

UNIT -1 - SYLLABUS

Introductory Concept of marketing, difference between marketing and selling, modern marketing concept, marketing mix, market segmentation, marketing planning, strategy and approaches.

MARKETING : (Definition, Features, Advantages, Disadvantages.)

Marketing refers to activities a company undertakes to promote the buying or selling of a product or service.

In 2017, The New York Times described it as “**the art of telling stories so enthralling that people lose track of their wallets.**”

It is one of the primary components of business management and commerce. Marketers can direct their product to other businesses (B2B marketing) or directly to consumers (B2C marketing). *Regardless of who is being marketed to, several factors apply, including the perspective the marketers will use. Known as **market orientations**, they determine how marketers will approach the planning stage of marketing.*

The marketing mix, which outlines the specifics of the product and how it will be sold, is affected by the environment surrounding the product, the results of marketing research and market research, and the characteristics of the product's target market. Once these factors are determined, marketers must then decide what methods will be used to promote the product, including use of coupons and other price inducements.

The term marketing, what is commonly known as attracting customers, incorporates knowledge gained by studying the management of exchange relationships and is the business process of identifying, anticipating and satisfying customers' needs and wants.

DEFINITION :

Marketing is defined by the **American Marketing Association** as “*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*”. The term developed from the original meaning which referred literally to going to market with goods for sale. From a sales process engineering perspective, marketing is “a set of processes that are interconnected and interdependent with other functions of a business aimed at achieving customer interest and satisfaction”.

Philip Kotler defined marketing as “Satisfying needs and wants through an exchange process”. and a decade later defines it as “a social and managerial process by which individuals and groups obtain what they want and need through creating, offering and exchanging products of value with others”.

The Chartered Institute of Marketing defines marketing as “the management process responsible for identifying, anticipating and satisfying customer requirements profitably”. A similar concept is the value-based marketing which states the role of marketing to contribute to increasing shareholder value. In this context, marketing can be defined as **“the management process that seeks to maximise returns to shareholders by developing relationships with valued customers and creating a competitive advantage”**.

Marketing is a tricky topic to define and frame in. The Marketing studies or field has rapidly moved and reached a very high level but still defining it into some fixed variables is just impossible. Marketing is defined as the process responsible for identifying, anticipating, and satisfying customer requirements profitably.

Modern marketing has two different meanings in the minds of people who use the term.

Meaning of marketing conjures up the terms “selling, influencing, persuading” thought by many persons and always viewed and discussed as a business activity. They mistakenly think of marketing only as selling and promotion tasks, but only two of several marketing functions.

Unfortunately, the other meaning of marketing is weaker in the public minds; it is the concept of sensitively “serving and satisfying human needs.”

Here, we shall accept the second meaning since a company's success depends to a great extent on identifying consumer needs, developing good products, and pricing, distributing, and promoting them effectively, which this meaning focuses on.

Now the question may come to your mind, is that why we have accepted the latter meaning. We are sure that you will be able to get the answer automatically as we proceed with our discussion in this lesson.

Marketing is still misunderstood by many marketing professionals, even in the developed world. The activities of marketing are obvious to everyone.

Some of the company functions, which are obviously marketing activities, include selling, market research, advertising, etc. All of these have been around for a long.

The word marketing, which describes the above as part of one operational function (marketing), is relatively recent in its modern usage.

Marketing is a comparatively new field. The formal study of ‘exchange processes and relationships’ which is called marketing started in the 1920s. To give you a clearer idea about marketing, let us take a look at the historical process.

The need for marketing evolved as a historical process. In the early stages of civilization, each person produced whatever he needed for himself.

Later came the age of specialization, and each person made a set of one item and then exchanged the excess with the others for items that he needed. This was the barter stage.

From there, civilization moved to the local market stage, where people brought their produce to a particular spot and exchanged goods there.

In remote villages of a 3rd world country, local bazaars are the meeting points where commodities are exchanged on certain days of the week. In more advanced communities, the temporary bazaar has evolved into a permanent feature with stalls and shops.

Later still, a need for money economy arose. The person who made the bullock cart could not exchange this one piece for the different items that he needed from different people.

There had to be a common denominator and so a medium of exchange developed. This medium was beads at one time, cows at another and many other items, until now we use money as a medium of exchange.

With the Industrial Revolution, which gave a fillip to the means of production of goods, the speed of selling could not keep pace with the speed of manufacture. Large quantities of stock started piling up.

MARKETING FEATURES

Customer focus:

The marketing function of a business is customer-centred. It makes an attempt to study the customer needs, and goods are produced accordingly. The business existence depends on human needs. In a competitive market, the goods that are best suited to the customer are the ones that are well-accepted. Hence, every activity of a business is customer-oriented.

Customer satisfaction:

A customer expects some services or benefits from the product for which payment is made. If this benefit is more than the amount paid, then the customer is satisfied. In the long run, customer satisfaction helps to retain market demand. It helps achieve organizational objectives. Customer satisfaction can be enhanced by providing value-added services, which includes providing additional facilities at little or no extra cost.

Objective-oriented:

All marketing activities are objective-oriented. Different objectives are fixed at different levels, but the main objective is to earn profit from business along with the satisfaction of human wants. Marketing activities undertaken by sellers make an attempt to find out the weaknesses in the existing system, and measures are taken to improve the shortfalls so that the objectives are achieved.

Continuous and regular activity:

Marketing is an activity designed to plan, price, promote and distribute products. At the same time, it also addresses both the current and future consumers. Thus, it is a continuous process. A marketer has to consistently monitor environment. This helps in coming up with new products.

