

SUBJECT – MARKETING MANAGEMENT

UNIT I – INTRODUCTION (PART – I)

I. INTRODUCTION OF MARKETING

Marketing is the process of converting prospective buyers into actual customers by communicating complete information of the product or services to the customer. The key elements which are the secret to a successful marketing practice are thorough market survey and research, framing a competitive strategy, designing a realistic marketing plan and implementing different tactics to execute the plan.

Marketing is an on-going practice to capture customer's attention towards a product or service. The term Marketing is derived from the word '**Market**', which can be defined as – ***“a place where buyers and sellers gather to buy and sell the products”***. But Marketing is not only about selling; because in order to sell the product we must know the needs (basic requirements) of the customers.

Thus Marketing is all about identifying the needs of the customers and satisfying those needs profitably with the help of the product. For example – Procter & Gamble (P&G) has identified that people need tasty but low calorie food and introduced Olestra (Oats).

II. DEFINITION OF MARKETING

Traditional Concept: The term 'traditional marketing' can be expressed as the business activity through which goods and services directly move from producers to consumers or users.

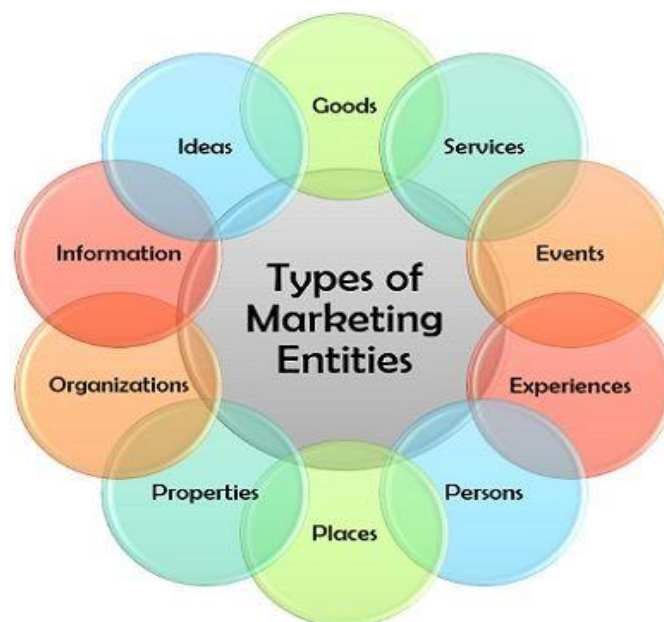
Modern Concept: The term 'modern marketing' can be expressed as the achievement of corporate goals through meeting and exceeding customer needs better than the competitor.

- i. **According to the American Marketing Association (AMA) Board of Directors**, “Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”

- ii. **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.”
- iii. **Mark Burgess – Managing Partner, Blue Focus Marketing** defines marketing as “Marketing is the process by which a firm profitably translates customer needs into revenue.”
- iv. “Marketing is the process of discovering and translating consumer needs and wants into products and services, creating demand for these products and services and then in turn expanding this demand.” – **H. L. Hansen**
- v. Marketing is the performance of activities that seek to accomplish an organization’s objectives by anticipating customer or client needs and directing the flow of need satisfying goods and services from the producers to customer or client. - **William D. Perreault and E. Jerome McCarthy.**

III. SCOPE OF MARKETING

Anything which is sellable needs marketing. Based on the above statement, the following is the list of entities to which marketing is a necessary function.



- a) **Goods:** Any product manufactured in mass quantity, requires proper marketing to make it available to its consumers located in different places

of the country or world. For example; Mobile phones manufactured in China and sold all over the world.

- b) Services:** Services can be defined as any performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product. Services include the work of hotels, airlines, banks, insurance companies, transportation corporations etc. as well as professionals like lawyers, doctors, teachers etc. For example; Ola cabs providing for local taxi services.
- c) Events:** Various trade fairs, live shows, local events and other promotional events need advertising and publicity. For example; Indian Fashion Expo is the event where leading fashion houses participate in displaying exhibit their creation needs marketing to reach customers, manufacturers and traders.
- d) Experiences:** It even organises and customises the impression made by certain goods and services to fulfil the customer's wish. For example; A Europe trip package provided by makemytrip.com or tripadvisor.com
- e) Persons:** A person who wants to promote his skills, profession, art, expertise to acquire customers, takes the help of marketing functions. For example; A chartered accountant updates his profile over linkedin.com to publicise his skills and talent to reach clients.
- f) Places:** Marketing of tourist places, cities, states and countries helps to attract visitors from all over the world. For example; India's Ministry of Tourism promoting India through 'Incredible India' campaign.
- g) Properties:** It provides for selling of tangible and intangible properties like real estate, stocks, securities, debentures, etc. For example; Real estate agents publicise the residential plots to investors.
- h) Organizations:** Several corporations and non-profit organisations like schools, colleges, universities, art institutes, etc. create and maintain a

public impression through marketing. For example; Circulars and advertisements made by colleges as 'admission open.'

- i) **Information:** Certain information related to healthcare, technology, science, media, law, tax, market, finance, accounting, etc. have to demand among the corporate decision-makers who are marketed by some leading information agencies. For example; Bloomberg provides all current financial, business and market data.
- j) **Ideas:** Brands market their products or services through advertisements spreading a social message to connect with the consumers. For example; JIO 4G's advertisement spreading the message of 'JIO - JEE - BHAR - KE'

IV. NATURE OF MARKETING

Marketing is a complex function and does not sum up to sales alone. To develop a better understanding of the marketing practices, let us know about its nature:



- 1) **Managerial Function:** Marketing is all about successfully managing the product, place, price and promotion of business to generate revenue.
- 2) **Human Activity:** It satisfies the never-ending needs and desires of human beings.

