UNIT-1 Introduction to Marketing

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Explain the meaning of the term marketing and various marketing concepts
- ✓ Describe the importance of marketing to the business, consumer and society
- ✓ Discuss the concept of marketing mix.

Unit 1

Introduction To Marketing

The word **Marketing** is used to describe the activities which take place at the crossing point between an organization and its customers. Its origins lie in the model of a marketplace, where the purchaser and seller assemble to cut deals,which are of benefit to both parties. The goal of marketing, as a specialty, is to make certain that the clientele carries out dealings within its own establishment and not with the other 'stallholders.' To ensure that this happens, sellers must make sure to provide their clients with what they desire, at a reasonable price.

Two of the most commonly utilizeddefinitions of marketing are as follows:

According to the UK Chartered Institute of Marketing:

'Marketing is the management process which identifies, anticipates, and supplies customer requirements efficiently and profitably.'

According to the American Marketing Association:

Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange and satisfy individual and organisational objectives.

Both definitions have come under severe criticism. The Chartered Institute of Marketing's (CIM) description is faulted for making profit sound like the only result of marketing, whilemany governmental departments and charities also use marketing tactics and approaches without any plan forprofits. The American Marketing Association's (AMA) description is criticised for appearing to sound as if the consumer is a passive entity in the process and not taking the growing role of marketing in a wider social framework. This critique can be applied to the CIM definition equally well.

To someone who is not a professional marketer, the concept of marketing comes with disapproving undertones; In the accepted view, marketing is associated with convincing people to purchase items that are not needed, and even swindling them. In reality, marketers are responsible for making certain that the customer has priority in the company's philosophy. Other specialists in the company may be more interested in making the balance sheet look good or to ensure that the assembly line runs smoothly. Marketing specialists realize that a typical customer will only make return visits to the firm if it provides exceptional products at good prices, and if there are no customers the business can't exist. Many markets are highly competitive. Where there is scope for four businesses in a market, five will squeeze in, with each one fighting to maximize the market share; in such circumstances, customers are to be treated as royalty - and the businesses which disregards consumer requirements will without a doubt go bust. This is why marketers make the customer focus of attention.

Marketing Concept

Businesses typically conduct their promoting activities through five distinct marketing strategies.

1. Production concept
2. Product concept
3. Sales concept
4. Marketing concept
5. Societal concept

Production Concept

The general concept during the nineteenth century was that if something was sufficiently inexpensive, the public would buy it. The notion was based on some fact, because the innovation of the steam engine led to the low cost of mass production. If a mass produced item was being sold for one-tenth of the price of a hand produced parallel, then, the majority of the consumers were willing to tolerate the lower quality article or one that did not fit their requirements perfectly. The widespread mind-set among manufacturers was that the only thing that mattered was to get production right; this is known as the concept of production. This concept normally succeeds in market conditions where the demand greatly surpasses the supply, and is still operating in a few Third World and Eastern European countries. However, with increasing prosperity individuals are no longer willing to tolerate ordinary products. Alongwith growing markets producers are able to collect the advantages mass production offers regardless of having to supply more individualized goods. The added cost of providing the specialized goods that fit the needs of individuals, more precisely is not increased by that much, so as to make a significant impact on the final price.

Product Concept

The changing trends forced manufacturers to examine the products they were producing more closely. This led to the analysis that the ultimate product could be produced, one that a majority of the consumers would desire. So, designers and engineers collectively created goods that were packed with more features, in an effort to appease everyone. This is known as the product concept philosophy. The product concept gives rise to increasingly complex goods at continuously rising prices; consumers end up paying for every feature, whether they require it or not, and it may even be considered a drawback. The shortcomings of this tactic are that it does not allow for the differences in preferences and needs of the various buyers.

Sales Concept

With an increase in the manufacturing abilities, supply outgrows demand. In the USA and Europe, during the 20s and 30s, the idea emerged that a 'natural salesman' could sell everything to everyoneand if enough good sales peoples were available, then, the extra costs could be eliminated.This is known as the sales concept and it depends on the notion that the consumer can be tricked, and that he will allow the manufacturer to do it repeatedly. It is also believed that any problems with the products can be talked around by an over-clever sales person.

Selling on a personal level along with advertising, were considered to be the most valuable and frequently the only marketing strategies during the early 1950s. The sales concept is based on the theory that typically consumers will not purchase enough products to fulfil a company's needs, so they have to be encouraged to increase the purchase. Hence, the sales concept puts seller's needs firstand disregards buyer's needs.