Marketing environment:

Economic policies, market conditions, and environmental factors, such as political, technological, demographic and international, influence marketing activities. Marketing activities are inseparable from such environmental factors. A successful marketer needs to adapt to these changing factors and adjust marketing strategies to suit new market developments.

Marketing mix:

A combination of four inputs constitutes the core of a company's marketing system product, price, place, and promotion. Marketing mix is a flexible combination of variables. They are influenced by consumer behaviour, trade factors, competition and government regulatory measures.

Integrated approach:

The marketing activities must be co-ordinated with other functional areas of an organization. Functions such as production, finance, research, purchasing, storekeeping and public relations (PR) are to be integrated with marketing. This will help in achieving organizational objectives. Otherwise, it will result in organizational conflicts.

Commercial and non-commercial organizations:

With the societal marketing concept gaining importance, social marketers are finding useful new ways of applying marketing principles. Commercial organizations are also adopting cause-related marketing to strike long-term relations with consumers.

Business organizations such as educational institutions, hospitals, religious institutions and charitable trusts have also found meaningful applications of marketing. Thus, marketing is applicable to both business and non-business organizations.

Precedes and follows production:

Identifying consumer needs and wants is the primary task of a marketing manager. Production activities are adapted to these consumer needs. Thus, marketing precedes production. Marketing helps in the distribution of the goods which follows production. Hence, production and marketing activities are closely related to each other.

Advantages

Marketing Stabilizes the Economic Conditions:

Marketing not only sets the economy revolving but also provides steady and stable economic conditions where all are happy. It bridges the gap between producer and consumers. It is a connecting belt between the two wheels of the economy of a nation, i.e., the production and the consumption. Marketing by balancing production with consumption, provides stable prices, full employment and a strong economy.

Marketing Acts as a Basis for Making Decisions:

An entrepreneur is confronted with many problems as to what, how, when, how much and for whom to produce? In the past, there were lesser problems on account of local markets and direct link between the producers and the consumers. But in modern times, marketing has become very complex and tedious. It has emerged as a new specialized activity along with production. As a result, producers are largely dependent upon marketing mechanism to decide which, how when and how much to produce.

Marketing Provides Maximum Satisfaction of Human Wants:

It serves as an effective link between the business and the society, removes hindrances of knowledge, educates people, cultivates their minds, lures them to buy the best and thus enables ultimately to get maximum satisfaction.

Marketing Provides Gainful Employment Opportunities:

Marketing creates a climate for more production and services. It also results in more social overhead as more roads, more warehousing facilities, more transport and communication, more banks, more training and technical institutions, more manpower is needed for the same and the avenues of employment increase. Moreover, marketing is a complex mechanism involving a number of functions and sub-functions which call for different specialized personnel for employment. It is estimated that 30 to 40 per cent of total population is engaged in direct or indirect marketing activities.

Marketing Raises the Standard of Living:

With the provision of more items of necessities, comforts and luxuries, cheaper as well as costly and with more services and amenities at its disposal, the community enjoys a higher standard of living. Even the poorer sections of society find many more things within their reach because of lowering of costs of commodities and services. Paul Mazur says "marketing is the delivery of a standard of living to society". Prof. Malcom Me Nair added further that "marketing is the creation and delivery of standard of living to society."

Marketing Increases the National Income:

National income is the sum total of goods and services that a nation possesses. The net effect of all marketing efforts is a rise in production of existing industries, investment in new industrial units and provision of more services. The nation becomes richer with the increase in its national income and there is a rise in per capita income. The economy rises from underdeveloped stage to developing stage and then marches towards a developed economy.

Marketing Facilitates Exchanges in the Ownership and Possession of Goods and Services:

It creates time, place and possession utilities for the goods and services. It is helpful to both producers and consumers. Producers come to know about the specific needs and preferences of the people and the customers about the products that manufacturers can offer.

Marketing Widens the Market:

Marketing draws out the hidden wants of consumers, creates new demand, locates the untapped areas and finds out the possibilities of selling new products. It thus enlarges the market and enables the producers to increase production and earn more profits.

Disadvantages of Advertising

Multiplication of Needs:

Advertising compels people to buy things they do not need as it is human instincts, to possess, to be recognized in the society, etc., are provoked by advertiser in order to sell products. At times, various types of appeals are advanced to arouse interest in the product. Sentiments and emotions are played with to gain customers.

Product Proliferation:

Critics state that advertising encourages unnecessary product proliferation. As it leads to the multiplication of products that are almost identical, resulting in wastage of resources which could otherwise have been used to produce other products.

Increased Cost:

It is much debated whether advertising induces additional cost upon a product which the community has to pay. In a sense, it is true since expenses on it form a part of the total cost of the product. But at the same time, it would be unjust to infer that if the advertising costs were cut down the goods would necessarily be cheaper. Advertising is, one of the items of costs but it is a cost which brings savings in its wake on the distribution side.

Wastage of National Resources:

It is objected that advertisement is that it is used to destroy the utility of goods before the end of their normal period of usefulness. Now models of automobiles with nominal improvements are, for example, advertised at such high pressure that the old models have to be discarded long before they become useless, not that merely, the most-advertised products are delicate, fragile, and brittle.

Barriers to Entry:

Advertisements promote industrial concentration to a greater or lesser degree. The extent of such concentration may vary with the character of the individual trade, the advertisability of the product and the technical conditions of its production. Although, studies on this subject are not conclusive. The evidence of positive association between advertising and concentration is weaker than can be expected.

