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 related e concepts
- ✓ Describe the importance of marketing to the business, consumer and society
- ✓ Understand the concept of the marketing mix

Unit 1

Introduction to Marketing

The word **Marketing** is used to describe a range of activities, which take place at the crossing point between an organization and its customers. Its origins lie in the model of a traditional market, where the purchaser and seller come together to arrange deals, which are of value to both parties. The goal of marketing, as a specialty, is to make sure 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 they provide their clients with what they want, at a reasonable price.

Two of the most commonly utilized definitions 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, however, come under severe criticism. The Chartered Institute of Marketing's (CIM) description is faulted for making profit sound like the only result of marketing. Quite to the contrary, many governmental departments and charities also use marketing tactics and approaches without any profits coming into the equation. The American Marketing Association's (AMA) description is also criticised for appearing to sound as if the consumer is a passive entity in the process – it fails to consider 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 average individual's view, marketing is associated with convincing people to purchase items that are not needed, perhaps even misleading them. In reality, marketers are responsible for making certain that the customer has full priority in the company's philosophy. Other specialists in the company may be more interested in making balance sheets look good, or ensuring that the assembly line runs smoothly. Marketing specialists acknowledge 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 only room for four businesses in a market, five will squeeze in - each one fighting to maximize the market share. In such circumstances, customers need to be treated like royalty - the businesses that disregards consumer requirements will without a doubt fail. This is why marketers make the customer their primary 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, the majority of 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 demand greatly surpasses 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 or substandard products. Along with growing markets, producers are able to tap into 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 much – certainly not enough to have 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 conclusion that the 'ultimate' product could be produced - one that a wide majority of the consumers would want. 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 differences in the 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 everyone. And if enough good sales peoples were available, 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 effective 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 consumers will typically 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 first and disregards buyer's needs.

In 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 know what they need 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 join 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 unlike to the approach of sales orientation that tries to change the masses to fit the firm's goals, the marketing concept attempts to change the *organization* so that it matches 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 important to note 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, concentrating 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 high quality products of high appeal with minimal impact on the environment.

Products that 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, or poorly designed exercise machines that can lead to injury. Theoretically, organizations should seek to manufacture desirable products, however customers frequently prefer to select the more pleasing products.

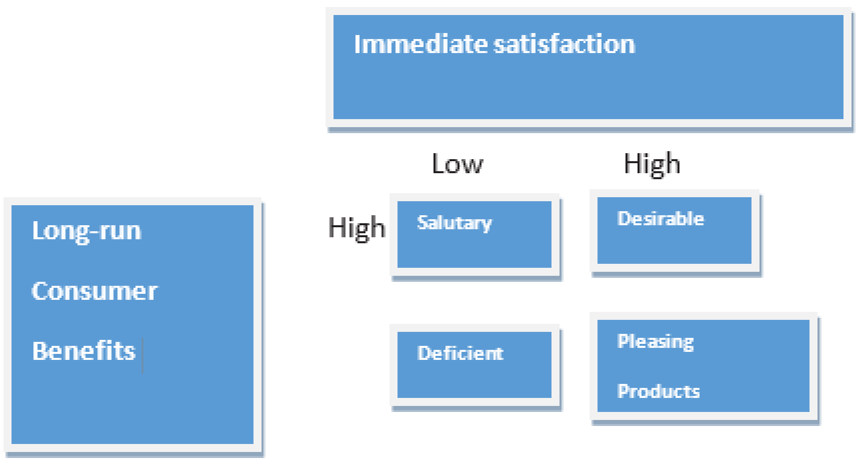

Fig. 1.1: Societal classification of new products

(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 the customer's individual needs, but goes a step beyond and tries to enhance society's welfare in which the organization functions. 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 activities, choices and behaviours. The issue 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 worried about the societal aspect. The way societal marketing can contribute in establishing competitive benefit is unclear; how customer orientation aids firms in terms of competitiveness 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 the target consumer, it should be functional and it should meet the consumer's expectations.
- **Place**. The product must be made obtainable from where the manufacturer's intended consumers find it easiest to acquire. This can be through a mail order catalogue, coupon in a magazine, online, home delivery, high-end shop or anywhere else.
- **Promotion.** The manufacturer's message must be delivered to 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, however. One of the main cornerstones of marketing concepts is that consumers will willingly pay more if a product fulfils their needs.

