

## Marketing concept in the organisation

### The external organisational environment.

1. There are many people, groups, elements and forces that have power to influence – directly or indirectly – the way in which the organisation conducts its business
2. The organisational environment includes both the immediate operate environment and the broader issues and trends that affect businesses.

### Current and potential customers

1. Customers are vital to the continued health of the organisation
2. Customers need to be located – finding out what they want, and communicate its promises

### Competitors

1. Competitors, however, make this relationship with customer groups a little more difficult, Since by definition they are pursuing the same set of customers.
2. The organisation has to monitor what competitors are doing but try to anticipate that they will do in the future to develop counter measures

### Intermediaries

1. Intermediaries often provide services in getting goods from manufacturers to the end buyer.
2. Without the cooperation of a network of wholesales and/or retailers, many manufacturers would have immense problems in getting their goods to the end customer at the right time in the right place.
3. The organisation needs to think about how best to distribute goods, and build appropriate relationships with intermediaries

### Suppliers

1. Losing a key supplier of components or raw materials can mean the production flow is interrupted, or a lower quality or more expensive substitution has to be made.

### The internal organisational environment.

1. The marketing function has to interact with other functions within the organisation.
2. Not all organisations have formal marketing departments – or they can be set up differently.
3. There can be potential conflict if perspectives and concerns do not match.

### Other functions found in organisations: Finance

1. The finance function sets budgets and expects other functions to stick to them
2. It wants hard evidence to justify expenditure and pricing to cover costs and contribute to profit
3. Marketing takes a longer strategic view of pricing which could include short term loss for longer term profit

### Purchasing

1. This function can be bureaucratic, with a high priority on price
2. Marketing prefers to think of quality of components and raw materials rather than price.
3. This though is quite a traditional view – and the rise of relationship marketing – and the increase of just in time systems – means that marketing and purchasing are working more closely, building long term, flexible, cooperative relationship with suppliers.

#### **Production**

1. Production has the greatest potential to clash with marketing
2. Production – may want long production runs with few variations
3. Production would prefer to deal with standard rather than customised orders
4. If new products are necessary – than the longer the lead time they are given to get production up to speed and running consistently – the better
5. Marketing may look for short production runs of many varied models to serve a range of needs in the market, quickly and flexibly.

#### **Research and development and engineering**

1. These also prefer long lead times – To develop a product from scratch, the longer they have to do it, the better.
2. Marketing will want the new product available as soon as possible for fear of competition
3. Being first in the market allows the organisation to establish market share and customer loyalty.

#### **Marketing as an integrative business function**

1. Many successful organisations ensure all functions within their organisation are focused on their customers, with marketing philosophy that permeates the whole enterprise.
2. All the functions and tasks are interdependent
3. Marketing can bring functions together and focus on the customer

#### **Current product needs**

1. To satisfy current needs, production has to know how much is required, when and to what quality specification.
2. Production has to have access to the right raw materials or components at the right price.
3. Marketing brings in those customers, monitoring their satisfaction levels and brings problems to the attention of the relevant functions to minimise disruption.

#### **Future needs**

1. Marketing with the help of R&D needs to monitor what is happening now and to predict what needs to happen in the future.
2. Finance may have to sanction a new product, R&D to refine the product, production may have to invest in new plant and machinery. Personnel may have to recruit new staff.

### **Common goals**

1. Marketing can feed ideas from the market that can stimulate innovation, while R&D can work closely with marketing to find and refine commercial applications for its apparently pointless discoveries

### **Marketing Management responsibilities**

#### **Identifying Customer needs**

1. The development of mass markets, more aggressive international competition and the increasing sophistication of the customer, have taught marketers that it is unrealistic to expect to be able to satisfy all the people all of the time.
2. Customers have become more demanding, and want products that fulfil basic needs, whilst also providing positive benefits.

#### **Basic function**

1. The basic function of a product is often irrelevant.
2. Buyers and their motives are varied and marketers need to identify criteria and variables that distinguish one group of buyers from another.
3. By grouping customers, marketers have more chance of spotting lucrative gaps in the market

#### **Identifying needs**

1. The marketer has to try and predict what the customer will want to tomorrow and changing needs.

### **Satisfying customer needs**

1. Understanding customers and needs and wants is the first step
2. The organisation needs to act on that information to develop and implement marketing activities that deliver something of value to the customer through the marketing mix.

