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Marketing Management

Ms. Kritika Gupta

Assistant Professor in Management and Commerce, D.A.V P.G College, Karnal

ABSTRACT

Although marketing has always been a part of business, its importance has varied greatly over the year. As we know, the concept of marketing is constantly redefined. Marketing defines activities that create value through exchange between parties. This concept is a traditional definition of marketing. That used in many companies and organization, but in the globalization age, another concept is created that called modern marketing. In this paper focus is to examine the concept of modern marketing, characteristics and challenges of its usage in companies and firms.

Keywords: Marketing, Marketing Strategic, Marketing Mix, Modern Marketing, Role of Modern Marketing.

INTRODUCTION

World is constantly changing. Creating new industries and products show this fact. A few years ago, speed of these changes, maybe was every couple of years or every decade, But now, every year or every month we are seeing new goods and products that in the past there was not any kind of them. Before 2007, nobody even thinks that one day someone will make phones that work with touching our hands. But today, these phones are inseparable parts of our lives and without smart phones, our lives maybe seem too hard. Emerging new products needs new markets and finding new markets needs new marketing that called modern marketing. So in the globalization age, we need to consider the concept of modern marketing and its role and place at the companies and organizations.

Marketing

While it may seem un-necessary to start out discussing basic marketing it is important to establish a common point of reference in regards to marketing issues within a modern framework. Marketing is a term that is used in various contexts and a baseline understanding is essential. The term marketing is used to describe activities that create value through voluntary exchange between parties. In marketing, three concepts have a close connection. They include: market, product and marketer.

► **Market:** A market is an arrangement between a seller and a buyer in which the seller agrees to supply the goods or the service and the buyer agrees to pay the price.The market is not necessarily a geographical location. Products and services are purchased over the phone, through mail and electronic mail, as well as online through the internet.The market share for a company or a product is the value of the total sales for that product or the company divided by the total sales in the market. It represents the proportion of the total market sales claimed by the product or the company.

► **Product:** People satisfy their needs and wants with products. A product is any offering that can satisfy a need or want, such as one of the 10 basic offerings of goods, services, experiences, events, persons, places, properties, organizations, information, and ideas.

► **Marketer:** A person whose duties include the identification of the goods and services desired by a set of consumers, as well as the marketing of those goods and services on behalf of a company. Marketers are skilled in stimulating demand for their products. However, this is too limited a view of the tasks that marketers perform. Just as production and logistics professionals are responsible for supply management, marketers are responsible for demand management. They may have to manage negative demand (avoidance of a product), no demand (lack of awareness or interest in a product), latent demand (a strong need that cannot be satisfied by existing products), declining demand (lower demand), irregular demand (demand varying by season, day, or hour), full demand (a satisfying level of demand), overfull demand (more demand than can be handled), or unwholesome demand (demand for unhealthy or dangerous products). To meet the organization's objectives, marketing managers seek to influence the level, timing, and composition of these various demand states.According to definitions marketing management is seen as a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others.

MARKETING MANAGEMENT DEFINITION

Marketing is the process used to determine what products or services may be of interest to customers and the strategy to use in sales, communications and business development (Kotler et al. 1996). The American Association of Marketing define marketing management as the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services in order to create, exchange and satisfy individual and organisational objectives (Grönroos, 1989).

Marketing Strategic

Strategy is viewed in different ways by various authorities. The Oxford Advance learner's Dictionary defined a 'strategy' as art of planning and directing an operation in a war or campaign or skill in planning or managing any affair well, or a plan or policy designed for a particular purpose. Chandler sees a strategy as "the determination of the basic longterm goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary to carry out the goals".

Marketing strategy according to Kotler,the marketing logic by which the business unit hopes to achieves its marketing objectives.That is shown how strategies for target markets and positioning build upon the firm's differential advantages. It should detail the market segments on which the company will focus. These segments according to Kotler et al (1999) differ in their needs and wants, responses to marketing and profitability. The company should put its effort into those market segment it can best serve from a competitive point of view. It should develop a marketing strategy for each targeted segment.

According to Kotler(2001), marketing strategic planning includes seven segments:

● **Marketing Mission:** Each business unit needs to define its specific mission within the broader company mission. Thus, a television studio-lighting-equipment company might define its mission as "Thecompany aims to target major television studios and become their vendor of choice for lighting technologies that represent the most advanced and reliable studio lighting arrangements."

● **SWOT Analysis**: The overall evaluation of a business's strengths, weaknesses, opportunities, and threats is called SWOT analysis. SWOT analysis consists of an analysis of the external and internal environments. Internal Environment Analysis it is one thing to discern attractive opportunities and another to have the competencies to succeed in these opportunities. Thus, each business needs to periodically evaluate its internal strengths and weaknesses in marketing, financial, manufacturing, and organizational competencies. Clearly, the business does not have to correct all of its weaknesses, nor should it gloat about all of its strengths. The big question is whether the business should limit itself to those opportunities in which it possesses the required strengths or consider better opportunities to acquire or develop certain strengths.