Other words businesses were producing goods during this period (known at times as the sales era) with a fixed set of qualities, and then convincing the customers to fit the qualities. This was not easy to do. The act of selling something and selling orientation are different phenomenon. Contemporary salespeople focus more on establishing extended relationships with consumers, so they return for further purchases.

Marketing Concept

Current marketers feel that consumers are clever enough to realize what they require, and comprehend value for their money and if they don't get it they will not return to the same establishment. This describes the basics of the marketing concept. Placing the consumer at the focal point of a company's activities is not easy. The marketing concept influences all sectors of an establishment, starting with production (where designers and engineers combine forces to come up with items meeting the consumer's requirements) all the way to after-sales facilities (where customer grievances are dealt with). The marketing concept is difficult to put into practice because, dissimilar to the approach of sales orientation that tries to change the masses to fit firm's goals, the marketing concept attempts to change the organisationso it matches with the needs of a single or multiple groups of consumers with comparable needs. This frequently leads to resistance from within an organisation.

The marketing concept requires knowledge about the requirements and desires of a select group of consumers, the price they will readily pay, and then, matching the firm's activities to meet the demands. A firm's marketing director or manager is responsible for fulfilling these requirements.

At this stage, it is beneficial to point out the difference between customer and consumer. A customer is the one who makes the purchase, whereas a consumer is the one who actually uses the product. So a customer can be professional buying supplies for an organization, or it could be a parent purchasing a child's toy. Naturally, a consumer may be as customer as well, or they may just be the recipient of a service or gift bought by someone else.

Societal Concept

Societal marketing advocates that manufacturers should be accountable for the requirements of society, in general, and for continued production practices. This course takes the spotlight away from the transactions and relationships between an establishment and its customers, and concentrates more on the prolonged affects of its activities on society in general. This practice does not necessarily need to diverge from the needs of a company's clientele. For instance, the Body Shop has a very lucrative consumer focused business, and yet it promises and dispenses good quality vitamins with great taste without much impact on the environment.

Products which have long lasting benefits but no immediate gratification, like a smoke alarm, are known as salutary goods. On the other hand, products which are not good for the consumer in general, but yield instantaneous satisfaction, like alcohol, confectionery, or cigarettes, are known as pleasing products. Lastly, goods which fall in neither of these categories are known as deficient products. Examples include, slimming goods that don't deliver on promises, and poorly designed exercise machines which can lead to injury. Theoretically, organizations should seek to manufacture desirable products however customers frequently prefer to select the pleasing products.

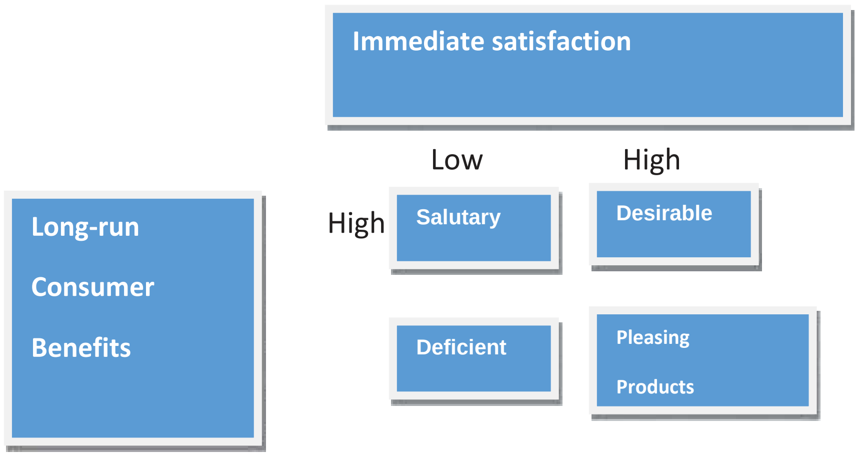

Fig. 1.1: Societal classification of new products

(Source: Kotler, P., Armstrong, G., Saunders, J. and Wong. V., 2001, Principles of Marketing. Pearson Education Limited © 2001.2)

The societal marketing concept is inclusive of the marketing concept. This is because the societal concept acknowledges customer's individual needs, but goes a step beyond and tries to enhance society's welfare in which the organisation'sfunctions. This translates into the company behaving in a responsible way and being a good citizen, instead of making the consumer responsible for understanding and taking the responsibility for their indulging manners. The difficulty is that companies have to create equilibrium between three things: company earnings, customer demands, and society in general. Companies competing for the same market share are not always too worried about the societal aspect. The way societal marketing can contribute in establishing competitive benefit is unclear; how customer orientation aids firms in competition is crystal clear.

