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MARKETING MANAGEMENT

EXAM REVISION NOTES

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MODULE I

INTRODUCTION TO MARKETING AND MARKETING ENVIRONMENT

Foundations and Nature of Marketing: Marketing is the managerial process dedicated to understanding, creating, communicating, and delivering superior value to target markets at a profit. Philip Kotler defines marketing societally as a societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products of value with others; managerially, it is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value. Marketing operates across ten distinct entities: physical goods, intangible services, events, experiences, persons, places, properties, organizations, information, and ideas.

Core Marketing Concepts and the Value Equation: Marketing operates upon foundational behavioral concepts: **Needs** (basic biological and social survival requirements), **Wants** (needs directed toward specific cultural satisfiers), and **Demands** (wants backed by purchasing power). Customer Value is the mathematical ratio of perceived total benefits (functional, economic, psychological) to perceived total costs (monetary, time, energy, psychic). Customer satisfaction occurs when perceived performance matches or exceeds expectations, while customer delight creates enduring brand evangelism. **Customer Lifetime Value (CLV)** calculates the net present value of the stream of future profits expected over the customer's entire transactional lifespan with the enterprise.

The Marketing Mix Architecture (4 Ps and 4 Cs): Formulated by E. Jerome McCarthy, the traditional **4 Ps** encompass: **Product** (features, quality, design, packaging, branding), **Price** (list price, discounts, payment terms; the sole revenue-generating element), **Place** (distribution channels, retail coverage, inventory, transport logistics), and **Promotion** (advertising, personal selling, sales promotion, PR). Robert Lauterborn re-conceptualized these from a consumer perspective as the **4 Cs**: Customer Solution (Product), Customer Cost (Price), Convenience (Place), and Communication (Promotion).

Core Functions of Marketing Management: Weld and modern marketing economists classify functions across three operational pillars: **Functions of Exchange** (Buying and Assembling raw materials and components; Selling and Demand Creation through promotional channels); **Functions of Physical Distribution** (Transportation overcoming spatial gaps to create Place Utility; Storage and Warehousing overcoming temporal gaps to create Time Utility); and **Facilitating Functions** (Financing working capital; Risk-Taking against spoilage, price drops, and obsolescence; Standardization and Grading ensuring uniform quality tolerances; Market Information and Intelligence gathering competitive telemetry).

Evolution of Marketing Philosophies: Corporate orientation has evolved across five historical paradigms: **Production Concept** (assumes consumers favor cheap, widely available goods; focus on mass manufacturing efficiency and scale; Say's Law; Henry Ford's Model T), **Product Concept** (assumes consumers favor high quality and performance; focus on continuous engineering; risks Marketing Myopia and the better-mousetrap fallacy), **Selling Concept** (assumes consumers will not buy enough without aggressive promotion; focus on hard selling unsought goods; high buyer remorse), **Marketing Concept** (customer-centric; starts in the marketplace to satisfy needs through integrated marketing; profits through customer satisfaction), **Societal Marketing Concept** (balances company profits, consumer satisfaction, and long-term societal well-being), and **Holistic Marketing Concept** (integrates Relationship Marketing, Integrated Marketing, Internal Marketing, and Performance Marketing).

The Marketing Environment Architecture: An organization's marketing capacity is shaped by two external environmental layers:

- **The Micro-Environment:** Actors in the immediate operational vicinity: the Internal Company (synergy with finance, R&D, manufacturing), Suppliers (cost, delivery reliability, raw material availability), Marketing Intermediaries (resellers, physical distribution firms, marketing agencies, financial intermediaries), Competitors (direct, substitute, and budget competitors), Customers (consumer, business, reseller, government, and international markets), and Publics (financial publics influencing capital access, media publics broadcasting editorial coverage, government regulators, citizen-action watchdog groups, local community residents, general societal public, and internal employee publics).
- **The Macro-Environment (PESTLE Framework):** Broad societal forces that influence the entire micro-environment: **Demographic** (population age structure, demographic youth dividends, urbanization, educational levels), **Economic** (purchasing power, income distribution, inflation rates, central bank interest rates, currency exchange fluctuations), **Socio-Cultural** (core cultural values vs secondary lifestyle shifts, rising wellness consciousness), **Technological** (accelerating obsolescence, creative destruction, smartphone proliferation, AI automation), **Natural / Physical** (resource scarcity, carbon regulations, eco-consumerism), and **Political-Legal** (consumer protection legislation, competition laws, regulatory standards).