Consumer's Deficit:

Advertising creates desires as consumers have low purchasing power. It leads to discontentment. Such discontent is obviously not very desirable from the point of view of society, particularly if it affects a large majority of people. But it is important if it acts as a spur to social change.

Misrepresentation of Facts:

A major drawback of advertising is misrepresentation of facts regarding products and services. Advertisers usually misrepresent unreal/false benefits of a product and make tall claims to excite people to indulge in actions leading to their benefit, but opposed to consumer's self-interest.

Deferred Revenue Expenditure:

It is a deferred revenue expenditure, as the results are not immediate. As advertising occupies a substantial portion of the total budget of the organisation. Hence, investing a large sum in it does not necessarily yield immediate results thus limiting its utility.

NATURE AND SCOPE OF MARKETING

Marketing refers to activities undertaken by a company to promote the buying or selling of a product or service. Marketing includes advertising, selling, and delivering products to consumers or other businesses. Some marketing is done by affiliates on behalf of a company.

Marketing as a discipline involves all the actions a company undertakes to draw in customers and maintain relationships with them. Networking with potential or past clients is part of the work too, including writing thank you emails, playing golf with a prospective client, returning calls and emails quickly, and meeting with clients for coffee or a meal.

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 ongoing practice to capture customer's attention towards a product or service. It is the core of all the business practices, without which any business will prove to be a colossal failure.

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:

- **Managerial Function:** Marketing is all about successfully managing the product, place, price and promotion of business to generate revenue.
- **Human Activity:** It satisfies the never-ending needs and desires of human beings.
- **Economic Function:** The crucial second marketing objective is to earn a profit.
- **Both Art and Science:** Creating demand of the product among consumers is an art and understanding human behaviour, and psychology is a science.
- **Customer Centric:** Marketing strategies are framed with the motive of customer acquisition.
- **Consumer Oriented:** It practices market research and surveys to know about consumer's taste and expectations.
- **Goal Oriented:** It aims at accomplishing the seller's profitability goals and buyer's purchasing goals.
- **Interactive Activity:** Marketing is all about exchanging ideas and information among buyers and sellers.
- **Dynamic Process:** Marketing practice keeps on changing from time to time to improve its effectiveness.
- **Creates Utility:** It establishes utility to the consumer through four different means; form (kind of product or service), time (whenever needed), place (availability) and possession (ownership).

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 to purchase.

2. Study of Consumer behaviour

Marketers performs study of consumer behaviour. Analysis of buyer behaviour 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 consumers 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 Control

Marketing audit is done to control the marketing activities.

MARKETING VS. SELLING

MARKETING

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.

Marketing is a comprehensive and important activity of a company. The task generally comprises of recognising consumer needs, meeting up that need and end in customer's feedback. In between activities such as production, packaging, pricing, promotion, distribution and then the selling will take place. Consumer needs are of high priority and act as a driving force behind all these actions. Their main focus is a long run of business ending up with profits.

It depends upon 4 elements, i.e., integrated marketing, target market, profitability customer and needs. The idea starts with the particular market, emphasises on consumer requirements, regulates activities that impact consumers and draws gain by serving consumers.

Market > Consumer Needs > Integrated Marketing > Profit through Customer Satisfaction

SELLING

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 are not solicited, i.e. the commodities which the consumer don't think of buying and when the enterprise is functioning at more than 100% capacity, the company intends at selling what they manufacture, but not what the market requires.

In the sales process, a salesperson sells whatever products the production department has produced. The sales method is aggressive, and customer's genuine needs and satisfaction is taken for granted.

Factory > Existing Products > Selling and Promoting > Profit through Sales Volume

Difference

	Selling	Marketing
Definition	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 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.
Related to	Constraining customer's perception of commodities and services.	Leading commodities and services towards the consumer's perception.
Beginning point	Factory	Marketplace
Concentrates on	Product	Consumer needs
Perspective	Inside out	Outside in
Business Planning	Short term	Long term
Orientation	Volume	Profit
Cost Price	Cost of Production	Market ascertained

MODERN MARKETING CONCEPT

Modern approach to marketing is referred to as the marketing concept which has developed gradually passing through different stages called Marketing Management Philosophies

The Production Concept

This concept lays emphasis on production and assumes that consumers will always respond to products that are made available to them. This concept developed when there was a period of manufacturing dominance and there was no competition. It was producers market and hence production problems were of more importance than anything else.

The major task of the management was to strive constantly to increase production and there were no selling or marketing problems. The production concept may boost the sales in the initial stages but it invites the criticism that it is impersonal in its approach and ignores the interests of the consumers.

The Product Concept

With the passage of time, it was realized that it is not only the quantity of production but also the quantity of the product that is important. The product concept assumes that the consumers will respond favourably to the best quality products that are reasonably priced and hence the major task of the management is to improve the quality of the product it offers to successfully attract and hold customers. Enterprises which rely too much upon the product concept may face difficulties due to the tendency on the part of such enterprises "To look to often in a mirror when they should be looking out of the window."

The Sales Concept

With the development in technological field, the competition had grown and the market had become more complex. During 1920's and 30's the selling activity became more important and marketing was regarded merely as a selling activity, giving rise to the sales concept. The selling concept assumes that the consumers will generally not buy enough of the firm's products unless their interest is stimulated in its products through substantial selling and promotional activities. In this concept the focus is on the product, the means are selling and promoting and the objective is maximization of profits through sales volume. The drawback of the sales concept is that it ignores the customer's interest and a firm which follows this concept may face difficulties in the long run.

