalization** = Amazon.com
- **Participation** = Nike ID / prosumerism-MLM
- **Peer-to-Peer**
- **Predictive modeling** = CRM / big data / data visualization / qualitative data visualization
Qualitative data visualization

FB comments on IKEA UK page - horse meat scandal
Developing Marketing Strategies and Plans
Three V’s Approach to Marketing

Define the value segment - WHO

Define the value proposition - WHAT

Define the value network – WHERE, HOW
A Holistic Marketing Framework

Value Exploration
- Customer Focus
  - Cognitive space

Value Creation
- Core Competencies
  - Competency space

Value Delivery
- Collaborative Network
  - Resource space

- Customer benefits
- Business domain

- Customer relationship management
- Internal resource management

- Business partners
- Business partner management
# Levels of a Marketing Plan

<table>
<thead>
<tr>
<th>Strategic</th>
<th>Tactical</th>
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<tbody>
<tr>
<td>• Target marketing decisions</td>
<td>• Product features</td>
</tr>
<tr>
<td>• Value proposition</td>
<td>• Promotion</td>
</tr>
<tr>
<td>• Analysis of marketing</td>
<td>• Merchandising</td>
</tr>
<tr>
<td>opportunities</td>
<td>• Pricing</td>
</tr>
<tr>
<td></td>
<td>• Sales channels</td>
</tr>
<tr>
<td></td>
<td>• Service</td>
</tr>
</tbody>
</table>
The Business Unit Strategic Planning Process

- **Specific**
- **Measurable**
- **Actionable**
- **Realistic**
- **Timed**

**Information**
- External environment (opportunity & threat analysis)
- Internal environment (strengths/weaknesses analysis)

**SWOT analysis**

**Goal formulation**

**Strategy formulation**

**Program formulation**

**Implementation**

**Feedback and control**

**Ansoff matrix**

**Porter’s generic strategies**

- **Product**
- **Price**
- **Promotion**
- **Place**
- **People**
- **Processes**
Ansoff’s Product-Market Expansion Grid

<table>
<thead>
<tr>
<th>Current Products</th>
<th>New Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Market-development strategy</td>
<td>(Diversification strategy)</td>
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</table>

Current Markets

New Markets
Porter’s Generic Strategies

The Five Forces That Shape Industry Competition

- Threat of New Entrants
- Bargaining Power of Suppliers
- Rivalry Among Existing Competitors
- Bargaining Power of Buyers
- Threat of Substitute Products or Services

Overall Cost Leadership
Differentiation
Focus

Examples of organizational strategies

- Based on competitive advantage
  - Cost leadership
  - Differentiation

- Based on value disciplines – you cannot be all things to all people, hence you must find the unique value that you alone can deliver to a given market
  - operational excellence – low price and/or hassle free service
  - product leadership
  - customer intimacy
Exercises

to be discussed in class next time we meet
internet exercise

- visit the corporate web-sites
- look for the mission statement
- look for claims of
  - strengths (investors section) and
  - distinctive competencies (customer sections)
- link them to
  - product lines
  - business units