MODULE II

MARKET SEGMENTATION, TARGETING AND POSITIONING (STP)

The Strategic Mandate of Market Segmentation: Coined by Wendell R. Smith, market segmentation divides a broad, heterogeneous market into distinct, homogeneous sub-groups sharing similar needs or behavioral characteristics. Segmentation levels range from **Mass Marketing** (undifferentiated, one-size-fits-all), **Segment Marketing** (adapting offerings to broad groups), **Niche Marketing** (narrow sub-segments seeking specialized benefits; e.g., luxury sports chronometers), **Local Marketing** (tailoring to specific neighborhoods or retail branches), to **Individualized Marketing** (mass customization; segments-of-one).

Criteria for Effective Segmentation (The MASDA Framework): To be commercially viable, segments must satisfy five criteria: **Measurable** (quantifiable size and purchasing power), **Substantial** (sufficiently large and profitable to warrant dedicated investment), **Accessible** (effectively reached through distribution and media channels), **Differentiable** (conceptually distinguishable with divergent responses to marketing mixes), and **Actionable** (feasible to attract and serve with company resources).

Bases for Segmenting Consumer Markets: Segmentation synthesizes four primary descriptive bases:

- **Geographic Segmentation:** Region (North/South India; coastal vs inland), City size (metropolitan, Tier-1, Tier-2, rural), Population density, and Climatic conditions.
- **Demographic Segmentation:** Age and life-cycle stage (children, Gen Z, millennials, seniors), Gender, Income (HNIs, middle class, mass market), Occupation, Education, and Family Life Cycle (young single, full nest, empty nest).
- **Psychographic Segmentation:** Social class, Lifestyle (AIO: Activities, Interests, Opinions), Personality traits, and the VALS framework (Innovators, Thinkers, Achievers, Experiencers, Believers, Strivers, Makers, Survivors).
- **Behavioral Segmentation:** Purchase occasions (regular vs festive purchasing), Benefits sought (decay prevention, whitening, fresh breath in toothpaste), User status (non-users, potential users, first-time users, regular users), Usage rate (light, medium, heavy users; the 80/20 Pareto rule), Loyalty status (hard-core loyals, split loyals, shifting loyals, switchers), and Buyer-readiness stage.

Segmenting Business-to-Business (B2B) Markets: The Bonoma-Shapiro Nested Approach categorizes B2B segmentation into concentric layers: Outer Demographics / Firmographics (industry sector, company size, location), Operating Variables (customer technology, user status, operational capabilities), Purchasing Approaches (centralized vs decentralized buying, power structures, established supplier relationships), Situational Factors (urgency of delivery, specific application, order size), and Personal Characteristics of Buyers (risk tolerance, buyer-seller similarity, personal loyalty tendencies).

Market Targeting Strategies: Evaluating market segments requires analyzing segment size and growth, structural attractiveness (Porter's Five Forces: rivalry, new entrants, substitutes, buyer power, supplier power), and company objectives/resources. Strategies include: **Undifferentiated (Mass) Marketing** (one universal offer), **Differentiated (Segmented) Marketing** (separate offers for multiple segments; e.g., Maruti Suzuki product range), **Concentrated (Niche) Marketing** (dominant share of one niche; e.g., Porsche), and **Micromarketing** (customized for specific individuals or locations).

Differentiation and Positioning Mechanics: Product differentiation creates meaningful differences across Product (features, performance, durability), Services (delivery speed, installation, consulting), Personnel (competence, courtesy), Channel (coverage, expertise), and Image (symbols, heritage). **Positioning** (Al Ries and Jack Trout) is the act of designing the offering to occupy a distinctive, desirable place in the prospect's mind. It balances **Points-of-Difference (PODs)** (unique, desirable, deliverable competitive advantages) with **Points-of-Parity (POPs)** (category necessities or competitive neutralizers). Positioning is visualized via **Perceptual Maps** (two-dimensional brand positioning grids plotting competing brands along key customer evaluative dimensions, revealing unserved market white spaces).

MODULE III

PRODUCT ARCHITECTURE AND PRICING STRATEGY

Product Architecture and the Five Product Levels: Philip Kotler conceptualizes product offerings across the **Customer-Value Hierarchy**: **Core Benefit** (fundamental service really bought; e.g., rest in a hotel), **Basic Product** (minimal physical entity; bed, bathroom), **Expected Product** (standard attributes expected; clean linen, hot water), **Augmented Product** (exceeds expectations to deliver competitive differentiation; high-speed Wi-Fi, luxury toiletries), and **Potential Product** (all possible future transformations and innovations; AI concierge rooms).

