

## Unit-1

### Introduction to Marketing

#### Introduction

The term Marketing is derived from the Latin word 'Mercatus' which refers to "a place where business is conducted".

Marketing is a form of communication between a business house and its customers with the goal of selling its products or services to them. Goods are not complete products until they are in the hands of customers. Marketing is that management process through which goods and services move from concept to the customer. Marketing has less to do with getting customers to pay for a product as it does with developing a demand for that product and fulfilling the customer's needs.

#### Definitions of Marketing

According to Jevons, Market is "any body or persons who are in intimate business relation and carry on any extension transactions in any commodity".

Dr. Philip Kotler defines marketing as "the science and art of exploring, creating and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires. It defines, measures and quantifies the size of the identified market and the profit potential. It pinpoints which segments the company is capable of serving best and it designs and promotes the appropriate products and services." Thus, marketing refers to all the activities involved in the creation of place, time, possession and awareness utilities and beyond.

#### Meaning of Marketing.

The activity or business of promoting and selling products or services, including market research and advertising.

**Marketing** is the process of exploring, creating, and delivering value to meet the needs of a target market in terms of goods and services;

#### Nature of Marketing

1. **Marketing is an economic function:** marketing embraces all the business activities involved in getting goods and services, from the hands of producers into the hands of final consumers. The Business steps through which goods progress on their way to final consumers is the concern of marketing.
2. **Marketing is a Legal process by which Ownership transfers:** In the process of



marketing the ownership of goods transfers from seller to the purchaser to the end user.

3. **Marketing is a Managerial function:** According to managerial or system approach- "marketing is the combination of activities designed to produce profit through ascertaining, creating, stimulating, and satisfying the needs and/ or wants of a selected segment of the market.
4. **Marketing is system of Interacting Business Activities:** Marketing is the process through which a business enterprise, institution, or organization interacts with the customers and stakeholders with the objective to earn profit, satisfy customers, and manage relationship. It is the performance of business activities that direct the flow of goods and services from producers to consumer or user.
5. **Marketing is a social process:** Marketing is the delivery of a standard of living to society. Societal marketing performs three essential functions:
  - a. Knowing and understanding the consumer's changing needs and wants
  - b. Efficiently and effectively managing the supply and demand of products and services
  - c. Efficient provision of distribution and payment processing systems.
6. **Marketing is a philosophy based on consumer orientation and satisfaction.**
7. **Marketing had dual objectives- profit making and consumer satisfaction.**

#### **Scope of Marketing:**

1. **Study of consumer wants and needs:** Goods are produced to satisfy consumer wants. Therefore study is done to identify consumer needs and wants. These needs and wants motivates consumer purchase.
2. **Study of consumer behavior:** Marketers performs study of consumer behavior. Analysis of buyer behavior helps marketer in market segmentation and targeting.
3. **Production planning and development:** Product planning and development starts with the generation of product idea and ends with the product development and commercialization. Product planning includes everything from branding and packaging to product line expansion and contraction.
4. **Pricing policies:** Marketer has to determine pricing policies for their products. Pricing policies differs from product to product. It depends on the level of competition, product life cycle, marketing goals and objectives etc.



5. **Distribution:** Study of distribution channel is important in marketing. For maximum sales and profit goods are required to be distributed to the maximum consumer at minimum cost.
6. **Promotion:** Promotion includes personal selling, sales promotion, and advertising. Right promotion mix is crucial in accomplishment of marketing goals.
7. **Consumer satisfaction:** The product or service offered must satisfy consumer. Consumer satisfaction is the major objective of marketing.
8. **Marketing Goal:** Marketing audit is done to control the marketing activities.