The Marketing Concept

The modern approach to marketing is referred to as the marketing concept. The essence of the marketing concept is that the customer and not the product is the centre of entire business activity. It is also referred to as the customer-oriented approach to business. This concept explains the rationale for a firm's existence in terms of its ability to satisfy some aspects of consumer needs and recognizes the purpose of the business as to 'create a customer'.

In the words of Stanton, "The marketing concept is a philosophy, an attitude, or a course of business action. The customers want satisfaction in the economic and social justification of a company's existence. Consequently all company's activities in production, engineering and finance, as well as marketing, must be devoted to, first, determining what the customers wants are and then, satisfying these wants while making a reasonable profit.

According to the marketing concept, the main task of the enterprise is:

(i) To adopt the enterprise in such a way so as to deliver the desired satisfaction more effectively and efficiently than its rivals.

(ii) To determine the actual needs, wants and preferences of customers, and

In this concept, the focus is on the customer needs, the means are integrated marketing and the objective is maximization of profits through customer satisfaction.

Characteristics of Marketing Concept

Customer orientation

The marketing process begins with knowing the customers' desires until a business can create a product or offer a service that can meet and satisfy them. Happier customers lead to higher profits.

Integrated approach

Coordinated collaboration between various departments within a business (marketing, production, finance, etc.) is crucial to meeting the customers' needs.

Long-term perspective

Creating long-lasting relationships with consumers with consistent service and quality that they can trust ensures profits, retaining customers, and attracting new customers over a long period of time. This makes a business into a trusted and well-known brand.

Profitable sales volume

Earning a profit over a long period of time is a tell-tale sign of whether a business's marketing efforts were a success. Not only does a business want to increase profits, but they want it to happen consistently long-term.

The Social Marketing Concept

In the words of Philip Kotler, the social marketing concept is a management orientation that holds that the key task of the organization is to determine the needs and wants to target markets and to adopt the organization to delivering the desired satisfaction more effectively and efficiently than its competitors in a way that preserves or enhances the consumer's and society's well being.

The societal marketing concept aims at serving the target markets in such a way as to deliver not only maximum customer satisfaction, but also long-run individual and social benefits. It must concentrate on customer's needs and interests in addition to their wants and desires. Thus, this concept lays more emphasis on the social responsibilities of business as the latest trend in marketing.

Marketing Mix.

The marketing mix refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market. The 4Ps make up a typical marketing mix – Price, Product, Promotion and Place. However, nowadays, the marketing mix increasingly includes several other Ps like Packaging, Positioning, People and even Politics as vital mix elements.

According to Borden, “The marketing mix refers to the appointment of efforts, the combination, the designing and the integration of the elements of marketing into a programme or mix which, on the basis of an appraisal of the market forces will best achieve an enterprise at a given time”. According to Stanton, “Marketing mix is the term used to describe the combination of the four inputs which constitute the core of a company’s marketing system-the product, the price structure, the promotional activities and the distribution system.”

Thus marketing mix is the combination of the product, the distribution system, the price structure and the promotional activities. The term marketing mix is used to describe a combination of four elements-the product, price, physical distribution and promotion. These are popularly known as “Four Ps.”

These four elements or sub-mixes should be taken as instruments, by the management, when formulating marketing plans. As such, marketing manager should have a thorough knowledge about the four Ps. The marketing mix will have to be changed at the change of marketing conditions like economical, political, social etc. Marketing mix is developed to satisfy the anticipated needs of the identified markets.

A marketing mix includes multiple areas of focus as part of a comprehensive marketing plan. The term often refers to a common classification that began as the four Ps: product, price, placement, and promotion.

Effective marketing touches on a broad range of areas as opposed to fixating on one message. Doing so helps reach a wider audience, and by keeping the four Ps in mind, marketing professionals are better able to maintain focus on the things that really matter. Focusing on a marketing mix helps organizations make strategic decisions when launching new products or revising existing products.

- A marketing mix often refers to E. Jerome McCarthy’s four Ps: product, price, placement, and promotion.
- The different elements of a marketing mix work in conjunction with one another.
- Consumer-centric marketing mixes incorporate a focus on customers into their approaches.

Determining the Marketing-Mix

The purpose of determining the marketing is to satisfy the needs and wants of the customers in the most effective and economical manner. As the needs of the customers and the environmental

factors change, the marketing-mix also changes and it cannot remain static. Marketing-mix is, thus, a dynamic concept. In the words of Philip Kotler, "Marketing mix represents the setting of the firm's marketing decision variables at a particular point of time."

The process of determining the marketing-mix (or marketing decision-making) consists of the following steps:

1. Identification

First of all, the marketing department must identify the target customers to whom the sales are to be made.

2. Analysis

Once the target market is identified, the next step is to discover and understand the needs and desires of the customers. Marketing research is used in locating and analysing the target market. It is necessary to know the number, location, buying power and motives of customers. In addition, the nature of competition, dealers' behaviour and government regulations must be analysed.

3. Design

On the basis of the knowledge obtained through identification and analysis, an appropriate mix of product, price, promotion and channel is designed. Design involves not only the determination of each component but the proper integration of individual variables so that they reinforce one another.

4. Testing

It is desirable to make a test run of the marketing-mix designed by the marketing department. The designed mix may be used in a small group of customers. The reaction of customers will indicate the adjustments required in the mix.

5. Adoption

After the necessary modifications, the marketing-mix is adopted and put into use. The adopted mix should be evaluated from time-to-time and it must be adapted to changes in the environment of business.