The Marketing Mix

The marketing mix is something marketers deal with regularly and McCarthy describes it as the four Ps as follows:

- **Product.** This should fulfil the requirements of what the target consumer require it for, it should be functional and it should meet the consumer expectations.
- **Place.** The product must be made obtainable from where the manufacturer's intended consumers find it easiest to acquire. This can be through mail order catalogue, coupon in a magazine, home delivery, or it might be a high end shop.
- **Promotion.** The manufacturer's point must be delivered to the customers and consumers using all possible communication tools, such as sales promotion, personalized selling, public relations and advertising. It should be done in a way that would correspond to how the target group would like to hear it; it may come as an emotional appeal or it can be delivered as an informative piece.
- **Price.** The product must always be presented as great value for the money. This is not to say that it should be the least expensive offering. One of the main cornerstones of marketing concepts is that consumers will willingly pay more if a product fulfils their needs.

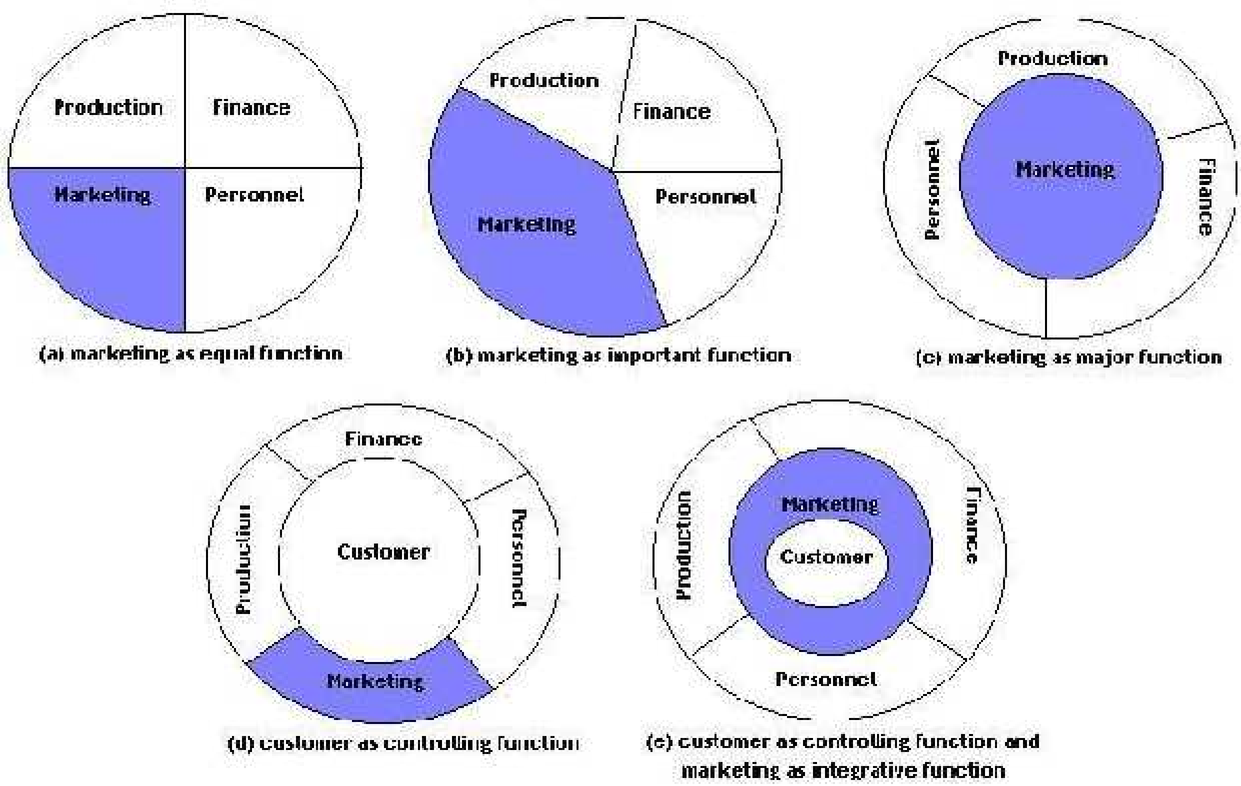

Fig: 1.2 Evolution of marketing's role

The 4-P model has been useful when applied to the manufacture and marketing of physical products, but with the increase in services provision the model does not provide a full enough picture. In 1981 Booms and Bitner proposed a 7-P framework to include the following additional factors:

- **People.** Nearly all services require individuals to carry them out, frequently requiring direct dealing with the customer: for instance, a waiter's conduct in a restaurant forms a critical part of the customer's overall dining experience. Alternatively, the waiter can be considered a part of the product the customer buys.
- **Process.** Considering that services are normally provided in the presence of a customer, the procedure of delivering a service is once again, something the customer pays for. An example is the difference in the services provided at a fast-food outlet and an upscale restaurant. In a fast-food place the customer self-serves and the process is quick, in a restaurant everything is delivered at the table in a well laid out setting and the meal is paced out over a longer duration.
- **Physical Evidence.**Virtually all services house some elements that are physical. A meal in a restaurant, for example is all physical. Even a large portion of the bill goes towards providing the intangible elements of the service (the decor, the atmosphere, the waiters, and even, the dishwashers)similarly, a hair dressing salon delivers the complete hairstyle and even insurance concerns publish glossy brochures describing their policies.

