
TECHNICAL TEACHERS' TRAINING INSTITUTE, BHOPAL

Workshop on
"Marketing of Educational Institutes, Programmes and Services"

MARKETING MANAGEMENT

MARKETING MANAGEMENT PROCESS

The Marketing Management Process consists of analyzing market opportunities, researching and selecting target markets, developing marketing strategies, planning marketing tactics, and implementing and controlling the marketing effort.



ANALYZING MARKET STRUCTURE AND BEHAVIOUR

A company's **marketing environment** consists of the actors and factors external to the marketing management function of the organization that impinge on the marketing management's ability to develop and maintain successful transactions with its target customers.

MICROENVIRONMENT (Immediate Environment)

Organization – Top management, finance, Manufacturing, Accounting

Suppliers

Customers

Competitors – Desire competitors, Generic comp., Form comp., Brand comp.

Publics

A public is a distinct group of people and / or organizations that have an actual or a potential interest and / or impact on an organization.

Example of Publics for a University: Faculty, Administration and staff, Parents of students, High School Teachers, Current students, alumni, prospective students, mass media, general public, local community, Government Agencies, Foundations and Trusts that provide scholarships, Business Community including industry, suppliers, competitors, Board members or trustees

Types of Publics: Input Publics (Support, Supplier & Regulatory), Internal Publics, Agent Publics, Consuming Publics (Consumer, customer, influencer & General)

Publics also referred to as stakeholders.

Consumer – the one who actually consumes product or service

Customer – the one who pays for product or service

Influencer – the one who influences the decision making process of customer and/or consumer

MACROENVIRONMENT (Large Societal Forces)

Demographic	Population Growth, Migration, Birth Rate, Aging, Marriage age, No. of children / family, Divorce Rate, Working Women, Non-family households, Education, Ethnic & Racial Profile
Economic	Real Income Growth, Inflation, Consumer Savings & Debt, Consumer Expenditure Patterns
Physical	Shortages of certain raw materials, Cost of Energy, Pollution

Technological

Political / Legal

Social / Cultural

RESEARCHING AND SELECTING TARGET MARKETS

Moving beyond general terms to specifics and carrying out an analysis of Market Structure.

First Step – Define the Market

Define the general boundary conditions of the market. Determine all the actual and potential members of the market.

Are we in the health service market or smokers' clinic or maternity home or children's nursing home?

Are we a technology institute or a general educational institute (problem facing IIT's)?

Second Step - Market Segmentation

Consists of dividing the market into fairly homogenous parts where any part may conceivably be selected as a market target to be reached with a distinct marketing mix.

Segmentation may be on the basis of any segmentation variable(s) that one may choose. Typical segmentation variables are as follows:

Geographic – Region, State, Country, Rural / Urban, Climate

Demographic – Age, Sex, Family size, Family life cycle, Income, Occupation, Education, Religion, Caste, Race, Nationality, Social Class

Psychographic – Life style, Personality, Benefits sought, User status, Usage rate, Loyalty status, Readiness stage

Third Step – Market Targeting

Market Segmentation reveals the market segment opportunities facing the organization. Now it has to evaluate the various segments and decide how many to serve.

- a) Evaluating the Market Segments
- b) Decide a Market Coverage Strategy – Undifferentiated marketing, Differentiated marketing, Concentrated or Niche marketing

Fourth Step – Positioning

Positioning is the act of designing the organization's product and marketing mix to fit a given place in the consumer's mind.

Glamour – fashion products, perfumes, cosmetics

Premium – better and superior value (Jet Airlines vs. Indian Airlines)

Value for money – better and superior value at affordable price (Maruti 800)

DEVELOPING MARKET STRATEGIES

Marketing Strategy is the marketing logic by which the business unit expects to achieve its marketing objectives. Marketing strategy consists of making decisions on the business's marketing expenditures, marketing mix, and marketing allocations in relation to expected environmental and competitive conditions.

Marketing Mix is the mixture of controllable marketing variables that the organization uses to pursue the sought level of sales in the target market.

Marketing Mix Variables – 4 P's

Product – Product Variety, Quality, Features, Options, Style, Brand Name, Packaging, Sizes, Services, Warranties, Returns

Price – List Price, Discounts, Allowances, Payment Period, Credit Terms, Mode of Payment

Place – Channels, Coverage, Locations, Inventory, Transport

Promotion – Advertising, Personal Selling, Sales Promotion, Public Relations, Direct Marketing

PLANNING MARKET TACTICS

Strategy is broad direction. Tactics is detailing.