## **Importance of Marketing in Business**

1. **Helps in business planning and decision making:** Marketing helps in business planning as it helps to shape the product from its production to it reaching the customers. The 4Ps of marketing help the business to make sure what alternatives are better for the growth of the business and help to make decisions that prove beneficial for the customers.
2. **Product development:** The product part of the 4Ps provides alternatives for developing the product regarding its branding, labelling, packaging, and how it should be brought into the market. Moreover, customer feedback and market research provide a blueprint of how the product has to be further modified to suit the needs of the consumers.
3. **Effective consumer engagement:** with the use of various platforms online and offline, the company can gain consumer engagement in some form or another. In personal selling, for example, salesmen interact with the customers and get to know their needs.
4. **Builds relationships among customers:** marketing always tries to establish a cordial relationship with the customers. Modern marketing deals with the customers as they are the king. Hence continuous efforts make customers satisfied. And this helps them stay with the brand or company for a long time.
5. **Marketing creates revenue options:** When marketing techniques convert the leads to actual sales. It ultimately increases revenue. Hence, marketing is crucial to generating and increasing revenue by communicating the products with potential customers.
6. **Set better goals for your business:** Marketing helps the business know about the customers' demands and needs. They could set their goals according to these.
7. **Build a reputation for your brand:** effective marketing tends to impact the customers' minds. Hence, they build brand awareness among them.

## **Market Concept.**

The marketing concept means whenever a company plans and implements to maximize profit by boosting sales, meeting customer's needs, and surpassing competitors. The goal is to devise a situation that serves both parties; the customer



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and the company.

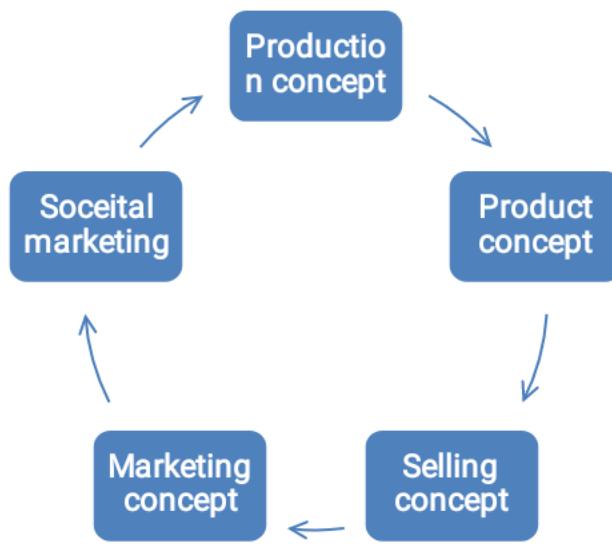
The idea behind the marketing concept is to predict and satisfy the needs and wants of customers better than the competitors. The marketing concepts were first derived from the book of Adam Smith, Wealth of Nations. However, it remained unexplored to the world till the 21st century.

To fully appreciate the marketing concept, first, we have to understand needs, wants, and demands;

- **Needs** – it is something inevitable for the existence of life; many adverse things can occur without it. The worst-case situation would be death. Needs cover many things, like food, shelter, self-development, security, social belonging, self-esteem, and respect.
- **Wants** – wants are our desires and wishes in life; our social setup and culture mold our wants.
- **Demands** – when our desires, needs, and wants are backed by our ability to pay, they become demands.

Since we have learned the basics of marketing, it's time to understand five marketing concepts.

### Types of Marketing Concept



#### 1. Production Concept:

This concept was based on the assumption that customers are primarily interested in products which are accessible and affordable. This concept was introduced at a time when business was focused mainly on production. It says that a business will be able to lower costs by producing more quantity or mass production of goods.



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Solely focusing on producing goods may lead to the firm deviating from its objective.

## **2. Product Concept:**

The product concept is based on the assumption that customers will be more inclined towards products that are offering more quality, innovative features and top-level performance.

In this type of marketing concept, a business focuses on creating high-quality products and refining it every time in order to develop a better and improved product.

## **3. Selling Concept:**

While the previous two concepts focused on production, the selling concept is focused on selling. It believes that customers will be buying products only when the product is aggressively marketed by the company. It does not focus on building relationships with customers, and ensuring customer satisfaction is also not deemed necessary.

## **4. Marketing Concept:**

A marketing concept places the centre of focus on the customer. All the activities that are undertaken by an organization are done keeping the customer in mind. The organizations are more concerned about creating value propositions for the customers, which will differentiate them from the competition.