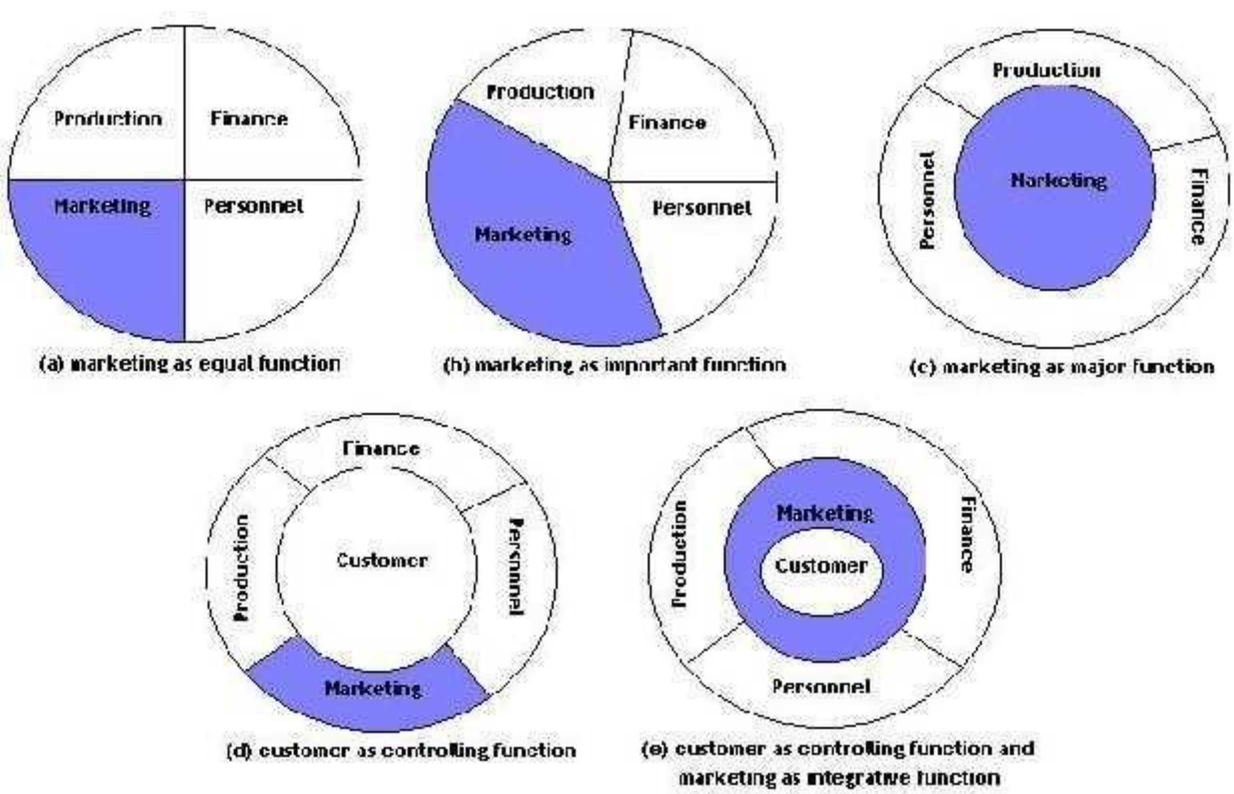

Fig: 1.2 Evolution of marketing's role

The 4-P model has been useful when applied to the manufacture and marketing of physical products. But with the increase in service 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 setting, the customer self-serves and the process is quick. In a restaurant, everything is delivered to the table in a well-laid-out setting plus 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, even the dishwashers) Similarly, a hair dressing salon delivers the complete hairstyle - even insurance providers publish glossy brochures describing their policies.

The Difference between Selling and Marketing

The terms marketing and selling are used synonymously by most people. However, in marketing management, the words hold different 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 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 bartering system in contemporary times. In the eyes of a businessman focusing 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 required and imposed 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 pinpointing consumer requirements and 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:

Table: 1.1

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's requirements are determined first, then the manufacturing and distribution strategies are developed to fulfil the 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 is 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.

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

Importance of Marketing

In successful business activities, marketing is considered to be the single most important pursuit. The success 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 both the economy and society in general. Over time, organisations have come to better-comprehend the different aspects and importance of marketing - a more thorough view of the subject is now being implemented. More specialized divisions of the subject, such as industrial goods and services, consumer goods and service,s have evolved with their own exclusive characteristics.

