

MARKETING MANAGEMENT AND STRATEGY

WEEK 1

OVERVIEW OF MARKETING MANAGEMENT AND STRATEGY

DR KAMAU JOHN NJAU

SPRING 2024

WEEK ONE

OVERVIEW OF MARKETING MANAGEMENT AND STRATEGY

1.1 Course Introduction

Welcome to marketing management and strategy class! It is my joy to have you in this class. We begin this lecture by doing a brief introduction of the course followed by an introduction of today's lecture. Marketing management and strategy course is often referred in some institution of higher learning as Strategic marketing. In this course therefore we will use these terms interchangeably. The course is often offered to undergraduate students who specialize in marketing and to master's student taking master's in business administration (MBA). We will try to organize the content in a way that it fits both levels of learning. However, the master student will be expected to conduct a project as they go through the course to enhance their learning.

The purpose of marketing management course is to equip learners with knowledge and skills that will enable them to participate effectively in designing marketing management strategies. The course is also designed help students develop analytical skills in marketing and therefore evaluate and choose most viable strategies to be adopted by business. The course will be defined into three main areas. The first part will cover basics of marketing management that will include introduction, environmental analysis, marketing planning as well as differentiation and positioning. The second part will examine marketing mix strategies for businesses. The focus will be on product, price promotion and distribution strategies. The final part of the course will focus on holistic marketing practices that integrates relationship marketing, internal marketing, corporate social responsibility marketing as well as ethical issues in marketing management and strategies.

1.2 Course Intended Learning Outcomes

At the end of this course you will be able to:

1. Describe marketing management and the challenge of defining marketing problems.
2. Make and defend marketing decisions in the context of realistic problem situations
3. Create connections between marketing and other functional areas of business
4. Appraise the value of marketing concepts as guides for understanding management problems and developing comprehensive marketing programs.

Having introduced the course and the course outcomes, we can now shift our focus to today's topic which is overview of marketing management. We will begin by defining what is marketing and subsequently marketing management. We will discuss the significance of marketing to business and its main functions. We will later examine the historical evolution of marketing concepts and conclude the chapter by looking at shifts in marketing paradigms and its implication to twenty first century marketer.

1.3 Overview of marketing management and strategy intended learning outcomes

At the end of today's lecture you will be able to

1. Define marketing, marketing management and key marketing concepts.
2. Discuss the significance and function of marketing in a business
3. Examine the historical evolution of marketing concepts.
4. Evaluate shifts in marketing paradigms and their implications to twenty first century marketers.

1.4 What is marketing?

Many definitions of marketing have been put in place by various authors. For purpose of this course we will focus on three main definitions. First, American Marketing Association (2008) Marketing is 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. Kotler and Keller (2016) hold the view that 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. Chartered Institute of Marketing (CIM) (2023) defines marketing as the management process responsible for identifying, anticipating and satisfying customer requirements profitably. From these definitions we can identify a few key issues and thoughts about marketing:

- a) Participants: marketing involves individuals and organizations/institutions.
- b) Process: marketing involves a set of activities.
- c) Aim: create value to customers.
- d) Creating: the marketer must develop products or services.
- e) Exchange: exchange of values is critical.
- f) Communication: it is of essence to enable exchange process to take place.

We also note that marketing management focuses on all managerial functions in the field of marketing and is responsible for planning, organizing, directing, and controlling the marketing activities.

To understand marketing, we need to also have a glimpse into certain marketing terms that are critical for marketers. Table 1.1 is a summary of key terms that a marketer should understand.

Table 1.1 Key terms used in marketing management.

Term	Meaning
Needs	A need is a state of felt deprivation of some basic requirement
Wants	Desires for specific satisfiers of the needs
Demands	wants for specific products that are backed up by the ability and willingness to buy
Product	Offerings to the market to satisfy a need or want at a profit

Market	consists of all the potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy the need
Value proposition	A set of benefits put forth by a company to satisfy customer
Brand	An offering from a known source/company
Satisfaction	A person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations.
Customer value	Perceived monetary value of the bundle of economic, functional, and psychological benefits consumers expect from a given market offering.

Source: adopted from Kotler and Kelly (2016) Marketing Management 15th edition Pearson

1.5 Significance of marketing

Marketing principles and theories apply to both for profit and not for profit organizations. The knowledge we gain in marketing can be applied to solve a variety of society issues and problems. Instressing the importance of marketing Kotler and Keller (2016) noted that finance, operations, accounting, and other business functions will not matter if there is no sufficient demand for goods and services. But what is the significance of marketing to a business?