## **5. Societal Marketing Concept:**

This is the fifth and most advanced form of the marketing concept. Here the focus is on needs and wants of the customer as well as ensuring the safety of the customer and society first. It believes in giving back to society and making the world a better place for all human beings.

## **Approach**

1. Product or Commodity Approach
2. Institutional Approach
3. Functional Approach
4. System Approach
5. Decision making approach
6. Social approach
7. Holistic approach



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### **1. Product or Commodity Approach:**

Under the commodity approach the focus is placed on the product or it is an approach on the marketing on commodity wise basis. In other words, the study relates to the flow of a certain commodity and its movement from the original producer right up to the ultimate customer. The subject-matter, under this study, is commodity.

When one studies the marketing on this basis—commodity approach, one must begin to study and analyses the problems relating to a commodity i.e., sources and conditions of supply, nature and extent of demand, mode of transporting, storage, standardization, packing etc. Again, take an example of a commodity, say rice.

One has to study the sources of rice, location, people involved in buying and selling, means of transport, problems of selling the product, financing, storage, packing etc. Thus, we get a full picture of the marketing from the original producer to the ultimate consumer. The method of study is repeated for each item.

### **2. Institutional Approach:**

In the institutional approach, the focus is on the study of institutions- middlemen, wholesalers, retailers, importers, exporters, agencies, warehousing etc., engaged in the marketing during the movement of goods. The approach is also known as middlemen approach. Here, emphasis is given to understand and analyses the functions of institutions, who are discharging their marketing functions.

The activities of each institution form a part of marketing and collectively complete the marketing functions. In the process of moving the goods from the producer to the final consumers, a large number of persons are engaged. This system pays attention to the problems and functions of marketing institutions-transporting, banks and other financial institutions, warehousing, advertising, insurance etc. This method does not give adequate knowledge of the entire marketing functions and also' fails to explain the interrelations of different institutions.

### **3. Functional Approach:**

The functional approach gives importance on the various functions of marketing. In other words, one concentrates attention on the specialized services or functions performed by marketers. In this approach, marketing splits into many functions-buying, selling, pricing, standardization, storage, transportation, advertising, packing etc. This may be studied one after another. Here each function is studied in detail in order to understand it and analyses the nature, need and importance of each function.

In this approach, marketing is regarded as “business of buying and selling and as including those business activities involved in the flow of goods and services between producers and customers.” This system gives too much importance to various marketing functions and fails to explain how such functions are applied to the specific business operations



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#### **4. System Approach:**

The system approach can be defined as "a set of objects together with the relationships among them and their attributes." Systems focus on interrelations and interconnections among the functions of marketing. The system examines marketing connections (linkage) inside as well as outside the firm. Inside the firm there is a co-ordination of business activities-engineering, production, marketing, price etc.

#### **5. Societal Approach:**

This approach has been originated recently. The marketing process is regarded as a means by which society meets its own consumption needs. This system gives no importance as to how the business meets the consumer's needs. Therefore, attention is paid to ecological factors (sociological, cultural, legal etc.) and marketing decisions and their impact on the society's well-being.

#### **6. Decision making approach:**

This approach is of vital importance from the viewpoint of marketing management. Various decisions are taken at every level of management. In successful marketing, decision making occupies an important place. The marketing manager should be very expert and competent in his job so that he takes proper decisions for marketing the goods and services. The decision is based on two variables which can be classified as 'uncontrollable' and 'controllable'. 'Uncontrollable' variables relate to economic, sociological, psychological and political forces which are the basic causes of market changes. On the other hand, 'controllable' variables are within the control of the organization.

These refer to individual firm's adjustments in prices, products, advertisement and selling policies etc. Both these variables have marked influence on decision making. These variables should be properly interpreted by the marketing manager before taking a decision.

#### **7. Holistic approach:**

A holistic approach means to provide support that looks at the whole person, not just their mental health needs. The support should also consider their physical, emotional, social and spiritual wellbeing. ... A holistic approach focuses on a person's wellness and not just their illness or condition.

#### **Customer Value.**

Customer value is the customer's perception of the worth of your product or service. Worth can mean several things: the benefit these products or services provide to your target market, or the value for money they offer.