The concept of marketing is not exclusive to goods, but can also be applied to services as well. Services, such as health, investment counselling, bank loans and deposits, etc., all can benefit from marketing which is equally significant for consumers, businesses and society. The property 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 society. The major benefits of marketing are examined below:

- Marketing holds significance for a business establishment as it helps to sell products, generates revenue and determines the establishment's success. All previous activities of researching, 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 solve all these issues.
- Marketing provides consumers with choices and helps to enhance their consumption levels. In a certain way, 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, the customer is king.
- Marketing creates utilities. Goods are only beneficial if they are accessible at the time of need and the place of need 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 and descriptions

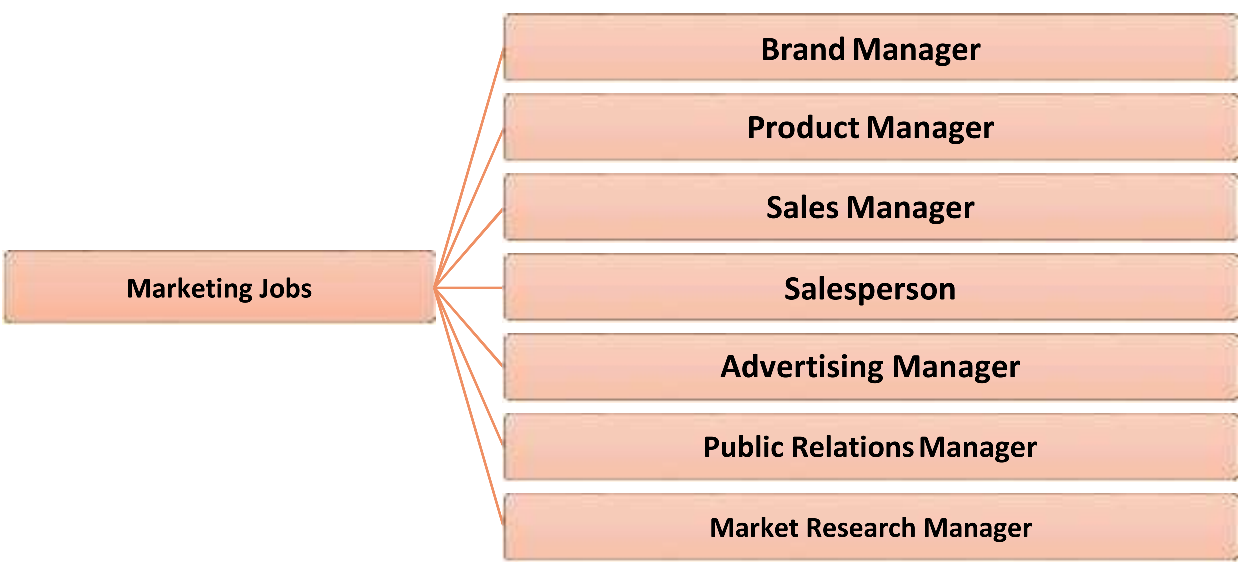

Fig. 1.3

Brand manager	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 confectionary 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 biscuits and a different one for cheese biscuits.
Sales manager	Sales managers control, train and motivate the sales people and their back-ups. They frequently also play a role in credit control, as they are in the ideal position to understand 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 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 educate the clients on how these products will fulfil the customer's requirements.
Advertising manager	Controls information flow to clients, deals with adverting concerns and manages media purchases.
Public relations manager	Keeps an eye on the company's public impression and, if necessary, takes steps to prevent the company from developing a bad image. Also arranges events that will show a company in good light. Finally, PR managers work to ensure that the company acts responsibly.
Market research manager	The market research manager collects data regarding the consumer's needs and what they are most likely to purchase. At times, it also means scrutinizing the competition's actions, which if problematic must be addressed as early as possible.

- In establishments that are market-focused, the customers have a major say in the actions of the company - the marketing team ensures that decisions/actions 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, not an organizational one. In reality, all 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 more commonly implemented. Customers tend to spend more when they get what they want. This means that looking after clients pays off in terms of business - firms that implement customer orientation will better-meet their targets, compared to those who adopt other methods.

Further Reading:

- ✓ ***The Basic Book of Marketing: First Edition – Featuring the Introduction of VPF Marketing, (2019), By Jayson Wydro***
- ✓ ***Marketing: An Introduction 13th Edition, (2016), By Gary Armstrong, Philip Kotler***
- ✓ ***Principles of Marketing 17th Edition, (2018), By Prafulla Agnihotri, Philip T. Kotler, Gary Armstrong***