According to khole et al (2007) the significance of marketing can be viewed from four main perspective to a business, not for profit organizations, to customers and to society in general. To a business firm, marketing is significance in that it helps in accomplishment of business objectives, facing market competition effectively, good will and reputation building, collecting of relevant marketing information, introduction of new products and market expansion among others. By enabling these functions to take place the business is sustained and made relevant to the owners.

To the customers marketing is significant in that it ensures satisfaction of their needs and wants. It is through marketing that consumers get goods in reasonable prices and at good quality. Similarly, marketing ensures creation of form utility and regularly supply of goods and services is achieved. These functions ensure improved standard of living for customers and more meaningful live.

To the not-for-profit organization such as government's, non-governmental organization and community-based organizations, marketing is significant in that it helps in building the image of these organizations. Through marketing these organizations can educate their clients and gain public support as they champion their causes. These organizations are also able to expand their scope of activities and enter new areas as they create awareness of their intentions through marketing activities. They are also able to collect information from society to be able to address the most pressing needs as well as accomplish their objectives.

To society in general marketing is significant in that it supports employment generation, enhances activities in different sectors of economy improves standard of living as well as spur economic

growth and development of a nations. Marketing also supports international relations hence fostering global peace and prosperity.

Before we delve into thoughts marketing philosophies, its important for us to take note of what is generally marketed. Many people think that one can only market a good or services. Insights from Kotler and Kelly (2016) show that a variety of items can be marketed. These may include goods, services, experiences, events, persons, places, properties, organizations, information, and ideas among others. Take time to give examples of each.

1.6 Functions of marketing managers

Marketing managers are individual responsibility for carrying out marketing functions in a business. They perform a variety of tasks that we should be able to understand even as we desire to become managers or are already carrying out these functions. These tasks are summarized as follows:

1. Marketing research: Conduct marketing research to generate information on consumers and products. This helps to determine changing consumer tastes and preference and align the marketing strategy with the same.
2. Market trends analysis: the manager must remain alert on activities of competitors and other players to ascertain the current trends and ensure his business remains relevant.
3. Estimate demand: the marketer must always estimate future demands for his goods and services and use the knowledge to plan and inform all activities of the organization.
4. New products and services development: new products are lifeblood of any business. The marketer must be on look out and ensure new products and services are developed continually.
5. Promotion: the manager must identify and implement promotion strategies to communicate value and attract customers.
6. Marketing plans: the manager must develop marketing plans, budgets and schedules to inform activities within his department. These must feed into the plan of the business.
7. Set prices: pricing is a key function of a business. The marketer must decide on price and price offers to customers to remain competitive in an everchanging business environment.
8. Build strong brands: building strong brands ensure that the business will become sustainable in the long run and that it can maximize on the same to expand its operations thereby increasing profitability.
9. Connect with customers: the marketer must look for ways of connecting with customers through receiving and giving feedback to them.
10. Customer satisfaction: the marketer must monitor customer satisfaction over time and keep on making necessary strategy adjustments to ensure customers are not only satisfied but delighted.

1.7 Marketing Philosophy

From dictionary, a philosophy is a theory or attitude that acts as a guiding principle for behavior. A marketing philosophy describes the approach a business takes to promote the products or services they sell to prospective customers. It is a mind set that informs a firm's marketing strategies and plans. Marketing philosophy adopted by a firm guides its efforts to satisfy customers and achieve organizational goals. Marketing management philosophies are also referred to as marketing concepts or marketing orientations. The following are marketing philosophies that guide various marketing management strategies in various organizations (Grudney, 2010).

- a) **The production orientation:** this is the oldest marketing management philosophy and contends that consumers are willing to buy goods and services that are most affordable (cheapest) and available. The marketing firm's main strategy is to focus on mass production and distribution of goods at the lowest cost possible. Quality of goods is insignificant and little, or no marketing campaigns are required. This philosophy works well when dealing with convenience goods. In Kenya this strategy is applied by power distributing companies and other government parastatals.
- b) **The product orientation:** this philosophy contends that consumers prefer products that offer the highest quality, performance, or innovative features. The firm's strategy is therefore to work on quality products to serve the customers. The firm invests in research and development to design innovative superior products. Many mobile companies such as Samsung are known to adopt this philosophy to remain attractive. The philosophy best works for firms that deal with specialty products.
- c) **The financial orientation:** this philosophy contends that the ultimate purpose of marketing is to help organizations achieve their objectives which is long run profitability. If applied in not-for-profit organizations, the philosophy contends that the organization should strive to attract enough funds to perform useful work. Firms operating under this philosophy should achieve profits only because of creating superior customer value and by their ability to satisfy customer needs better than competitors.
- d) **The selling orientation:** firms that operate under this philosophy believe that consumers will not buy enough of a company's product unless they are sold aggressively. Consumers must be persuaded into buying and the purpose of marketing is to sell more products. This philosophy requires salespeople to apply all kinds of selling techniques to achieve their sales objective including pressurized selling. In Kenya this philosophy works well for insurance products which are not very popular. The philosophy is generally applicable with unsought products.
- e) **The marketing orientation:** this is one of the most popular philosophies with business organizations as it is more customer focused. The philosophy advocates that the marketer should identify customer needs first, then develop products to satisfy those needs and then present the same to customer. The firm must create, deliver, and

