

Lecture 8: Marketing Management in the Organization

1. Definition of Marketing

Marketing has been defined in various ways; among these, Philip Kotler's extended definition is widely acknowledged. Kotler describes marketing as an economic and social mechanism through which individuals and groups satisfy their needs and desires by exchanging products for other products or for monetary units.

Marketing has thus assumed a central role in identifying market needs and desires and fulfilling them through the design of goods and services that align with these requirements, while also utilizing production capacities to optimize production management.

In contemporary terms, marketing is not limited to post-production activities; it begins prior to the creation of the product, continues during production, and extends beyond the point of sale. The success of an organization increasingly depends on addressing marketing challenges and satisfying consumer desires.

2. Evolution of Marketing's Role in the Organization

The importance of marketing has grown since its inception, transitioning from a function comparable to other organizational functions to becoming the primary coordinator between consumers and the organization's various operational functions.

3. Marketing Functions

Marketing functions can be categorized in two main ways:

First Classification:

- **Administrative functions:** Planning, organizing, directing, and controlling.
- **Exchange functions:** Planning for new products, buying, selling, and promotion.
- **Physical distribution functions:** Storage and transportation.
- **Support functions:** Market research and marketing finance.

Second Classification: Divides marketing functions into three stages:

3.1 Analytical Stage (Marketing Studies)

This stage focuses on analyzing the market and its components, as well as studying the organization's environment prior to strategic decisions. Both quantitative and qualitative analyses are conducted, covering suppliers, competitors, consumers, marketing environment, products, distribution channels, communication methods, and part of the study focuses on the organization itself, its products, brands, distribution channels, communication, and commercial policies.

3.2 Strategic Stage (Strategic Marketing)

This stage involves a series of organizational decisions. Strategic marketing allows the organization to define general objectives, select one or more target markets, adopt a market segmentation strategy, and position the product effectively in the market.

3.3 Operational Stage (Operational Marketing)

Operational marketing implements the policies defined in the strategic stage, covering the marketing mix elements: product, price, distribution, and promotional communication, commonly known as the **4Ps**:

A. Product Policy

Key components include:

- **Distinctive features:** Define product benefits through attributes such as quality (ability to perform functions), specifications, model (external appearance), and design (external and intrinsic features).
- **Branding:** Critical for distinguishing products, including brand name, logo, and corporate identity.
- **Packaging and Labeling:** Packaging involves designing the product's container and exterior to attract consumer attention and protect the product, while labeling provides essential information.
- **Product Lines, Product Mix, Product Development, Pre- and Post-Sales Services, and Product Life Cycle** are also considered under this policy.

B. Pricing Policy

Pricing reflects the value of goods or services in monetary terms and directly impacts sales and profitability.

Common approaches include:

- **Cost-oriented pricing:** Based on total costs plus a profit margin.
- **Demand-oriented pricing:** Uses demand to set upper price limits and costs to define lower limits.
- **Competition-oriented pricing:** Considers competitor prices and positions accordingly.
- **Customer-oriented pricing:** Based on perceived value by consumers rather than cost, using non-price elements to build a perceived value in consumers' minds.

C. Distribution Policy

This policy ensures products reach the final consumer or industrial buyer at the right time, place, quantity, and quality. Distribution channels may be direct or indirect:

- **Direct:** Producer → Consumer (consumer goods), Producer → User (industrial goods).
- **Indirect:** Producer → Retailer → Consumer (consumer goods), Producer → Industrial Distributor → User (industrial goods).

D. Promotional Communication Policy

Marketing communication encompasses all messages from the organization to the market aimed at informing consumers, persuading them to make purchases, and fostering brand loyalty. Tools include:

- **Advertising:** Non-personal promotion via mass media to raise awareness and influence behavior.
- **Sales Promotion:** Short-term incentives to boost sales, such as contests and gifts.
- **Public Relations:** Techniques to build a favorable organizational image through media relations and sponsorships.
- **Personal Selling:** Direct interactive communication with clients, effective for explaining product features.

- **Direct Marketing:** Personalized and interactive communication with selected customer groups, including face-to-face selling, direct response marketing via TV, phone, or internet.

4. Marketing Management

Marketing management is defined as the analysis, planning, implementation, and control of strategies, programs, and policies designed to maintain exchange processes with target markets, aiming to achieve organizational objectives. The administrative process of marketing can be summarized in three dimensions:

1. Marketing program planning.
2. Implementation.
3. Performance evaluation