- 3) **Economic Function:** The crucial second marketing objective is to earn a profit.
- 4) **Both Art and Science:** Creating demand for the product among consumers is an art and understanding human behaviour and psychology is a science. In the technological arena, marketing is the art and science of choosing target markets and satisfying customers through creating, delivering, and communicating superior customer value. It is a technique of making the goods available at right time, right place, into right hands, right quality, in the right form and at right price.
- 5) **Customer-Centric:** Marketing strategies are framed with the motive of customer acquisition. A business exist to satisfy human needs, hence business must find out what the desire of customer (or consumer) and thereby produce goods & services as per the needs of the customer. Thus, only those goods should be produce that satisfy consumer needs and at a reasonable profit to the manufacturer (or producer).
- 6) **Consumer-Oriented:** It practices market research and surveys to know about consumer's taste and expectations. Marketing is consumer oriented and it is crucial to know what the actual demand of consumer is. This is possible only when required information related to the goods and services is collected from the customer. Thus, it is the starting of marketing and the marketing end as soon as those goods and services reach into the safe hands of the customer.
- 7) **Goal-Oriented:** It aims at accomplishing the seller's profitability goals and buyer's purchasing goals. Marketing seeks to achieve benefits for both buyers and sellers by satisfying human needs. The ultimate goal of marketing is to generate profits through the satisfaction of the customer.
- 8) **Interactive Activity:** Marketing is all about exchanging ideas and information among buyers and sellers. Marketing is the system through which a business enterprise, institution or organization interacts with the customers 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 producer to consumer or user.

- 9) **Dynamic Process:** Marketing practice keeps on changing from time to time to improve its effectiveness. Marketing is a complex, continuous and interrelated process. It involves continuous planning, implementation and control.
- 10) **Creates Utility:** Marketing creates four components of utilities viz. time, place, possession and form. The form utility refers to the product or service a company offers to their customers. The place utility refers to the availability of a product or service in a location i.e. Easier for customers. By time utility, a company can ensure that products and services are available when customers need them. The possession utility gives customers ownership of a product or service and enables them to derive benefits in their own business.

V. FUNCTIONS OF MARKETING

Marketing is not just selling off goods and services to the customers; it means a lot more than that. It starts with the study of the potential market, to product development, to market share capturing, to maintain cordial relations with the customers.

Following multiple operations of marketing helps the business to accomplish long-term goals:



- 1) Market Research:** A complete research on competitors, consumer expectations and demand is done before launching a product into the market. The marketing research is helpful in analyzing the customer's behaviour, popularity of product, effectiveness of advertising, pricing policy, etc. In other words, it is the systematic gathering, recording and analyzing of data about problems relating to the marketing of goods and services. For making correct and timely decisions, the marketing manager analyses all the available opportunities, threats, strengths and weaknesses of the organization and determine the best opportunity to be pursue for it.
- 2) Market Planning:** A proper plan is designed based on the target customers, market share to be captured and the level of production possible.
- 3) Product Design and Development:** Based on the research data, the product or service design is created. Under modern marketing activities, product planning is determined before the start of actual production. It is the process in which shape, size, colour, weight, design, packing, etc. of the product is determined on the basis of information gathered with the help of market research. Product development involves decisions regarding shape, size, colour, weight, design, quality, brand, label, etc. as per the needs of the consumer, which will give maximum satisfaction to the consumer and reasonable profit to the manufacturer.
- 4) Buying and Assembling:** Buying of raw material and assembling of parts is done to create a product or service.
- 5) Product Standardisation:** The product is graded as per its quality and the quality of its raw materials.
- 6) Packaging and Labelling:** To make the product more attractive and self-informative, it is packed and labelled listing out the ingredients used, product use, manufacturing details, expiry date, etc.
- 7) Branding:** A fascinating brand name is given to the product to differentiate it from the other similar products in the market.

- 8) Pricing of the Product:** The product is priced moderately keeping in mind the value it creates for the customer and cost of production.
- 9) Promotion of the Product:** Next step is to make people aware of the product or service through advertisements.
- 10) Warehousing and Storage:** The goods are generally produced in bulks and therefore needs to be stored in warehouses before being sold in the market in small quantities.
- 11) Selling and Distribution:** To reach out to the consumers spread over a vast geographical area, selling and distribution channels are to be selected wisely.
- 12) Transportation:** Transportation means are decided for transfer of the goods from the manufacturing units to the wholesalers, retailers and consumers.
- 13) Customer Support Service:** The marketing team remain in contact with the customers even after selling the product or service to know the customer's experience, and the satisfaction derived.

VI. OBJECTIVES OF MARKETING

Marketing majorly focuses on achieving consumer satisfaction and maximising profits.

Following are the illustration of different aims of marketing practices:



- 1) **Customer Satisfaction:** The primary motive of a company is to satisfy the needs of customers.
- 2) **Ensure Profitability:** Every business is run for profit, and so goes for marketing.
- 3) **Building Organizational Goodwill:** It portrays the product and the company's positive image in front of the customers.
- 4) **Create Demand:** It works for generating the demand for products and services among the customers.
- 5) **Increase Sales Volume:** It is a rigorous process of increasing the sale of product or service to generate revenue.
- 6) **Enhance Product Quality:** Marketing initiates customer feedback and reviews to implement them for product enhancement.
- 7) **Create Time and Place Utility:** It makes sure that the product or service is available to the consumer whenever and wherever they need it.