Product Taxonomies: Consumer Goods are classified into Convenience Goods (staples, impulse, emergency items), Shopping Goods (homogeneous vs heterogeneous), Specialty Goods (luxury brand loyalty), and Unsought Goods (life insurance). **Industrial Goods** encompass Materials and Parts (raw materials, manufactured parts), Capital Items (installations, accessory equipment), and Operating Supplies/Business Services.

Product Line and Product Mix Decisions: A **Product Item** is a distinct unit; a **Product Line** is a group of closely related items. The **Product Mix** is evaluated across **Width** (number of lines), **Length** (total items across lines), **Depth** (variants/formulations per item), and **Consistency** (end-use or production relatedness). Line strategies include Line Stretching (down-market, up-market, two-way stretch), Line Filling, and Line Pruning.

Product Life Cycle (PLC) Dynamics and Strategies: Tracing sales and profit trajectories across four stages:

- **1. Introduction:** Slow sales, negative/minimal profits, high launch costs; strategies: rapid/slow skimming, rapid/slow penetration.
- **2. Growth:** Rapid sales expansion, rising profits, scale economies; strategies: improving quality, adding flanker models, expanding distribution, shifting ads to build brand preference.
- **3. Maturity:** Sales growth plateaus, intense competition, profit peak and erosion; strategies: market modification (new users/uses), product modification (quality/style upgrades), marketing mix modification.
- **4. Decline:** Sales and profits plunge due to obsolescence; strategies: maintaining, harvesting cash flow, or divesting assets.

New Product Development (NPD) Architecture: Booz, Allen & Hamilton's eight-stage stage-gate process: 1. **Idea Generation** (internal/external sources), 2. **Idea Screening** (avoiding GO-errors and DROP-errors), 3. **Concept Development and Testing**, 4. **Marketing Strategy Development**, 5. **Business Analysis** (breakeven and cash-flow projections), 6. **Product Development** (R&D physical prototypes), 7. **Test Marketing** (standard/controlled test markets), and 8. **Commercialization** (launch timing, geographic rollout, prospect prioritization).

Packaging, Labelling, and Brand Equity Models: Packaging (The Fifth P) functions as the "silent salesperson", providing containment, physical protection, convenience, and shelf appeal across Primary, Secondary, and Shipping layers. Labelling identifies, grades, and describes contents, complying with statutory FSSAI and Legal Metrology mandates. Brand Equity is evaluated under David Aaker's model (Awareness, Perceived Quality, Associations, Loyalty) and Kevin Lane Keller's Customer-Based Brand Equity (CBBE) Pyramid (Salience, Performance/Imagery, Judgments/Feelings, Resonance).

Pricing Decisions and Strategic Frameworks: Price is the sole revenue-generating marketing element. Pricing is governed by Internal factors (marketing objectives, cost structures, fixed/variable costs, learning curve) and External factors (price elasticity of demand, competitor pricing, regulatory caps). Approaches: **Cost-Based** (cost-plus, target return), **Value-Based** (perceived value, EDLP), and **Competition-Based** (going-rate). Pioneer strategies: **Market-Skimming Pricing** (high initial price skimming premium layers) vs **Market-Penetration Pricing** (low initial price capturing dominant mass market share). Tactics include Product Line pricing, Captive pricing, Bundling, Psychological pricing, Yield management, and Dynamic real-time algorithmic pricing.

Global Pricing and Countertrade Arrangements: In international commerce, pricing must account for Price Escalation caused by freight, import tariffs, and multi-tiered channel margins. When trading with currency-scarce nations, firms execute Countertrade agreements: Pure Barter, Compensation Deals, Buyback Arrangements, and Industrial Offset Agreements. Transfer Pricing between corporate subsidiaries must adhere to the Arm's Length Principle to comply with statutory corporate tax frameworks.

MODULE IV

PROMOTION AND MARKETING CHANNELS

Integrated Marketing Communications (IMC) Architecture: IMC coordinates all brand touchpoints—advertising, sales promotion, personal selling, PR, direct marketing, and events—delivering a unified, mutually reinforcing brand voice. Formulation factors: consumer vs industrial markets (mass ads vs personal selling), buyer-readiness stage, PLC stage, and Push vs Pull strategies (trade incentives pushing products down vs consumer advertising pulling demand through channels).