#### **Customer creation.**



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Customer creation is the final phase of the customer development model (with customer discovery and customer validation directly preceding it). It describes any activity that drives customers into your sales funnel — or in other words, turning potential customers into paying customers.

## Evolution of Marketing.

Marketing, in and of itself, has seen dramatic transformation for centuries. It started as a distinct discipline that went through different periods of refinement. With economic forces at the helm, businesses were faced with the reality of competing for customers' attention while ensuring that they lock in their ROI.

### Eras that Shaped the Evolution of Marketing

**Production Orientation Era (1800s-1920s):** This era highlighted a tunneled focus on mass production. Companies thought that customers are willing to pay for products that are cheap and readily available. Thus, business efforts were primarily geared toward increasing the quantity rather than the quality of the output. Manufacturers followed the principle of mass production to lower costs and more sales.

This economic movement triggered the rise of the *Industrial Revolution*, which started in Britain and expanded worldwide. Companies such as Slater Mill and Ford Motor Company dominated this industry. They hired thousands of factory workers to sustain the demand for production.

More importantly, their goal was to increase efficiencies in production and distribution. When it comes to marketing, businesses focused their efforts on promoting low prices and beating their competitors.

**Sales Orientation Era (1920s-1940s):** As more companies join the field, the sales tactics become even more competitive. Generally, mass-produced products were already the norm. Back then, companies cared more about sales volume rather than customer satisfaction.

This ushered an idea that consumers will want to buy a company's products if they are enticed through eye-catching sales promotions. The Sales Orientation was an era when companies heavily rely on marketing promotions to sell products that companies made.

Advertisements through different platforms such as radio, print, and television were incredibly popular at this time. Additionally, sales professionals went door-to-door to sell products in customers' homes. The concept of marketing took place only after products were produced. It's no surprise that even today, some people associate marketing with selling.



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**Marketing Orientation Era (1940s-1970s):** It was around the 1940s when industries realized that focusing only on their business needs often leaves customers unsatisfied. At this stage, businesses' marketing tactics include identifying what customers need and effectively customizing activities that address these needs.

Hence, the marketing concept was born. It revolves around the idea that reaching the business goals relies on understanding the needs of target customers first. Additionally, it concerns providing them with the desired satisfaction than its competitors.

Marketing orientation (a.k.a, customer orientation) is all about focusing on customer needs. A marketing-oriented organization begins with pinpointing the customers' needs. Then, they segment them according to buyers' specific purchasing goals. They offer products unique to each group.

This type of segmentation allows businesses to cater to the needs of the entire group as a whole. That's because each market segment can satisfy its needs by purchasing one or the other products from the company.

**Societal Orientation (1970s-Present):** In this era, a marketing theory called societal marketing came into existence. It's a concept that emphasizes an organization's responsibility to develop strategies that positively impact the consumers' well-being and the environment. It stemmed from a conflict of interest between satisfying the customers' short-term needs with society's long-term welfare.

In the 60s and 70s, many companies were exposed to the public for their unethical practices. Business owners and marketers started to take notice of the effects of their actions on the environment. They understood that their activities—while profitable—are destroying Mother Nature, which eventually harmed society.

During this phase, companies shifted their goals to provide a better-quality lifestyle while ensuring that the environment is not polluted. They don't just create high-quality products; they were environmentally friendly, too.

**Digital marketing (1990s-Present):** It was in this period that the world witnessed a shift in the dynamics of marketing. Marketers struggled with developing their marketing campaigns through traditional means. They didn't get as many leads as expected. Moreover, the old marketing strategies limited their reach, making it difficult to reach their potential customers.

Then came the advent of digital marketing. It opened the doors of opportunities for better traffic and exposure for products or services. From the early 90s to today, almost half of the world's population is online. Businesses' have since then moved on to digital platforms to effectively reach their target market.



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The surge in mobile phones and other smart devices has also contributed to the popularity of digital marketing. Since more people are now on their smart phones, this enables marketers to reach a wider audience. Content marketing, Search Engine Optimization (SEO), and mobile marketing are a few of the strategies they use to dominate different digital platforms.