#### **Marketing mix**

1. The concept of the marketing mix is the combination of the major tools of marketing developed in the 1950s
2. The mnemonic 4 Ps = product, price, promotion, place – devised in the 1960s
3. The use of the words mix and combination are important because a successful marketing relies as much on interaction and synergy between marketing mix elements.

#### **Product**

1. This is the creation, development and management of products
2. What to make, when to make it, how to make it, how to ensure it has a long and profitable life

3. A product is not just a physical thing – in marketing terms it involves after sales service, guarantees, installation, fitting, anything that helps to distinguish the product from competition.
4. Part of a product's attractiveness is its brand imagery and its packaging.

#### **Price**

1. Price is not just about cost and profit margins.
2. It has to reflect issues of buyer behaviour as people judge value in terms of perceptions of what they are getting for their money and what else they could have had for that money.
3. Pricing indicates such things as quality, desirability of a product, which can reinforce or destroy the other elements of the marketing mix.

#### **Place**

1. Place is dynamic
2. Moving goods from A to B – channels of distribution from e-tailers, mail order companies that deal direct with the end consumer
3. There may be intermediaries that enable products to reach consumers.

#### **Promotion**

1. Communication is so pervasive and high profile that it can make or break the marketing mix.
2. As well as advertising, there are sales promotions, personal selling, public relations, direct marketing including electronic media.

#### **Additions to the 4Ps**

The 7Ps include the following in addition to the 4Ps.

#### **People**

1. Services depend on people to perform them, creating and delivering the product as customer waits.
2. If the customer feels comfortable with a particular service provider, trusts them and has rapport with them, that is a relationship a competitor would find hard to break into.
3. Thus people add value in a dimension to the marketing package

#### **Processes**

1. Manufacturing processes, once set up, are consistent and predictable and can be left to the production management team but services, are manufactured and consumed live on the spot.
2. The marketer has to think about how the service is delivered and what quality controls can be built in so that the customer can be confident that they know what to expect each item they consume the service product

#### **Physical evidence**

1. This is of relevant to retailers or those who maintain physical premises from which a service is sold or delivered
2. Some factors that are part of the traditional 4Ps approach – atmosphere, ambience, image, design of premises.

#### **The 4 Ps**

1. The 4Ps are still widely accepted as defining the marketing mix.
2. The same mix, though, is not applicable in all situations at all times
3. It could be one element of the marketing mix or a combination that applies at different times.

#### **Strategic vision**

1. The individual marketing activities must be looked at within the context of a coherent marketing mix, but this has to be an outcome of wider framework of strategic marketing planning, implementation and control
2. Strategy is about looking into the future and developing and implementing plans to drive the organisation in the desired direction. Strategy needs to inform and be informed by marketing.
3. The marketer needs to think in terms of benefits or solutions delivered to the customer.

#### **Marketing myopia**

1. The organisation that defines itself in the product rather than market terms could be suffering from marketing myopia, missing out on significant marketing opportunities – leaving them open to competitors.
2. The distinction between the product and the problem it solves matters, because marketing strategy is about managing the organisation's activities within the real world in which it has to survive
3. A marketing mix that works today may not work tomorrow.
4. Thus the marketing mix needs to be thought through with respect to the external environment.

#### **Marketing scope**

##### **Consumer goods**

1. The consumer goods field involves large and lucrative markets- and has therefore embraced marketing and has been at the root of the development and testing of marketing theories and concepts.

##### **Business to Business goods**

1. Business to Business goods serve consumers in some way – directly or indirectly

##### **Service goods**

1. These include personal services – hairdressing, other beauty treatments, medical services etc. = and professional skills (accountancy, management consultancy, legal advice), are found in all sorts of markets.
2. Services have differentiated themselves from the traditional approach to marketing, they require an extended marketing mix.

### **Non-profit marketing**

1. Non-profit marketing is an area that increasingly asserted itself in the 1980s and 1990s e.g. Hospitals, schools, universities, arts, charities – have to compete.
2. They need to think about market orientation – defining what their customers need and want and how they can provide it better than their rivals.

### **Small business marketing**

1. Small business marketing also creates its own perspectives.
2. Many marketing theories and concepts focus on the larger organisation.
3. Small businesses may have one or two managers to carry out a variety of roles.
4. With limited resources for researching and investing in new markets or for developing new products.

### **International Marketing**

1. This is a well-established field – with technological improvements it is easier and cheaper to transfer goods around the world.
2. This is important in marketing theory and practice, whether adapting marketing mixes for different markets and serving geographically dispersed markets, have to be taken into consideration.