The Advertising Discipline (The 5 Ms): Mission (informative, persuasive, reminder, reinforcement objectives), **Money** (objective-and-task method), **Message** (Unique Selling Proposition [USP], slice-of-life, testimonial execution), **Media** (reach, frequency, impact across broadcast, print, digital), and **Measurement** (communication-effect and sales-effect econometric modeling).

Sales Promotion, PR, and Personal Selling: Sales Promotion provides short-term purchase incentives: Consumer tools (samples, coupons, rebates, price packs, contests) and Trade tools (buying allowances, free goods, dealer contests). **Public Relations** builds institutional goodwill through the PENCILS framework (Publications, Events, News, Community, Identity, Lobbying, Social). **Personal Selling** executes a seven-stage consultative pipeline: Prospecting → Pre-Approach → Approach → Presentation (FAB approach) → Handling Objections → Closing → Follow-Up.

Marketing Channels (Place): Functions and Levels: Channels bridge discrepancies of time, place, and possession. Intermediaries execute transactional, logistical, and facilitating functions (information, promotion, matching, warehousing, transport, financing, risk-bearing). Channel levels range from **Zero-Level** (direct: manufacturer to consumer), **One-Level** (manufacturer to retailer to consumer), **Two-Level** (traditional FMCG: manufacturer to wholesaler to retailer to consumer), to **Three-Level** channels.

Channel Coverage, Systems, and Wholesaling/Retailing: Market coverage strategies: **Intensive** (convenience goods; maximum outlets), **Selective** (shopping goods; chosen outlets), and **Exclusive** (luxury items; single authorized dealer). Channel systems: Conventional channels vs **Vertical Marketing Systems (VMS)** (Corporate, Administered, Contractual/Franchise). Channel conflict (horizontal, vertical, multichannel) is resolved through superordinate goals and mediation. **Wholesaling** executes bulk breaking, warehousing, and financing (merchant wholesalers, agents/brokers). **Retailing** spans store formats (specialty, supermarkets, department stores, hypermarkets, discount stores) and non-store formats, culminating in modern **Omni-Channel Retailing** integrating physical stores, mobile apps, and rapid home delivery.

Physical Distribution Logistics and Supply Chain Integration: Physical distribution coordinates order processing (EDI, ERP), automated distribution centers (ASRS, RFID tracking), inventory control (Economic Order Quantity [EOQ] balancing carrying costs against ordering costs; Just-In-Time [JIT] pipelines), and transportation logistics across rail, motor trucks, water vessels, pipelines, air freight, and intermodal containerization (piggyback, fishyback).

Database Marketing and RFM Customer Telemetry: Direct marketing relies on structured marketing databases. Organizations deploy RFM Analysis to score customer value based on **Recency** of last transaction, **Frequency** of purchases over an operational window, and aggregate **Monetary Value** spent, segmenting high-value brand advocates for dedicated VIP relationship programs.

MODULE V

RECENT TRENDS IN MARKETING

Green Marketing and Sustainable Environmental Strategy: Grounded in the societal marketing concept, green marketing engineers eco-friendly offerings across the Green Marketing Mix: Green Product (recycled, durable, biodegradable materials), Green Price (communicating total lifetime value), Green Place (carbon-neutral logistics, localized supply chains), and Green Promotion (transparent eco-labelling: FSC, Energy Star, Eco-Mark). Management must eliminate **Greenwashing**—deceptive environmental claims violating the Six Sins of Greenwashing (hidden trade-offs, no proof, vagueness, false labels, irrelevance, lesser of two evils), actively prosecuted under consumer protection statutes.

Digital Marketing and Search Engine Mechanics: Digital marketing shifts promotion from unidirectional broadcast to bidirectional engagement. **Search Engine Optimization (SEO)** builds organic authority through On-Page SEO (keyword optimization, metadata, semantic depth), Off-Page SEO (authoritative backlinks, domain authority), and Technical SEO (mobile responsiveness, Core Web Vitals speed, HTTPS security, structured schema data). **Search Engine Marketing (SEM)** buys sponsored visibility via Pay-Per-Click (PPC) auctions in Google Ads, where ad ranking is governed by Maximum Bid × Quality Score.

