

PRINCIPLES AND PRACTICE OF MARKETING

UNIT 1: INTRODUCTION TO MARKETING

1. Introduction to Marketing

Marketing is more than just selling or advertising; it is a **comprehensive process** of identifying, anticipating, and satisfying customer needs profitably. It involves a wide range of activities—from understanding market trends, researching customer behavior, developing products, pricing them right, ensuring their availability, and promoting them effectively.

Definition (Philip Kotler):

"Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others."

2. Meaning and Nature of Marketing

Meaning:

Marketing is the process of exploring, creating, and delivering value to satisfy the needs of a target market profitably. It encompasses customer research, product development, distribution, pricing, and promotion.

Nature of Marketing:

1. **Customer-focused:** Begins and ends with the customer.
2. **Goal-oriented:** Aims to achieve business objectives through customer satisfaction.
3. **Integrated Process:** Combines various business functions—production, finance, logistics, etc.
4. **Mutual Benefit:** Creates value for both buyers and sellers.
5. **Continuous Activity:** Marketing is a dynamic and never-ending process.
6. **Universal Application:** Applicable to all types of organizations—business, NGOs, government, services, etc.

3. Scope of Marketing

Marketing's scope is vast and covers:

Area	Description
Goods Marketing	Physical products like FMCG, electronics, apparel, etc.
Services Marketing	Intangible services like education, banking, tourism, etc.
Event Marketing	Marketing of sports, concerts, festivals, etc.
Experience Marketing	Selling memorable experiences (theme parks, resorts).
Person Marketing	Promotion of individuals (politicians, celebrities).
Place Marketing	Promoting places for tourism or business (Goa, Dubai).
Property Marketing	Selling/renting real estate and intellectual property.
Idea Marketing	Promotion of social concepts (e.g., 'Save Water', voting).
Digital Marketing	Marketing through online platforms—websites, apps, social media.

4. Marketing Concepts (Philosophies)

- 1. Production Concept:**
 - Assumes consumers prefer widely available and affordable products.
 - Focus on large-scale production and cost reduction.
 - Suitable for mass markets and price-sensitive products.
- 2. Product Concept:**
 - Belief that customers favor high-quality and innovative products.
 - Risk: Over-engineering without understanding customer needs.
- 3. Selling Concept:**
 - Focuses on aggressive selling and promotion.
 - Assumes customers won't buy unless persuaded.
 - Often used for unsought goods (insurance, encyclopedias).
- 4. Marketing Concept:**
 - Starts with customer needs and works backward.
 - Focuses on creating customer value and satisfaction.
 - Modern and widely accepted approach.
- 5. Societal Marketing Concept:**
 - Balances company profit, customer satisfaction, and societal welfare.
 - Promotes sustainable and ethical practices.

5. Importance of Marketing

- 1. Helps in Business Growth:**
 - Drives revenue, profits, and market share.
- 2. Customer Awareness:**
 - Informs customers about products and services.
- 3. Creates Employment:**

- Generates jobs in sales, advertising, logistics, etc.
- 4. **Boosts Economy:**
 - Enhances production, consumption, and income levels.
- 5. **Encourages Innovation:**
 - Forces firms to improve and differentiate their offerings.
- 6. **Builds Brand and Reputation:**
 - Effective marketing creates lasting brand value.

6. Difference Between Selling and Marketing

Point	Selling	Marketing
Focus	Focus on product	Focus on customer need
Starting Point	Factory	Market (customer)
Objective	Maximize sales volume	Maximize customer satisfaction
Time Horizon	Short-term (transaction-based)	Long-term (relationship-based)
Scope	Limited to product promotion	Includes product development, pricing, placement, etc.
Strategy	Push strategy (sell what is made)	Pull strategy (make what is wanted)

7. Marketing Mix (4Ps)

Developed by E. Jerome McCarthy, the marketing mix is a set of tools used by marketers to pursue marketing objectives:

1. **Product:**
 - Tangible or intangible offerings.
 - Includes design, features, branding, packaging, quality.
2. **Price:**
 - Amount charged to the customer.
 - Must reflect product value, market conditions, and competitor pricing.
3. **Place (Distribution):**
 - How the product reaches the customer.
 - Includes channels like retailers, wholesalers, online platforms.
4. **Promotion:**
 - Communication strategy to inform and persuade customers.
 - Includes advertising, personal selling, public relations, and sales promotion.

Extended 7Ps for Services:

- People, Process, Physical Evidence

8. Functions of Marketing

1. **Market Research**
 - Understand customer needs, preferences, and trends.
2. **Product Planning and Development**
 - Designing products that fulfill customer demands.
3. **Standardization and Grading**
 - Ensuring uniformity in quality and size.
4. **Branding**
 - Creating identity and trust (e.g., Nike, Apple).
5. **Packaging and Labeling**
 - Protects the product and communicates brand values.
6. **Pricing**
 - Setting the right price considering cost, demand, and competition.
7. **Promotion**
 - Advertising, sales promotion, public relations, personal selling.
8. **Distribution**
 - Ensuring availability at the right place and time.
9. **Customer Support**
 - After-sales services, returns, customer satisfaction.

9. Marketing Environment

A. Micro Environment (Internal factors):

1. **Company itself** (resources, structure)
2. **Suppliers** – Influence cost and quality.
3. **Marketing Intermediaries** – Distributors, retailers.
4. **Customers** – Core of all marketing decisions.
5. **Competitors** – Must adapt to competitive strategies.
6. **Publics** – Media, investors, government, pressure groups.

B. Macro Environment (External forces):

1. **Demographic Environment** – Population, age groups, education.
2. **Economic Environment** – Income levels, inflation, recession.
3. **Technological Environment** – Innovations, automation.
4. **Political & Legal Environment** – Government policies, regulations.
5. **Socio-Cultural Environment** – Traditions, values, lifestyle.
6. **Natural Environment** – Ecological concerns, sustainability.