- communicate superior customer value to target markets. The philosophy holds that the firm's energy should be spent on finding the right products for the customers rather than the customer for the product. This philosophy demands that firms must engage in marketing research to determine the customer needs, identify their specific market niches and serve them through integrated marketing communication for profitability.
- f) **The market orientation:** this orientation is like the marketing orientation but also contends that internal customers or employees must also be treated well to deliver value to external customers. The philosophy demands that the firm must first focus on the task of hiring, training, and motivating employees to serve customers well. This will then lead external marketing activities to deliver value to the firms' clients.
 - g) **The social-ethical marketing orientation:** this philosophy, also known as societal marketing orientation, contends that the firm must not only consider satisfaction of its customer but also the impacts of its decisions on society. The firm deliver the desired products more effectively than competitors while considering consumers and society wellbeing. The firm must be aware of the environmental, social, and ethical implications of its marketing strategy.
 - h) **The holistic marketing orientation:** this is the most recent and all-encompassing orientation that focuses on four main areas of marketing. First is the relationship marketing which refers to all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges" (Morgan & Hunt, 1994). Second is internal marketing. According to Ogunnaike (2012) internal marketing theory holds the view that satisfied internal customers when motivated will consequently offer quality services to external customers leading to customer satisfaction. Third is integrated marketing. Smith et al. (1999) hold the view that integrated marketing communication involves the strategic analysis, choice, implementation and control of all elements of marketing communications which efficiently (best use of resources), economically (minimum costs) and effectively (maximum results) influence transactions between an organization and its existing and potential customers, consumers and clients. Finally we have corporate social responsibility marketing. Kotler and Zaltman (1971) pioneered this theory and defined social marketing as the design, implementation, and control of programs seeking to increase the acceptability of a social idea or practice in a target group. Social marketing is the adaptation of commercial marketing technologies to programs designed to influence the voluntary behavior of target audiences to improve their personal welfare and that of the society in which they are a part of (Andreasen 1994).

1.8 Shifts in marketing management

Before we conclude this lecture, it is prudent for us to examine current trends in marketing management and their implications to businesses. Kotler and Keller (2016) notes that these shift and trends in marketing are a fueled by globalization, deregulation, customer empowerment, market

fragmentation and advance in technology. They are key determinants of successful firms in twenty first century. These are summarized in table 1.2

Table 1.2 Shifts in marketing management

Shift	Explanation
From Marketing does the marketing to everyone does the marketing	Marketing is not done only by marketing, sales and customer support personnel; every employee is a marketer. Emphasis on interdepartmental teamwork to manage key processes.
From organizing by product units to organizing by customer segments	Change of structure from functional and product structure to customer centered structures. Enables firms to study and address customer needs more effectively
From making everything to buying more goods and services from outside	Increase in subcontracting and outsourcing. Their principle is: outsource those activities that others can do more cheaply and better but retain core activities.
From using many suppliers to working with fewer suppliers in a partnership	Deepening partnership arrangements. intermediaries viewed as partners in delivering value to final customers.
From relying on old market positions to uncovering new ones	Companies must always be seeking new advantages rather than just relying on their past strengths.
From emphasizing tangible assets to emphasizing intangible assets	Realization that firms market value comes from intangible assets, particularly their brands, customer base, employees, distributor and supplier relations and intellectual capital.
From building brands through advertising to building brands through performance and integrated communication	Emphasis on blended communication to deliver a consistent brand image to customers at every brand contact.
From attracting customers through stores and salespeople to making products available online	Emphasis on online shopping and marketing
From selling to everyone to trying to be the best firm serving well defined target markets	More targeted marketing due to advance in communication technology
From focusing on profitable transactions to focusing on customer lifetime value	Companies are now focusing on their most profitable customers, products and services and also focusing on customer retention
From a focusing on gaining market share to focusing on building customer share	Companies build customer share by offering a larger variety of goods to existing customers. They train their employees in cross selling and up selling.