## Selling Vs Marketing.

<u>Selling</u>	<u>Marketing</u>
<b>Definition</b>	
The selling theory believes that if companies and customers are dropped detached, then the customers are not going to purchase enough commodities produced by the enterprise. The notion can be employed argumentatively, in the case of commodities that are not solicited.	The marketing theory is a business plan, which affirms that the enterprise's profit lies in growing more efficient than the opponents, in manufacturing, producing and imparting exceptional consumer value to the target marketplace.
<b>Related to</b>	
Constraining customer's perception of commodities and services.	Leading commodities and services towards the consumer's perception.
<b>Beginning point</b>	
Factory	Marketplace
<b>Concentrates on</b>	
Product	Consumer needs
<b>Perspective</b>	
Inside out	Outside in
<b>Business Planning</b>	
Short term	Long term
<b>Orientation</b>	
Volume	Profit



## Cost Price

Cost of Production

Market ascertained

## Marketing Environment.

A company's marketing environment includes every element that may affect its ability to connect with its customers. This can include internal elements such as resources, equipment and a company's corporate structure. It can also include external components like existing customers, delivery platforms and top competitors. Both internal and external conditions can affect how a customer responds to a business and determine how a business might grow.

## Types of Marketing Environment.

Here are the three main types of marketing environments:

**Internal marketing environment:** Marketing professionals work with the resources, company values, systems and processes that exist within a company. These influence the tasks that a company's marketing and advertising teams complete and how effectively they can create campaigns and content to be competitive in a market.

**External microenvironment:** An external microenvironment covers the relationships outside of the company. A company's external contacts may include customers, suppliers or other outside agencies.

**External macroenvironment:** The term microenvironment refers to the market or field in which a company performs. While macro factors may affect the entire industry, they rarely have a direct impact on a specific company.

## 7 elements of macro-marketing environments

Here are the seven key components of a macro-marketing environment:

1. **Demographic environment:** Demography is the study of populations. The demographic environment for a company encompasses the people who are part of a specific market. This environment includes the size and density of a particular population and the common occupations people have. It also covers the age, race and gender of prospective customers in a demographic group.

Understanding the company's demographic environment can help you adjust marketing strategies, develop products and target advertising effectively. Some factors



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that companies might monitor to determine their demographic environment include population growth, population shifts and economic class shifts.

**2. Economic environment:** A company's economic environment refers to the factors that influence consumer buying habits and the company's performance. A company's economic environment may fluctuate based on government funding, credit availability, market trends, interest rates and shifts in the global economy. For example, an economic recession could negatively affect a business's profits, but an economic surplus might encourage customers to make larger purchases.

**3. Natural environment:** A natural environment, or physical environment, refers to both the location a business operates and the place it sources any natural resources it needs. For example, a lumber shortage is a natural marketing environment that may affect a construction business. Here are a few common factors that impact the natural environment of a business:

- A shortage or surplus of raw goods
- A fluctuation in the cost of energy
- A change in the quality of air
- Natural disasters
- Climate change
- A change in government policies

**4. Technological environment:** A technological environment includes a specific market, technological equipment and innovative practices and products. Technology like laptops, automated machines and social media can all improve an organization's productivity and reach. In this type of marketing environment, it's important for companies to understand customer behavior.

This can provide them with basic market information and help them determine if they need to develop additional technology to follow market trends. Companies may also gather information about customer behavior to help them evaluate and update their technology regularly.

**5. Political environment:** Changes in a country's national or local political situation can modify a company's external marketing environment. Politics might determine tariffs,



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regulations and other standards that affect the cost of purchasing goods and conducting business operations. Political environments may sometimes influence the global economy, which can alter the behavior of a market.

**6. Social environment:** A social environment refers to the way companies and consumers respond to social experiences. For example, an organization might donate a portion of its earnings to nonprofits or government agencies that help communities in need.

The values, opinions and beliefs of a potential customer may change based on what they experience, who they interact with and what values they observe in a company. Learning about the customers' social needs and how it affects their shopping behaviors may help the company develop more effective advertising campaigns.

**7. Cultural environment:** Similar to social environments, a cultural environment refers to the way local communities interact with each other and your brand. Depending on the region, this type of marketing environment can vary widely. Some factors that influence a cultural environment include people's opinions about their community, other social groups and the company.