IMPLEMENTING AND CONTROLLING THE MARKETING EFFORT

Getting down to execution; collecting feedback and getting back to planning.

EXAMPLES

TITAN – Successful Segmentation and Targeting

After carrying out an in-depth market study, Titan identified three distinct market segments for its watches. The segments were arrived at using benefit and income level as the bases.

- a) The first consisted of the high income / elite consumers who were buying a watch as a fashion accessory not as a mere instrument showing time. They were also willing to buy a watch on impulse. The price tag did not matter to this segment.
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- b) The next segment consisted of consumers who preferred some fashion in their watches but to them price did matter. While they had the capacity to pay the price required for a good watch, they would not purchase a watch without comparing various offers in the market.
- c) The third segment consisted of the lower-income consumers who saw a watch mainly as a time-keeping device and bought mainly on the basis of price.

For the first segment, Titan offered *Aurum* and *Royale* in the gold/ jewellery watch range. They were stylish dress watches in all gold and precious metals. The prices ranged between Rs.20,000 and Rs. 1 lakh.

For the middle segment, Titan offered the *Exacta* range in stainless steel, aimed at withstanding the rigours of daily life. There were 100 different models in the range. The price range was Rs.500-700. Titan also offered the *RAGA* range for women in this segment.

And, for the third segment, Titan first offered the *TIMEX* watches and later, when the arrangement with Timex was terminated, the *SONATTA* range. The price range was Rs. 350 – 500. It was offered in 200 different models. Titan also offered the “*Dash!*” range for children.

In-depth segmentation helped Titan launch segment-specific products.

BATA – Wrong Target

In the early 1990s, Bata decided to embrace the high-end segments of the Indian shoe market as a part of its target market. It launched quite a few brands for this segment with higher price tags. The move landed Bata in trouble. This segment was not meant for Bata. In the first place, this segment was not sizable for a company like Bata. Second, the segment did not gel with Bata's distinctive competence. The segment constituted a mere 5 to 10 per cent of the footwear market in India. It could not provide the volumes that Bata was used to at the mass end and high volume was essential for Bata for having a healthy bottom line. Worse still, the adoption of the segment misdirected Bata's entire strategy. The top end of the market suddenly became the main focus of the company and it forgot its bread-and-butter shoes that had given the company its identity. And, small regional players started nibbling away at Bata's mainstay. Actually, Bata was squeezed at both ends. At the lower end, smaller competitors attacked Bata's mass range in canvas shoes, school shoes and Hawaii chappals – slats, which the company had practically vacated on its own by ignoring them completely. At the high end, niche players, who were better prepared, were challenging Bata. From a market share of around 15 per cent in the mid-1980s, Bata found its share slide down to 10 per cent of the footwear market in mid-1990s. The year 1995 saw the company running a loss of Rs. 42 crores.

After learning the lesson the hard way, Bata did an about-turn from its adventure with high-end segment and returned to the mass segment. The new strategy was to get back to the original customers at the low end and keep that

part of the market as its core focus. The company, of course, did not totally give up the new segment it had got into in the early 1990s. Brands like Hush Puppies, for example, continued to be sold by Bata, but in a selective way and through select stores only.

Segmentation of car market

Budget Car Segment	Over 60 % of the market Preferred price range below Rs. 2.2 lakhs Entry level car Maruti 800 and OMNI
Compact Car Segment	Around 15 % of the market Preferred price range: between Rs. 3 lakhs and Rs. 4.5 lakhs Zen, Santro, Matiz, Fiat Uno, Indica
Family Car Segment	Around 10 % of the market Preferred price range: between Rs. 4 lakhs and Rs. 5 lakhs Maruti Esteem, Daewoo Cielo, HM Contessa
Premium Car Segment	Real world-class car and people who are ready to pay for it Preferred price range: flexible but around Rs. 6 lakhs is acceptable price. Opel Astra, Ford Escort, Fiat Siena, Ford Ikon, Honda City, Mitsubishi Lancer, Audi 1800
Super Luxury Saloon	A tiny segment Mercedes Benz E 229, E-250, Rover Montego, Audi 6, BMW

Anil Chawla
MF-104, Ajay Tower, E5/1 (Commercial),
Arera Colony, BHOPAL - 462016, INDIA
Tel. 91-755- 2736901, 2736902 (Res.)
Fax 91-755-2661382
Website <http://www.samarthbharat.com>
E-mail snacks@sancharnet.in
hindustanstudies@rediffmail.com
hindustanstudies@yahoo.co.in