Characteristics/Features/Nature of Marketing Mix

1. Marketing mix is the crux of marketing process

Marketing mix involves many crucial decisions relating to each element of the mix. The impact of the mix will be the best when proper weightage is assigned to each element and they are integrated so that the combined effect leads to the best results.

2. Marketing mix has to be reviewed constantly in order to meet the changing requirements

The marketing manager has to constantly review the mix and conditions of the market and make necessary changes in the marketing mix according to changes in the conditions and complexity of the market.

3. Changes in external environment necessitate alterations in the mix

Changes keep on taking place in the external environment. For many industries, the customer is the most fluctuating variable of environment. Customers' tastes and preferences change very fast. Brand loyalty and purchasing power also change over a period. The marketing manager has to carry out market analysis constantly to make necessary changes in the marketing mix.

4. Changes taking place within the firm also necessitate changes in marketing mix

Changes within the firm may take place due to technological changes, changes in the product line or changes in the size and scale of operation. Such changes call for similar changes in the marketing mix.

5. Applicable to business and non-business organization

Marketing mix is applicable not only to business organizations but also to non-business organizations, such as clubs and educational institutions. For instance, an educational institution is expected to provide the right courses (product), charge the right fees (price), promote the institution and the courses, and provide the courses at the right place.

6. Helps to achieve organizational goals

An application of an appropriate marketing mix helps to achieve organizational goals such as profits and market share.

7. Concentrates on customers

A thorough understanding of the customer is common to all the four elements. The focus point of marketing mix is the customer, and the marketing mix is expected to provide maximum customer satisfaction.

Elements of Marketing Mix

Marketing Mix is a mixture of several ideas and plans followed by a marketing representative to promote a particular product or brand is called marketing mix. Several concepts and ideas combined together to formulate final strategies helpful in making a brand popular amongst the masses form marketing mix.

Elements of Marketing Mix

The elements of marketing mix are often called the four P's of marketing.

1. Product

Goods manufactured by organizations for the end-users are called products.

Products can be of two types – Tangible Product and Intangible Product (Services)

An individual can see, touch and feel tangible products as compared to intangible products.

A product in a market place is something which a seller sells to the buyers in exchange of money.

2. Price

The money which a buyer pays for a product is called as price of the product. The price of a product is indirectly proportional to its availability in the market. Lesser its availability, more would be its price and vice a versa.

Retail stores which stock unique products (not available at any other store) quote a higher price from the buyers.

3. Place

Place refers to the location where the products are available and can be sold or purchased. Buyers can purchase products either from physical markets or from virtual markets. In a physical market, buyers and sellers can physically meet and interact with each other whereas in a virtual market buyers and sellers meet through internet.

4. Promotion

Promotion refers to the various strategies and ideas implemented by the marketers to make the end – users aware of their brand. Promotion includes various techniques employed to promote and make a brand popular amongst the masses.

Promotion can be through any of the following ways:

(i) Advertising

Print media, Television, radio are effective ways to entice customers and make them aware of the brand's existence.

Billboards, hoardings, banners installed intelligently at strategic locations like heavy traffic areas, crossings, railway stations, bus stands attract the passing individuals towards a particular brand.

Taglines also increase the recall value of the brand amongst the customers.

(ii) Word of mouth

One satisfied customer brings ten more customers along with him whereas one dis-satisfied customer takes away ten more customers. That's the importance of word of mouth. Positive word of mouth goes a long way in promoting brands amongst the customers.

Lately three more P's have been added to the marketing mix. They are as follows:

- **People:** The individuals involved in the sale and purchase of products or services come under people.
- **Process:** Process includes the various mechanisms and procedures which help the product to finally reach its target market
- **Physical Evidence:** With the help of physical evidence, a marketer tries to communicate the USP's and benefits of a product to the end users

Four C's of Marketing Mix

Now a days, organizations treat their customers like kings. In the current scenario, the four C's has thus replaced the four P's of marketing making it a more customer oriented model. Koichi Shimizu in the year 1973 proposed a four C's classification.

- **Commodity:** (Replaces Products)
- **Cost:** (Replaces Price) involves manufacturing cost, buying cost and selling cost
- **Channel:** The various channels which help the product reach the target market.
- **Communication:** (Replaces Promotion)

Robert F. Lauterborn gave a modernized version of the four C's model in the year 1993. According to him the four C's of marketing are:

- Consumer
- Cost
- Convenience
- Communication

Importance of Marketing Mix

There are several benefits of the marketing mix that makes it important to businesses;

- Helps understand what your product or service can offer to your customers
- Helps plan a successful product offering
- Helps with planning, developing and executing effective marketing strategies

- Helps businesses make use of their strengths and avoid unnecessary costs
- Helps be proactive in the face of risks
- Help determine whether your product or service is suitable for your customers
- Helps identify and understand the requirements of customers
- Helps learn when and how to promote your product or service to your customers

How to Develop a Marketing Mix?

1. Define Your Goal and Set a Budget

Developing an effective marketing mix starts with setting the right goals. Establish what you want to achieve with your marketing plan; is it to grow sales? Acquire more customers? Build brand awareness?

Once you have set realistic and measurable goals, determine how much you are willing to spend on achieving your objectives.

2. Study Your Target Customer

In order to build a product or service that your customers would want to buy, you need to know who they are.

Find different segments in your target audience and create separate customer profiles for each. Refer to these when you are developing your strategies.

3. Identify Your Unique Selling Proposition

Clarify what your unique selling proposition is through customer surveys, interviews, focus groups etc.