Difference between Selling and Marketing

The terms marketing and selling are used synonymously by a large number of people. However, in MarketingManagement, the words hold dissimilar meanings. In order to be a successful marketing manager, it is essential to understand the differences in the terms. Selling is merely an action that changes a product into ready money. Marketing, on the other hand is made up of all the functions related to pricing, planning, promoting, and distributing the service or goods. Marketing is buyer oriented while selling concentrates on the seller's needs.

Selling is a substitute for the barter system in contemporary times. According to a business man with concentration on sales, the duty of sales people begins with the completion of production. It becomes obligatory for the sales division to sell what the production division has manufactured. Hard-hitting sales methods are warranted to meet goals without any regard to the requirements of the customer.

However, marketing is a larger and all-encompassing pursuit to an organization. The job which begins with detecting consumer requirements is not complete until there is feedback on customer contentment after product utilization. The long chain of events consisting of production, packing, promoting, distributing, and finally, selling according to customers' requirements constitutes the force backing all the activities. While profits are not discounted, they are fostered over a long term basis. The difference between selling and marketing is summarized as shown:

Marketing & Selling Differences:

Selling	Marketing
Focus is on the merchandise	Focus is on consumer requirements
The merchandise is produced first and then the selling strategy is developed.	The consumer requirements are determined first, then the manufacturing and distribution strategies are developed to fulfil the consumer requirements.
Management is mainly concerned with volume of sales	Management is more concerned with profit
In terms of current products, planning is focused on short duration runs.	In terms of current products, planning focused on long duration runs, with an eye on future expansion.
Emphasis is on the requirements of the seller.	Emphasis is on the desires of the buyer.

Table: 1.1

Source:Stanton W J., and Charles Futrell 1987 Fundamentals of Marketing, McGraw Hill, P. 11-12.

Importance of Marketing

In prevailing business activities, marketing is thought to be the most important pursuit. The triumph of a business is frequently thought to be the same as the triumph of its marketing. Additionally, marketing is beneficial to the consumer, and aids in developing the economy and society at large. Over time, organisationshave come to better comprehend the different aspects and importance marketing and a more thorough view is being implemented. More specialized divisions of the subject, such as, industrial goods and services, consumer goods, and services have evolved with their own exclusive characteristics.

The concept of marketing is not exclusive to goods but can be applied to services just as well. Services, such as, health, investment counselling, bank loans, and deposits, etc. all can benefit from marketing and it is equally significant for consumers, businesses, and society. The house marketing business for instance, provides revenue to an establishment, it provides goods and utility services to the consumer, and it allows for redistribution of funds, generates employment and improves living standards for a society. The major benefits of marketing are examined below:

- Marketing holds significance for a business establishment as it helps to sell the products, generates revenue, and determines establishment's success. All previous activities ofresearching, developing, and producing a product become worthless if the product is not marketed with great success. Areas that can hamper the success of a business include environment, locating marketing prospects, formation of product policies, distribution and pricing schemes. Marketing helps to solve all these issues.

- Marketing provides consumers with choices and helps to enhance their consumption levels. In a manner of speaking, marketing is seen as delivering living standards. The ease of product availability along with quality of service at economical rates is only possible through an effective marketing strategy. In such circumstances customer is the king.
- Marketing creates utilities. Goods are only beneficial if they are accessible at the time of need and at the place of need and to the individual needing them. Marketing generates place, time and possession utilities for services and products.
- Marketing adds to the economic advancement and symbolises the development of a country. Where marketing generates employment and revenue, it also reflects on the country's development through the diversity and quantity of goods obtainable and consumed by the people of a country. The per capita availability of crucial consumer products indicates the poverty level or prosperity of a country.
- Marketing opens new career paths for a wide range of individuals. Such occupations generate a large portion of a country's employment opportunities.