## 6 Elements of micro-marketing environments

Micro-marketing environments often have a direct impact on business operations. Learning about the components of microenvironments can help a company decide how to handle conflicts and improve relationships with external partners and consumers. Here are some elements that comprise a micro-marketing environment:

**1. Suppliers:** Suppliers provide raw materials, services or goods to a company. The prices, service availability and product quality that a supplier offers can affect the cost and condition of products that customers purchase.

Companies often consider their suppliers to be their partners and may expect suppliers to commit to delivering quality goods to customers. Researching a variety of suppliers can help the company determine which one may provide the product quality and prices your customers are seeking.

**2. Distributors and resellers:** Distributors help companies store and deliver their goods, often using warehouses. They also assist organizations by delivering products safely and on time. They may represent a specific brand, especially if they deliver to different outlets.



Resellers may also deliver goods, but they often purchase them from a company first before selling them for a profit. For example, most retailers are resellers. To select the right reseller to work with, a company could consider which retailers best represent its brand and how that retailer might help it reach its target market. Companies often choose both distributors and resellers that have similar company values.

3. **Partners:** Partners are organizations that a company collaborates with to develop a product, deliver a service or provide a promotion. Typically, the members of a partnership include two or more companies that may operate in similar industries. However, a company may sometimes partner with a business from a different industry to expand its customer base.

4. **Customers:** Customers exercise a major influence on a company's marketing environment. Companies may collect information about customer behaviors and opinions to help inform future business decisions.

To manage this aspect of its marketing environment, a company may monitor the changes in customer preference and behavior and adjust its offerings as needed. For example, if a company receives negative feedback about a product, it might alter its product development practices.

5. **Competitors:** A company's competitors are part of its microenvironment because they directly affect daily business operations. A company can determine its position in the market to decide on strategies that can help it outperform its competition. Competing businesses often share customers, so it's helpful to monitor how the competitors are succeeding to understand ways that the company you work for might improve.

6. **The public:** The public includes any person who might engage with the company. The public can also include potential investors and people who refer new customers to the business. Understanding the public as a group of potential customers can help you target new markets to increase brand awareness.

## **Marketing management.**

Marketing management refers to the control and operations of various marketing activities and the people involved in those activities, such as managers, marketing management professionals, contractors, and more. Relevant actives often include:



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Setting goals and developing marketing strategies.

Marketing management is “planning, organising, controlling and implementing of marketing programmes, policies, strategies and tactics designed to create and satisfy the demand for the firms’ product offerings or services as a means of generating an acceptable profit.”

### **Importance of Marketing management.**

**1. Analyzing Market Opportunities:** Marketing management collects and analyses information related to consumer's needs, wants and demands, competitor's marketing strategies, changing market trends and preferences. This helps to identify market opportunities.

**2. Determination of Target Market:** Marketing management helps to identify the target market that the organization wishes to offer its product.

**3. Planning and Decision Making:** Marketing management helps to prepare future course of action. Planning relates to product introduction, diversification. Decision making regarding pricing, selection of promotional mix, selection of distribution channel is taken by the marketing management.

**4. Creation of Customer:** Consumers determine the future of the market .Therefore providing the best product to the consumer according to their preference is the important task of marketing. Marketing management helps in creation of new customers and retention of current customers.

**5. Helps in Increasing Profit:** Marketing caters to the varied and unlimited needs of consumers. Marketing management helps to increase profit and sales volume. This is achieved by expansion of market and increasing customers.

**6. Improvement in Quality of Life:** Marketing management aims at providing innovative product and services to the customers. Marketers continuously strive to incorporate new technology and mechanism in their product to provide more satisfaction to customers than before. This improves quality of life and makes life of consumers easier than before.

**7. Employment Opportunities:** Marketing process is a combination of different activities like research work to assess the marketing environment, product planning and development, promotion, distribution of product to customers and after sales service. Marketing process requires researcher, production engineer, different distribution intermediaries, sales personnel also creates employment opportunities in advertisement section. Thus marketing management opened up different employment avenues thus creating employment opportunities.



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