Here you will identify the benefits your product or service will bring to your customer, and how you are better than anyone else in solving their problems.

4. Understand Your Competition

Carry out a competitor analysis to understand the different strategies and tactics used by your competitors. This knowledge will be especially helpful when you are creating your pricing strategy.

5. Identify the Unique Features of Your Product

List down the unique qualities and the value of your product. You can build on these when you are marketing it to your customers.

6. Create a Pricing Strategy

Using the competitor research you have done, build a pricing strategy. Make sure that you have not overpriced or underpriced your product.

7. Choose Your Distribution Channels & Promotional Methods

Choose the channels you will be distributing your product through based on the type of your product or service and your target customer.

And select the promotional techniques you want to choose based on your budget, and again the customer and your product.

Approaches to Marketing

The study of marketing has been approached in more than one way. To some it has meant to sell something at a shop or market place; to some it has meant the study of individual product and its movement in the market; to some it has meant the study of persons-wholesalers, retailers, agents etc., who move the products and to some it has meant the study of behaviour of commodity movement and the way the persons involved to move them. The approach to the study of marketing has passed through several stages before reaching the present stage. There is a process of evolution in the development of these approaches.

To facilitate the study, these different approaches may be broadly classified as follows:

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.

The system claims that it is simple and gives good result over the marketing of each product; description study is possible. But at the same time this approach is time-consuming and repetitive process which is a drawback.

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.

4. Management Approach

This approach is the latest and scientific. It concentrates upon the activities or marketing functions and focuses on the role of decision-making at the level of firm. This approach is mainly concerned with how managers handle specific problems and situations. It aims through evaluation of current market practices to achieve specific marketing objectives.

Generally there are two factors-controllable and uncontrollable, which are more concerned with the decision-making. Controllable include price adjustment, advertisement etc. Uncontrollable-economical, sociological, psychological, political etc. are the basic causes for market changes. And these changes cannot be controlled by any firm.

But controllable can be controlled by the firm. The uncontrollable limit the marketing opportunities. As such, managerial approach is concerned with the study of uncontrollable and then taking decisions for controllable within the scope set by uncontrollable. Managerial or decision-making approach emphasizes on the practical aspects of marketing, but ignores the theoretical aspects of marketing. At the same time, this approach, provides an overall information of the entire business.

5. 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.

On the basis of feedback information proper control is exercised to modify or alter in the producing process, so that the desired output can be produced. Here, the aim is to secure profit through customer-satisfaction. Markets can be understood only through the study of marketing information. For instance, business is composed of many functions, which are composed of sub functions. Each

function or sub-function is independent, but interrelated and enables the other to achieve marketing objectives.

6. 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.

7. Legal Approach

This approach emphasizes only one aspect i.e., transfer of ownership to buyer: It explains the regulatory aspect of marketing. In India, the marketing activities are largely controlled by Sales of Goods Act, Carrier Act etc. The study is concentrated only on legal aspects, leaving other important aspects. This does not give an idea of marketing.

8. Economic Approach

This approach deals with only the problems of supply, demand and price. These are important from the economic point of view, but fail to give a clear idea of marketing.

4Ps of Marketing

The four major ingredients of the marketing-mix are described below:

Marketing mix- 4P's



1. Product

A product is any good or service that consumers want. It is a bundle of utilities or a cluster of tangible and intangible attributes. Product component of the marketing- mix involves planning, developing and producing the right type of products and services. It deals with the dimensions of product line, durability and other qualities.

Product policy of a firm also deals with proper branding, right packaging, appropriate colour and other product features. The total produce should be such that it really satisfies the needs of the target market. In short, product-mix requires decisions with regard to

- Size and weight of the product
- Quality of the product
- Design of the product
- Volume of output
- Brand name
- Packaging
- Product rang
- Product testing
- Warranties and after sale services, etc.

2. Price

Price is an important factor affecting the success of a firm. Pricing decisions and policies have a direct influence on sales volume and profits of business. Price is, therefore, an important element in the marketing-mix. In practice, it is very difficult to fix the right price. Right price can be determined through pricing research and test marketing.

A lot of exercise and innovation is required to determine the price that will enable the firm to sell its products successfully. Demand, cost, competition, government regulation, etc. are the vital factors that must be taken into consideration in the determination of price. Price-mix involves decisions regarding base price, discounts, allowances, freight payment, credit, etc.

3. Promotion

Promotion component- of the marketing-mix is concerned with bringing products to the knowledge of customers and persuading them to buy. It is the function of informing and influencing the customers. Promotion-mix involves decisions with respect to advertising, personal selling and sales promotion. All these techniques help to promote the sale of products and to fight competition in the market.

Advertising is a major tool used to communicate a message (called advertising copy) through; newspapers, magazines, radio, television and other media of advertising. Advertising component of the promotion-mix requires several decisions with regard to the theme of advertising, the media to be used, the advertising budget, etc. Large firms employ advertising agencies and specialists to run advertising campaigns and to prepare individual advertisements.

Personal selling is an effective means of communication with consumers. It involves direct face-to-face contact between salesmen and consumers. Sales managers plan, direct and control the efforts of individual sales persons.

Advertising cannot aim directly at the prospect to win his patronage. Therefore, personal selling is required to complement advertising. Personal selling is particularly useful when the product is of a technical nature or where goods are to be sold to industrial and commercial establishments.

Sales promotion consists of all forms of communication with the customers except advertising and personal selling. Free samples, prize contests, premium on sale, displays, shows and exhibitions, etc. are the main techniques of sales promotion.