Marketing Jobs

Titles of marketing jobs anddescriptions

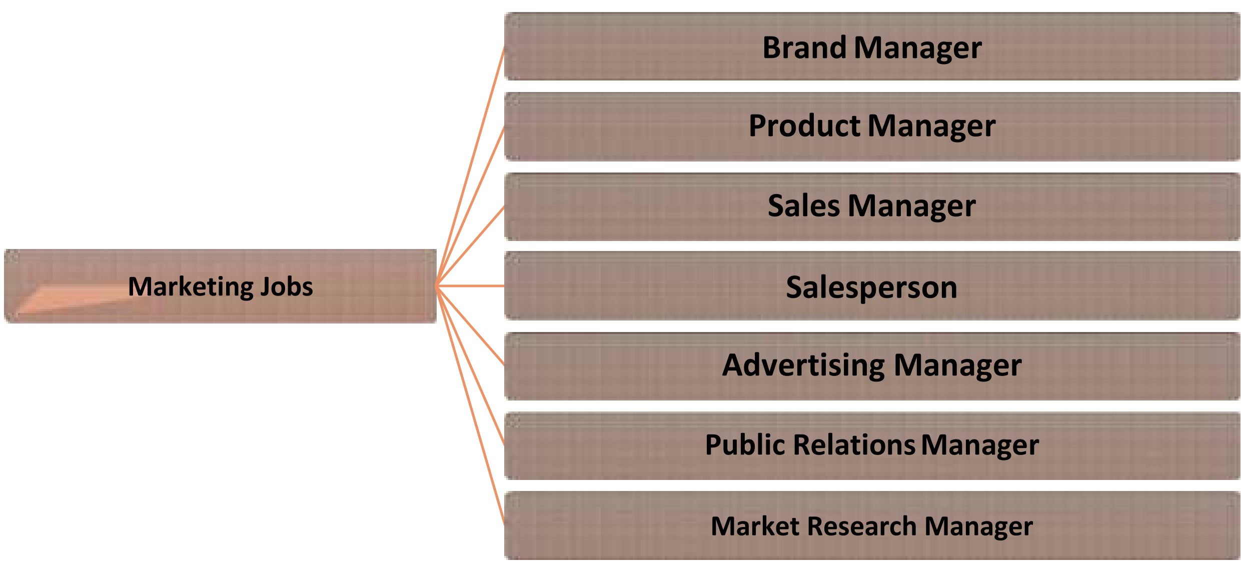

Fig. 1.3

Brand manager	He is accountable for all judgments regarding a given brand. This concept was originally introduced at Mars; brand managers compete with each other as well as with other firms for market share in the chocolate bar market, even though they are all working for the same firm. This leads to better efforts by managers and translates to higher corporate share.
Product manager	This individual is answerable for decisions regarding similar products produced by a firm. A firm, for instance, may hire one product manager for chocolate flavoured biscuits and a different one for cheese biscuits.
Sales manager	Sales managers control, train and inspire the sales people and their back-ups. They frequently also play a part in credit control as they are in the ideal situation to know the various customers on an individual basis. As a last option, they can also provide information on the credit worthiness of a client and how to get them to pay up with minimal harm.
Salesperson	Salespersons ascertain what each client requires and arrange for its delivery. They choose from the products offered by the company and enlighten the clients on how these products will fulfil the customer's requirements.
Advertising manager	He controls information flow to clients, deals with the adverting concerns, and manages media purchases.
Public relations manager	He keeps an eye on the company's public impression and if necessary, takes steps to keep the company from getting a bad image. Also arranges events that will show a company in good light. Finally, he works to ensure that the company acts responsibly.
Market research manager	The market research manager collects data regarding the consumer needs and what they are most likely to purchase. At times it also means scrutinizing the competition's actions, and if damaging then act quickly to offsetting it early.

- In establishments,which are market-focused, the customers enjoy a major voice in the actions of the company, and the marketing team ensures that things are customer centred while working from within the company. Not all firms are market-focused when it comes to placing client fulfilment at the core of all company dealings; some marketing managers also consider marketing to be a departmental liability and not an organizational one. In reality, all firm workers have some obligations to ensure client contentment. Those in direct contact with an organization's clients have specific obligations. This includes delivery drivers, secretaries, credit controllers and receptionists.

- It has been found that marketing orientation works better than other types of marketing, which is why it is implemented. Customers tend to spend more when they get what they want. This means that looking after clients pays off in terms of business, and firms that implement customer orientation will better meet their targets as compared to those who adopt other methods.

Further Reading:

- ✓ **Introduction to Marketing, (2007), By Johan Strydom**
- ✓ **Introduction to Marketing: Theory and Practice,(2009), By Adrian Palmer**
- ✓ **Introduction to Marketing, (1999), By John Frain**