►Strengths: Trader Jane's can take advantage of the Traders Joe's name and reputation. This is a major strength in the markets where Trader Joe's exists. Trader Joe's is in 21 states and expanding at a controlled pace. This gives Trader Jane's a geographical advantage over any smaller local or regional competitors. Trader Jane's, like Trader Joe's, is privately held with no franchises. This strength allows for centralized upper management while still permitting local modifications due to legal or client regional differences. Trader Jane's will be selling products that already exist at Trader Joe's and these products are perceived in the market as both high quality and priced competitively. The leadership at Trader Joe's has consistently grown the business and expanded its market and client base.

►Weaknesses**:** While centralized management is strength in many areas, there is a weakness as the company gets larger and expands outside its initial area. As the company gets larger they will have to build regional distribution centers and needs to plan for this eventual capital expenditure. Also, time differences and culture can become a factor; in the Northeast, people are more formal; in the South business tends to move slower. Trader Jane's is inheriting the West Coast attitude and possibly may need to alter its marketing strategy to account for regional variations, this is more difficult with a centralized management team.

External Environment AnalysisIn general, a business unit has to monitor key macro environment forces (demographiceconomic, technological, political-legal, and social-cultural) and microenvironment actors(customers, competitors, distributors, and suppliers) that affect its ability to earn profits .Then, for each trend or development, management needs to identify the associated marketing opportunities and threats.

►Opportunities: One of the primary marketing opportunities Trader Jane's can capitalize on is making healthy food more readily available and cheaper than normal health food stores. Trader Jane's can also take advantage of Traders Joe's purchasing power and offer their products at a price point that is competitive with other major fast food restaurants. The drive thru concept is unique with very few health oriented drive-thru restaurants in the United States. Drive thru certainly exist, and many offer some healthy alternatives, but most of the health-food restaurants do not offer any drive-thru service.

►Threats: As the price of gasoline gets more expensive many consumers are cooking at home more and not getting in the car and driving to "pick-up" something to eat. The rise in wholesale prices of food is also a threat due to consumers having less money available for convenience items. Although a less serious threat, additional competition, from either a national fast food company or smaller local businesses, could lead to dilution of the market and price wars. This is probably not as big an issue because Trader Jane's has unique products that are not easily copied. Probably the greatest threat is a fickle public. It is entirely possible that the market for health-foods is not interested in drive-thru, preferring to cook at home.

● **Goal Formulation:** Once the company has performed a SWOT analysis of the internal and external environments, it can proceed to develop specific goals for the planning period in a process called goal formulation. Managers use the term goals to describe objectives that are specific with respect to magnitude and time. Turning objectives into measurable goals facilitates management planning, implementation and control.

● **Strategy Formulation**: Goals indicate what a business unit wants to achieve; strategy describes the game plan for achieving those goals. Every business strategy consists of a marketing strategy plus a compatible technology strategy and sourcing strategy. Although many types of marketing strategies are available, Michael Porter has condensed them into three generic types that provide a good starting point for strategic thinking: overall cost leadership, differentiation, or focus.

● **Program Formulation:** Once the business unit has developed its principal strategies, it must work out detailed supporting programs. Thus, if the business has decided to attain technological leadership, it must plan programs to strengthen its R&D department, gather technological intelligence, develop leading-edge products, train the technical sales force, and develop ads to communicate its technological leadership.

● **Implementation:** A clear strategy and well-thought-out supporting programs may be useless if the firm fails to implement them carefully. Indeed, strategy is only one of seven elements, according to McKinsey & Company, that the best-managed companies exhibit.

● **Feedback and Control:** As it implements its strategy, the firm needs to track the results and monitor new developments in the internal and external environments. Some environments are fairly stable from year to year. Other environments evolve slowly in a fairly predictable way. Still other environments change rapidly in significant and unpredictable ways. Nonetheless, the company can count on one thing: The marketplace will change. And when it does, thecompany will need to review and revise its implementation, programs, strategies, or even objectives.

Marketing Mix

Marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market. Dividing the multitude of marketing variables or mix into four distinct categories makes it much easier to formulate a marketing strategy. The four categories are:

1. product,
2. place,
3. price, and
4. promotion, and are commonly called the "4ps.