No single method of promotion is effective alone and, therefore, a promotional campaign usually involves a combination of two or more promotional methods. Growing competition and widening market have made simultaneous use of more than one promotional method all the more necessary.

Combination of two or more methods in a single promotional campaign requires an effective blending of promotional inputs so as to optimize the expenditure on each. There is no one ideal promotional-mix that fits all situations. While devising a promotional-mix nature of product, type of customers, the promotion budget, stage of demand, etc. should be taken into consideration.

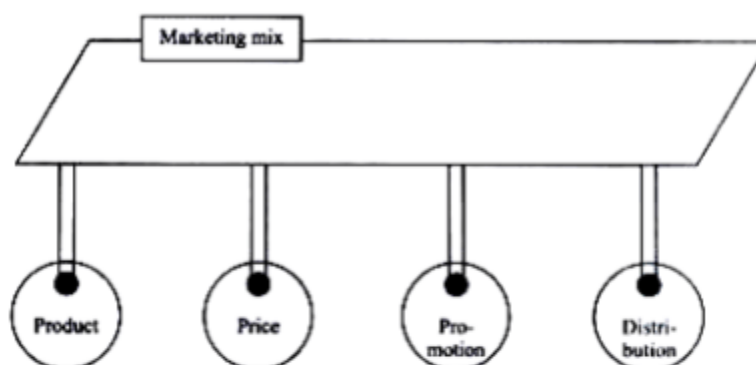
4. Place

This element of the marketing-mix involves choice of the place where products are to be displayed and made available to the customers. It is concerned with decisions relating to the wholesale and retail outlets or channels of distribution.

The objective of selecting and managing trade channels is to provide the products to the right customer at the right time and place on a continuing basis. In deciding where and through whom to sell, management should consider where the customer wants the goods to be available.

A manufacturer may distribute his goods through his own outlets, he may employ wholesalers and retailers for this purpose. Irrespective of the channel used, management must continuously evaluate channel performance and make changes whenever performance falls short of expected targets. In addition, management must develop a physical distribution system for handling and transporting the products through the selected channel.

In the determination of distribution-mix or marketing logistics, a firm has to make decisions with regard to the mode of transporting of goods to middlemen, use of company vehicles or a transporter, the route over which the goods are to be moved, type of warehouses where the goods are to be stored, etc.



The Sub-Components of the Four Ps.

<i>Product</i>	<i>Price</i>	<i>Place</i>	<i>Promotion</i>
Features	Credit Terms	Channels	Advertising
Design	Payment Period	Location	Sales Promotion
Brand	Discount	Stock	Publicity
Package	Commission	Delivery	Selling
Service	Price	Transport	Communication
Warranty	Differentials	Wholeselling	
Quality		Retailing	
Style			

The 4C's Marketing

This model is more consumer oriented and this focus has led to a primary use in niche marketing. This does not exclude it for use in products serving a mass market however. This alternate marketing mix is made up of four key variables:

- Consumer
- Cost
- Communication
- Convenience

1) Consumer (and Product)

Here, instead of beginning the story with a product itself, the focus is on selling only what the customer specifically wants to buy. This means that it becomes an absolutely vital activity for the marketer to spend time studying these consumer wants and needs in-depth. Only this detailed understanding will allow a company to sell with accuracy what the customer will buy.

At the core of any marketing effort is the product itself. This however, is just one piece of the puzzle. The product must be something that the customer finds desirable and there must be something unique about it that sets it apart from all the rest of the competition. The most effective way to achieve this is to first find the right untapped market, and then develop the product instead of trying to fit a ready-made product into a market. Product testing, therefore, becomes a key element of both the product variable and the customer variable. The understanding should be of what the product can give the customer both in the eyes of the manufacturer and in the eyes of the consumer.

2) Cost (and Price)

When understood correctly, the cost variable gives more detailed information about the customer than the price variable does. A good way to understand the difference in price and cost is given here. Price is the amount of money that a consumer will be willing to pay to acquire a good or service. On the other hand, cost is the amount that goes into the production of a good or service. This is the sum of the value of all inputs to production such as land, labor, capital and enterprise.

Within the total cost to satisfy a customer need, price becomes one of the many factors. Other factors may include the cost of time to acquire the product, the cost of conscience when it comes to consuming the product, the total cost of ownership, the cost to change to a new product and the cost of not selecting an alternative.

There is a common misconception among marketing professionals that the main motivation for a product purchase is the price. Though price-based positioning may provide some initial success, in the long term, this turns out to be a less successful move. If the product is given a price that

undercuts cost to gain the market, then the company will be at a disadvantage. If the product is priced at a premium without understanding its value to a customer, it will never be purchased.

Instead, a focus on cost to satisfaction will mean that there is more important information being taken into account than just the purchase price. A focus on this C will help find ways to actually increase the price of the item while decreasing the cost to satisfaction through measures that have a minimal influence on the company's bottom line.

3) Communication (and Promotion)

Promotion to be a manipulative factor driven only by the seller. Instead, he viewed communication as a more cooperative activity and driven more by the consumer of a product.

A traditional marketing mix uses promotion as a tool to put information about the product in front of the customer. Promotion and its methods continue to evolve with new avenues and means to reach the consumer. Though these methods of promotion remain effective, a niche marketing focus needs a bit more.

Communication will work toward creating a meaningful relationship with the customer with a focus on what they need and what their lifestyle is. The focus is wider and more inclusive of the different form's communication can take. There is more of a give and take between buyer and seller. Looking at advertising as this form of communication can help a marketer understand their market better and increase sales and customer loyalty.