From being local to being “GLOCAL”- both global and local	Firms are adopting a combination of centralization and decentralization to better balance local adaptation and global standardization
From focusing on the financial score card to focusing on the marketing scorecard	Emphasis on marketing score card to interpretation market share, customer loss rate, customer satisfaction, product quality and other measures.
From focusing on shareholders to focusing on stakeholders.	importance of creating co-prosperity among all business partners and customers.

Source: adopted from Kotler & Keller (2016) Marketing management

1.8 Review Questions

1. Explain the significance of marketing according to Kotler and Keller (2016) and Khole et al. (2007). How does marketing contribute to the sustainability and relevance of businesses, both for-profit and not-for-profit organizations?
2. Describe the functions of marketing managers. How do these functions contribute to the success and competitiveness of businesses in today's dynamic market environment?
3. Discuss the various marketing philosophies including production orientation, product orientation, financial orientation, selling orientation, marketing orientation, market orientation, social-ethical marketing orientation, and holistic marketing orientation. How do these philosophies shape marketing strategies and influence organizational behavior?
4. Analyze the shifts in marketing management identified by Kotler and Keller (2016) How do globalization, deregulation, customer empowerment, market fragmentation, and advances in technology impact modern marketing practices? Provide examples to illustrate these shifts.
5. Evaluate the implications of the shift from focusing on gaining market share to focusing on building customer share. How does this shift reflect changing consumer behaviors and preferences? Discuss strategies that businesses can adopt to enhance customer share and build long-term customer relationships in today's competitive market landscape.

Self-test

1. According to the American Marketing Association (2008), marketing involves activities related to:
 - a) Creating and exchanging offerings only
 - b) Communicating and delivering offerings only
 - c) Creating, communicating, delivering, and exchanging offerings
 - d) Exchanging offerings and managing processes
2. What is the primary focus of Kotler and Keller's (2016) definition of marketing management?
 - a) Creating products
 - b) Communicating value

- c) Generating profit
 - d) Satisfying customer needs
3. Which marketing philosophy emphasizes mass production and distribution at the lowest cost possible?
- a) Product orientation
 - b) Marketing orientation
 - c) Production orientation
 - d) Financial orientation
4. What is a key task of marketing managers?
- a) Managing finances
 - b) Conducting market research
 - c) Developing new products
 - d) Controlling operations
5. Which marketing philosophy prioritizes selling more products through aggressive persuasion techniques?
- a) Financial orientation
 - b) Selling orientation
 - c) Marketing orientation
 - d) Social-ethical marketing orientation
6. What is emphasized in the market orientation philosophy?
- a) Customer needs identification and product development
 - b) Quality product production
 - c) Mass production and distribution
 - d) Aggressive sales tactics
7. What is the primary focus of the holistic marketing orientation?
- a) Internal marketing
 - b) Integrated marketing communication
 - c) Corporate social responsibility marketing
 - d) Relationship marketing
8. Which marketing philosophy emphasizes considering the impacts of a firm's decisions on society?
- a) Market orientation
 - b) Financial orientation
 - c) Social-ethical marketing orientation
 - d) Production orientation

Answers

1. C 2. D 3. C 4. B 5. B 6. A 7. D 8. C

References

- American Marketing Association (2008), Marketing defined , Marketing News pp28-29
- Andreasen A. R. (1994). Social Marketing: Its Definition and Domain Journal of Public Policy & Marketing, (13)1.
- Chartered Institute of marketing (2023) What is marketing? Retrieved on 18/3/2024 from <https://www.cim.co.uk/content-hub/quick-read/what-is-marketing/>
- Grudney D (2010) The Marketing Philosophy And Challenges For Marketing, Commerce and Tourism The New Scientific Bulletin Economic Sciences, Vol. 9 (15)
- Khole V, Sawant A. D, & Harichandan D (2007) T.Y.B.Com. Business Management Group Paper III Marketing Management, Institute of Distance Education, University of Mumbai, Vidyanagari, Mumbai - 400 098.
- Kotler, P. & Zaltman, G. (1971). Social Marketing an approach to planned social change; Journal of Marketing, 3-12.
- Marshall G.W & Johnson M.W (2010) Marketing management McGraw-Hill International edition
- Morgan, R. M., & Hunt, S.D. (1994). Relationship marketing. The Journal of Marketing, 58(3), 20-38.
- Ogunnaike, O.O, Omotayo O. & Adenike A.A (2012) Internal Marketing Practices and Job Satisfaction: Evidence from a Nigerian University, Brand Broad Research in Accounting, Negotiation, and Distribution 3 (3) pp 18-30
- Smith, P.R., Berry, C. and Pulford, A. (2002), Strategic Marketing Communications, Kogan Page, London