Social Media Marketing (SMM) and Viral Dynamics: SMM aligns platforms with demographics (Facebook for broad reach, Instagram for visual lifestyle, LinkedIn for B2B thought leadership, YouTube for long-form video). Viral marketing is governed by Jonah Berger's **STEPPS Framework**: Social Currency, Triggers, Emotion, Public observability, Practical value, and Stories.

Influencer Marketing and Word-of-Mouth Telemetry: Partnering with content creators across four tiers: **Nano-Influencers** (1K–10K; hyper-niche, highest engagement), **Micro-Influencers** (10K–100K; deep topical credibility), **Macro-Influencers** (100K–1M; broad regional reach), and **Mega/Celebrity Influencers** (1M+; massive cultural awareness). Statutory guidelines (ASCI in India) mandate prominent disclosure tags ('#ad', '#sponsored') to prevent deceptive commercial promotion.

Conversational Marketing, Immersive Technologies, and AI: Chatbots provide 24/7 engagement: Rule-Based (decision trees for routine tracking) vs AI-Powered NLP/LLM agents (handling contextual semantic inquiries and WhatsApp commerce). **Immersive Technologies**: Augmented Reality (AR) enables Virtual Try-On (eyewear, cosmetics) and 3D spatial room staging (IKEA); Virtual Reality (VR) delivers immersive 3D automotive test drives and real estate property tours. **Artificial Intelligence in Marketing** powers predictive customer churn modeling, hyper-personalized recommendation algorithms (Netflix, Amazon), programmatic real-time ad bidding (RTB), and dynamic algorithmic pricing engines.

Neuromarketing and Cognitive Behavioral Biometrics: Neuromarketing measures subconscious neurobiological responses using Functional Magnetic Resonance Imaging (fMRI tracking cerebral blood flow in reward centers), Electroencephalography (EEG tracking cognitive oscillations), Eye-Tracking gaze heatmaps, Facial Action Coding System (FACS micro-expression decoding), and Galvanic Skin Response (GSR measuring emotional excitation). This biometric telemetry eliminates self-report bias in consumer research.

Decentralized Brand Commerce and Omnichannel Attribution: Web3 introduces Direct-to-Avatar (D2A) commerce selling virtual assets to consumer avatars in spatial virtual worlds, alongside Non-Fungible Tokens (NFTs) functioning as verifiable digital VIP membership passports. Marketing attribution models (first-touch, last-touch, linear, time-decay, U-shaped, and algorithmic data-driven attribution) mathematically calculate media touchpoint ROI in fragmented omnichannel journeys.

First-Party Data Governance in the Cookieless Future: The global phasing out of third-party tracking cookies and statutory data protection frameworks (such as India's DPDP Act 2023) mandate shifting toward First-Party Data Architectures—collecting customer data directly through transparent value exchanges, customer data platforms (CDPs), and consenting brand interactions.

Brand Crisis Management and Public Relations Defense: When corporate crises emerge—such as product recalls, ethical misconduct, or social media boycotts—organizations execute disciplined crisis management: immediate transparent acknowledgment, taking unconditional responsibility, establishing dedicated crisis communication war rooms, demonstrating empathetic concern for affected stakeholders, and publicizing audited corrective remediation protocols to restore long-term brand equity.

Circular Economy Models and Reverse Logistics: Modern sustainable enterprise replaces cradle-to-grave linear manufacturing with **Cradle-to-Cradle (C2C) Circular Models**. This architecture integrates **Reverse Logistics**—the systematic management of returning products, packaging, and obsolete hardware from consumer households back to manufacturers for remanufacturing, component refurbishment, material recycling, or safe ecological disposal, achieving zero landfill waste.

Predictive Lead Scoring and Marketing Automation: Enterprise marketing platforms (such as HubSpot and Salesforce Marketing Cloud) deploy automated algorithms to score prospective leads dynamically based on behavioral engagement telemetry (whitepaper downloads, email click-throughs, webinar attendance, pricing page visits). Sales-Qualified Leads (SQLs) are routed instantaneously to sales representatives, while early-stage Marketing-Qualified Leads (MQLs) enter automated drip email nurturing sequences.

Dark Social and Private Messaging Communities: Upwards of 80% of digital consumer sharing occurs through untracked private channels—such as personal WhatsApp chats, direct messages, and private community groups—termed **Dark Social**. Progressive brands navigate dark social by building closed VIP micro-communities, providing exclusive insider perks, and deploying tracking links designed to capture referral telemetry within private messaging networks.

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