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SUBJECT – MARKETING MANAGEMENT

UNIT I – INTRODUCTION (PART – II)

Evolution of Modern Marketing Concept

Marketing is the process in which exchanges occur among persons or social groups. It is a process by which individuals and groups obtain what they need and want through creating and exchanging products and values with others.

The essence of marketing is the exchange process in which two or more parties give something of value to each other to satisfy their needs. Marketing has existed ever since mankind came into existence. The forms of marketing have constantly changed bringing new dimensions into the concept. The earlier form of marketing consisted of those activities which were primarily aimed at transfer of goods from one end to another i.e. from the seller to the buyer. In the earlier form of marketing there was no recognition of value, customer and their requirements. The seller would only find his job to make a new product and give it away to anybody who is ready to pay something in return.

The earliest form of marketing did not have any tangible money or worth associated with it. The exchange happened only with the understanding between the buyer and the seller to give away goods and services in exchange of some other goods and services.

Wroe Alderson a leading marketing theorist has pointed out.' It seems altogether reasonable to describe the development of exchange as a great invention which helped to start primitive man on road to civilization. Production is not meaningful until a system of marketing has been established.'

STEPS OF EVOLUTION OF MARKETING

PHASE I --- Barter System

a) No form of currency yet introduced.

b) Marketing was exchange oriented and value determined on the basis of goods exchanged.

c) Marketing happened within the closed boundaries of a small area/ village.

d) Primary goods exchanged were agricultural commodities, dairy products, pottery and some primitive services.

PHASE II --- Introduction of Currency System

a) Introduction of some form of money in the market during the rule of certain kingdoms.

b) The currency gave way to exchange of goods for goods.

c) Currency became a determinant of value of the good exchanged.

d) During this time the rulers were responsible for increasing the flow of money through different economic activities.

e) Flow of money increased and led to increased choice behavior among the buyers.

f) Marketing activity spread wider because of money in the hands of willing buyers.

g) This led to a positive environment among businessmen and others.

PHASE III --- Growth of Industries and Other Businesses

a) As the economy became money oriented, small businessmen began coming up with their businesses.

b) There was a lot of positivism in the environment, everyone was happy.

c) Businesses started rampantly growing with a belief whatever they produce will be taken by the market.

d) Industries started concentrating on volume of goods produced and making them available for the buyers.

e) The buyers also responded positively.

f) Goods exchanged through money were small tools, weapons, earlier form of equipments as well agricultural, dairy and meat related products.

PHASE IV --- Product Concept

a) Eventually the wide scale production practice (production concept) started beckoning as the economy started slowing down.

b) The slowdown of economy was depicted by inventory piling up, demand for raw material decreasing, money flow decreasing, loosing of jobs, less income to afford goods and services.

c) This phase is also remembered because of the' Great Depression ' that happened in the year 1929 - 1930.

d) Businesses realized quantity is not the key to do business rather they should focus on quality products and services.

e) The ideology behind this phase was the marketing manager or whoever was responsible for marketing should define what would be the quality product in terms of the features and attributes to be provided in the product.

f) This phase also suffered drawbacks as businesses focused on their way of defining quality rather than understanding quality in terms of the customer's viewpoints.

g) Theodore Levitt had remarked in this phase itself that marketing suffers from ' Marketing Myopia'. In other words, marketers were shortsighted about their product defined in terms of the marketer.

h) The main contributions in this phase were - colour, shape, size, form of the product defined in terms of the marketer.

PHASE V ---- Selling Concept

The evolution of this phase came about because marketers realized that in spite of concentrating on product quality still consumers were not buying as per the expectations.

a) The main feature of this phase was to find ways to make the customers buy the product.

b) The focus shifted from a product centric approach to a selling approach in which marketers directed their attention towards how to ensure a sale of a product.

c) Business started to identify people who could aggressively sell their product to the customers. The skill required here was primarily the ability to convince the prospective buyer to buy the product.

d) They were called Salesman; they used all techniques to make the buyer pay for the products. It is during this phase ' the art of salesmanship evolved'. Each person tried their own skills in moving the prospective buyer towards purchasing the product. Convincing abilities, persuasion abilities, objection handling abilities were exhibited during this stage or phase.

e) The marketer was optimistic that if there is right selling approach, customers will always be there. He was not concerned about liking/ disliking, preferences, habits, usage, behaviour of the prospective buyer.

f) Though this concept falls under the traditional form of marketing yet it is still being followed by many companies where businesses focus on "what they can make & sell" and not on what the customers want them to make.

g) This phase has definite limitations where forceful and unplanned selling led to customers' dissatisfaction. The dissatisfied customers were reluctant to do business with these marketers.

PHASE VI --- The Beginning of the Modern Marketing Concept.

Due to limitations of the previous phase, marketing think tank started to contemplate that the solution to the problem which they are confronting did not lie in the peripheries of the company's boundary. They found a different entity was responsible for the success or failure of the company. And this entity was no other than the ' Customer ' himself.

a) In this phase for the first time it was realized businesses have to be consumer friendly that the consumers' likings and preferences were the key to success.

b) Marketers started to identify the needs and wants of the customer instead of focusing on quantity and quality determined by the marketers himself. The shift happened towards the customer choices and their requirements.

c) Marketing began from where customers were available and ended with a generation of customers' satisfaction with a profit. In other words, change happened from company oriented to customer oriented.

d) This phase gave rise to increasing number of studies on consumer about their behaviour. The attempt was to understand them better.

e) The need to understand customer better led to evolution of new subject like Consumer Behaviour.

f) Ever since then, marketing has revolved around customer, their needs and satisfaction.

g) Companies like HUL, P&G, SAMSUNG and many more, such organisations have shifted to marketing based business model where they try to understand the customers and then bring new businesses.

All facets of the organisation must contribute first to assessing and then to satisfy consumer needs and wants. The Relationship Marketing Era is a new recent one. Organisations carried the marketing era's customer orientation one step further by focusing on establishing and maintaining relationship with both customers and suppliers. This effort represented a major shift from the traditional concept of marketing as a simple exchange between buyer and seller; Relationship marketing by contrast, involves long term, value added relationships developed overtime with customers and suppliers.