



SNS B-SPINE

Coimbatore-35
An Autonomous Institution

DEPARTMENT OF MANAGEMENT STUDIES

23BAT607 – MARKETING MANAGEMENT

I YEAR I SEM

UNIT 1 – INTRODUCTION

TOPIC 3 – Core Concepts of Marketing



Why to understand the core concepts?

Understanding the core concepts of marketing is essential because they provide the foundation for effective marketing strategies and practices.

- Needs, wants and demands
- Target Markets, Positioning, and Segmentation
- Offerings and Brands
- Value and Satisfaction
- Marketing Channels
- Supply Chain
- Competition
- Marketing Environment



Needs, wants and demands

- **Needs** are the basic human requirements such as for air, food, water, clothing, and shelter. Humans also have strong needs for recreation, education, and entertainment.
- These needs become **Wants** when they are directed to specific objects that might satisfy the need. Wants are shaped by our society.
- **Demands** are wants for specific products backed by an ability to pay. Many people want a Mercedes; only a few are able to buy one. Companies must measure not only how many people want their product, but also how many are willing and able to buy it.



Types of Needs

- **Stated Needs:** Stated needs are the requirements or desires that a customer explicitly expresses or articulates. These are the most obvious and straightforward needs, as they are directly communicated by the customer.
- **Real Needs:** Real needs are the underlying or fundamental requirements that may not be explicitly mentioned but are the true drivers behind the stated needs. Identifying and addressing these real needs is crucial for meeting the customer's actual requirements.
- **Unstated Needs:** Unstated needs are the expectations and desires that customers have but do not vocalize. They can include factors such as good service, a comfortable environment, or specific amenities that customers assume should be part of the experience.
- **Delight Needs:** Delight needs refer to unexpected features or benefits that can pleasantly surprise the customer and enhance their experience. These are not necessarily essential but can differentiate a product or service and create positive emotions.
- **Secret Needs:** Secret needs are often related to personal motivations, aspirations, or desires that customers may not openly express. Understanding these hidden motivations can help businesses better meet the customer's unique and often unspoken objectives.

Activity

For each category (Stated, Real, Unstated, Delight, and Secret Needs), answer the following questions:

- What is an example of a Stated Need that the homebuyer might express?
- What do you think is the Real Need behind the Stated Need?
- What are potential Unstated Needs that the homebuyer might have?
- What could be a Delight Need that, if fulfilled, would exceed the homebuyer's expectations?
- Can you identify any Secret Needs that the homebuyer may have, which they might not openly share?





Target Markets, Segmentation and Positioning



- Marketers divide the market into segments based on the understanding that **not everyone has the same preferences** for products and services.
- These **segments are created by identifying and profiling distinct groups** of buyers, considering factors such as demographics, psychographics, and behaviors.
- After identifying market segments, **marketers choose the ones with the greatest opportunities** and designate them as target markets.
- For each target market, a company develops **a market offering that is positioned in the minds of the target buyers** as delivering specific central benefits.
- For example, Volvo focuses on safety-conscious buyers, positioning its vehicles as the safest option available to customers.



Offerings and Brands

- Companies address customer needs by presenting a **value proposition**, which consists of a set of benefits designed to meet those needs.

Value Proposition: A value proposition is a promise of value to be delivered to customers. It is a statement that outlines what benefits or value a product or service will provide to the customer. It answers the question, "Why should the customer choose this product or service?"

- The intangible value proposition is transformed into a tangible offering, which may include a combination of products, services, information, and experiences.

Offerings and Brands

- A **brand** is a name, symbol, design, or any other feature that distinguishes a company's products or services from those of its competitors. It represents the company's identity and reputation.
- Companies aim to establish a brand image with as many strong, favorable, and unique brand associations as possible.



Value Proposition: A value proposition is a promise of value to be delivered to customers. It is a statement that outlines what benefits or value a product or service will provide to the customer.

It answers the question, "Why should the customer choose this product or service?"

Value

- Value, in a marketing context, refers to the perceived benefits a customer receives from a product or service in relation to the costs incurred to acquire or use that product or service.
- In simple terms, value is what a customer gets in return for what they give. It's the balance between what they receive in terms of quality and service and what they pay in terms of price.



Satisfaction

- Satisfaction is a customer's subjective judgment of a product's or service's perceived performance in relation to their expectations.
- If the actual performance of the product or service falls short of what the customer expected, they may feel disappointed.
- If the product or service meets the customer's expectations, they are typically satisfied.
- However, if the product or service exceeds the customer's expectations, they may be delighted or very satisfied.