►Product: Armstrong and Kotler define product as "anything that can be offered to a market for attention, acquisition, use, or consumption and that might satisfy a want or need" (Armstrong & Kotler, 2005). Most definitions are similar and it should be emphasized that a "product is not limited to finished goods". When creating a marketing strategy, product development and its related aspects such as packaging, warranty, and branding must be considered. Analyzing and understanding client needs is important to remember along with the specific demographics the product aims to address. Many managers are myopic when thinking about product development, focusing on procedures instead of the client's perception of the product. This myopia goes hand in hand with the other aspects of product development; branding, features, quality, and warranty. Managers tend to see the tactical aspects of the product, and a clear, client-driven product strategy guides managers beyond this narrow tactical view.

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►Place: Place includes marketing issues such as, channel type, exposure, transportation, distribution, and location. A product needs to be available to the client when and where the client wants it. Marketers describe this process as the "channel." The channel describes "any series of firms (or individuals) that participate in the flow of products from producer to final user or consumer".

►Price: Marketing plans must include price considerations. The pricing mix includes competition, cost, mark-ups, discounts, and geography. Even if all the other aspects of the marketing mix are perfect, with the wrong price clients will not buy the product. The marketing plan must include consideration on how flexible prices are, lifecycle pricing, whogets discounts, and who pays transportation. Marketing managers must also make sure to base price on customer value rather than simply on cost. One way to ensure maximum price is by changing the customer perception of value. Jay Abraham suggests making the service, assistance or expertise the value, not the product itself.

►Promotion: Promotion is what most people think about when creating a marketing plan. Promotion is only one fourth of the entire mix and not necessarily more important than any other part. Formally defined by Armstrong & Kotler, promotion is concerned with telling the target market or others in the channel of distribution about the "right" product. Sales and selling are part of promotion and can be either personal or mass selling. Personal selling is the traditional calling on clients or potential clients and having a conversation about the problems the product solves.

Modern Marketing

In the new economy, each science redefines its object, method, and scientific tool. Marketing is no exception to this trend, its contents being continuously redefined and reflected in the framework of some concepts that reported in previous stages of marketing development are grouped in a new concept, called modern marketing. Modern marketing traces its origin to the primitive forms of trade. As people began to adopt the techniques of work specialization, a need for individuals and organizations to facilitate the process of exchange emerged. Until about 1900, however, marketing was little more than physical distribution. We can trace the development of modern marketing through three stages the production era, the Product era and the era of the sales.

1. Production Era

The production era, one of the oldest in business, holds that consumers prefer products that are widely available and inexpensive. Managers of production-oriented businessesconcentrate on achieving high production efficiency, low costs, and mass distribution. This orientation makes sense in developing countries, where consumers are more interested in obtaining the product than in its features. It is also used when a company wants to expand the market. Texas Instruments is a leading exponent of this concept. It concentrates on building production volume and upgrading technology in order to bring costs down, leading to lower prices and expansion of the market. This orientation has also been a key strategy of many Japanese companies.

2. Product Era

Other businesses are guided by the product concept, which holds that consumersfavor those products that offer the most quality, performance, or innovative features. Managers in these organizations focus on making superior products and improving them over time, assuming that buyers can appraise quality and performance.

3. Selling Era

The selling era, another common business orientation, holds that consumers and businesses, if left alone, will ordinarily not buy enough of the organization's products. The organization must, therefore, undertake an aggressive selling and promotion effort. This concept assumes that consumers must be coaxed into buying, so the company has a battery of selling and promotion tools to stimulate buying.

Challenges in Modern Marketing

The future isn't ahead of us. It has already happened, says marketing teacher Kotler. And this future which we are seeing today has brought with it many opportunities as well as challenges. While on the one hand globalization and liberalization have brought down geographical barriers, technological advancement has made the world a smaller place. This has opened up immense business opportunities in the shape of the entire globe being one huge market, it has also posed threats to existing market share with the entry of foreign giants in the domestic markets. This change in the marketing environment necessitates a re-look at the entire marketing function and strategy. The four pillars of marketing strategy have, been product, price, promotion and place. However, they have acquired newer dimensions in changing times. On the other hand, we can say, modern marketing challenges are the same old challenges of the marketing. So we have to manage marketing mix correctly. It means that our products must be related with costumers needs and they should have suitable price and also, we must deliver them in the right time and right place. We must care about selling them and their facilities. In modern marketing we have to pay attention to these four pillars and try to do each of them in the best way.

CONCLUSION

Modern marketing is a new concept that represents the needs and values of costumers and society, not just corporate and benefits. Companies seek their advantages and they do not care about basic principal that what kind of goals and values individuals and society have. Therefore, companies should be familiar with this modern and strategic principal and shouldmust draw their attention to the aims and interests of the people and not just company's. It is possible by expansion of modern marketing concept and encouraging companies to replace it rather than the traditional way.

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