Marketing Channels

To reach a target market, marketers utilize three types of marketing channels:

- **Communication Channels:** These channels are responsible for delivering and receiving messages to and from target buyers. They include newspapers, magazines, radio, television, mail, telephone, billboards, posters, fliers, CDs, audiotapes, and the Internet. Additionally, a firm's retail stores, websites, and other media contribute to communication.
- In addition to traditional monologue channels such as advertisements, marketers are increasingly using dialogue channels like e-mail, blogs, and toll-free numbers to engage in two-way communication with customers.



Marketing Channels

- **Distribution Channels:** These channels are used to display, sell, or deliver physical products or services to buyers or users. Distribution channels can be direct through the Internet, mail, mobile phones, or telephone, or indirect through intermediaries like distributors, wholesalers, retailers, and agents.
- It encompasses all the steps and organizations that move a product from the manufacturer or producer to the end consumer.
- **Service Channels:** These channels are employed to facilitate transactions with potential buyers and include entities such as warehouses, transportation companies, banks, and insurance companies.

Marketers face the challenge of designing the best mix of communication, distribution, and service channels to effectively reach their target audience and deliver their offerings.



Supply Chain

The supply chain is a core concept that refers to the entire network of organizations, individuals, activities, resources, and technology involved in the creation and distribution of a product or service from its initial production to the point of consumption by the end customer.

The supply chain encompasses various stages and processes, including sourcing raw materials, manufacturing, transportation, storage, and distribution.

Competition

- Competition includes all the actual and potential rival offerings and substitutes a buyer might consider.
- Suppose a consumer is in the market to purchase a new smartphone.





Competition

In this context:

- **Actual Rival Offerings:** These are the existing smartphones currently available in the market from various brands. For instance, Apple's iPhone, Samsung's Galaxy, Google's Pixel, and other brands like OnePlus and Xiaomi all compete as actual rival offerings. Buyers must choose between these available options based on their features, price, and brand reputation.
- **Potential Rival Offerings:** These are the smartphones that are not yet available in the market but may soon become competitors. Imagine a new startup company developing a cutting-edge smartphone with unique features. This upcoming device represents a potential rival offering that buyers might consider when it is released.
- **Substitutes:** Substitutes are products or alternatives that can fulfill similar needs as a smartphone. For example, tablets, laptops, or even feature phones (non-smartphones) can be considered substitutes for specific functions like communication, internet browsing, and more. Buyers might contemplate using these substitutes instead of a smartphone, depending on their requirements.



Marketing Environment

- The marketing environment refers to the external factors and conditions that can affect a company's marketing efforts and the success of its products or services.
- It can be categorized into two main components:
 - Microenvironment refers to the immediate factors and actors that are close to a company and directly impact its day-to-day operations. These include the company itself, suppliers, distributors, dealers, and target customers.
 - Macroenvironment refers to the broader external factors and conditions that have a more general and societal influence on a company. These factors include demographics, the economy, culture, the natural environment, technology, and the political and legal landscape. They affect a company more indirectly and over a longer term.



Key Takeaways!



- Needs, Wants, and Demands: Understanding these distinctions helps marketers identify what drives consumer behavior. Recognizing that consumers have varying levels of desire and the ability to pay for products is crucial for market segmentation and product development.
- Target Markets, Positioning, and Segmentation: These concepts help businesses identify and focus on the most receptive customer groups, create products that meet their specific needs, and position their offerings effectively in the market.
- Offerings and Brands: Developing compelling products or services and establishing a strong brand identity are essential for attracting and retaining customers. Effective branding and product development are central to business success.
- Value and Satisfaction: Providing value to customers by meeting their needs and expectations leads to customer satisfaction and loyalty. Understanding how value and satisfaction are created and perceived helps in building long-term customer relationships.



- Marketing Channels: These are the pathways through which products and services reach customers. Efficient channel management is crucial for product availability, accessibility, and customer convenience.
- Supply Chain: Efficient supply chain management ensures that products are produced, distributed, and delivered to customers in a cost-effective and timely manner, which impacts a company's competitiveness.
- Competition: Understanding the competitive landscape is vital for differentiation and strategic positioning. It helps businesses identify their strengths and weaknesses relative to competitors and adapt their strategies accordingly.
- Marketing Environment: Recognizing the factors in the marketing environment, both micro and macro, is essential for adapting to changing market conditions and staying competitive.