4) Convenience (and Place)

The proliferation of online marketplaces, credit cards, catalogues and cell phones has made the provision of products to the customer a whole new ball game. A customer is not bound to actually go to a physical location to meet a need and there is an endless variety of places online to do so. This means that a marketer needs to be aware of how a particular customer group likes to make their purchases in order to make it convenient for them to buy. While place from the 4P model took into account the traditional value chain involved in getting a product into a customer's hand, the convenience variable considers much more.

Meaning and Concepts of Marketing

Marketing may be called as the collection of activities undertaken by the organization to relate profitability of its market. Marketing in the modern context goes beyond their immediate role as a process through which the exchange of goods and services are takes place and viewed as an integral part of the total socioeconomic process (System) which provides the framework for which activities take place. It is, therefore, very importance to understand the total structure of the societies in order to gain an insight into the true character of the marketing system.

Marketing involves the performance of operation in the business system. It includes those operations that can determine existing and obtained changes in the marketing environments. It also includes those operations that influence existing and potential demand. It is concerned with all activities that are concerned with the physical distribution of goods and their exchange in the market place, including channel of selection, transportation, shipping, warehousing, storage, inventory control and so on and so forth.

Thus marketing covers a wide range of interrelated business activities that enlarge the role of a marketer from one of selling, what has been produced, to one of influencing, what is to be produced. The main concern of marketing is to identify and satisfy specific customer needs by means of specific products or services; wherein lies the key to profit.

The term marketing can be broadly described as:

(i) Micro-Marketing

Micro-marketing may be described as the process of formulating and implementing certain strategies by a firm that ensures flow of need satisfying goods and services at a profit, Micro-marketing is responsible for effective performance of the strategies of product planning pricing, promoting and distributing.

(ii) Macro-Marketing

Macro-marketing is concerned with how effectively a society uses its resources and how fairly it allocates its output of goods and services. Macro-marketing is responsible for effective performance of functions like information function, equalizing and distribution function and centralized exchange function.

Marketing environment refers to external factors and forces that affect the company's ability to develop and maintain successful transactions and relationships with its target consumers.

Concept of marketing

The marketing concept is the strategy that firms implement to satisfy customers needs, increase sales, maximize profit and beat the competition. There are 5 marketing concepts that organizations adopt and execute.

Marketing is a department of management that tries to design strategies that will build profitable relationships with target consumers.

Five Marketing Concepts are

1. Production Concept,
2. Product Concept,
3. Selling Concept,
4. Marketing Concept,
5. Societal Marketing Concept



These concepts are described below;

1. Production Concept

The idea of production concept “Consumers will favor products that are available and highly affordable”. This concept is one of the oldest Marketing management orientations that guide sellers.

Companies adopting this orientation run a major risk of focusing too narrowly on their own operations and losing sight of the real objective.

Most times; the production concept can lead to marketing myopia. Management focuses on improving production and distribution efficiency.

2. Product Concept

The product concept holds that the consumers will favor products that offer the most in quality, performance and innovative features.

Here; under this concept,

Marketing strategies are focused on making continuous product improvements.

Product quality and improvement are important parts of marketing strategies, sometimes the only part. Targeting only on the company's products could also lead to marketing myopia.

For example;

Suppose a company makes the best quality Floppy disk. But a customer does really need a floppy disk?

She or he needs something that can be used to store the data. It can be achieved by a USB Flash drive, SD memory cards, portable hard disks, and etc.

So that company should not look to make the best floppy disk. They should focus to meet the customer's data storage needs.

3. Selling Concept

The selling concept holds the idea- "consumers will not buy enough of the firm's products unless it undertakes a large-scale selling and promotion effort".

Here the management focuses on creating sales transactions rather than on building long-term, profitable customer relationships.

In other words;

The aim is to sell what the company makes rather than making what the market wants. Such aggressive selling program carries very high risks.

In selling concept the marketer assumes that customers will be coaxed into buying the product will like it, if they don't like it, they will possibly forget their disappointment and buy it again later. This is usually very poor and costly assumption.

Typically the selling concept is practiced with unsought goods. Unsought goods are that buyers do not normally think of buying, such as insurance or blood donations.

These industries must be good at tracking down prospects and selling them on a product's benefits.

4. Marketing Concept

The marketing concept holds- "achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do".

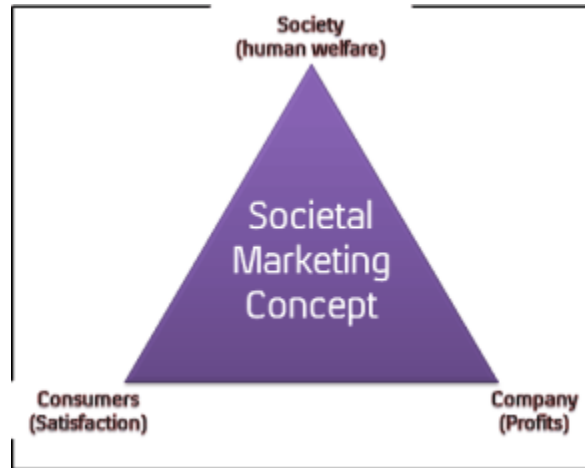
Here marketing management takes a "customer first" approach.

Under the marketing concept, customer focus and value are the routes to achieve sales and profits.

The marketing concept is a customer-centered "sense and responds" philosophy. The job is not to find the right customers for your product but to find the right products for your customers.

The marketing concept and the selling concepts are two extreme concepts and totally different from each other.

5. Societal Marketing Concept



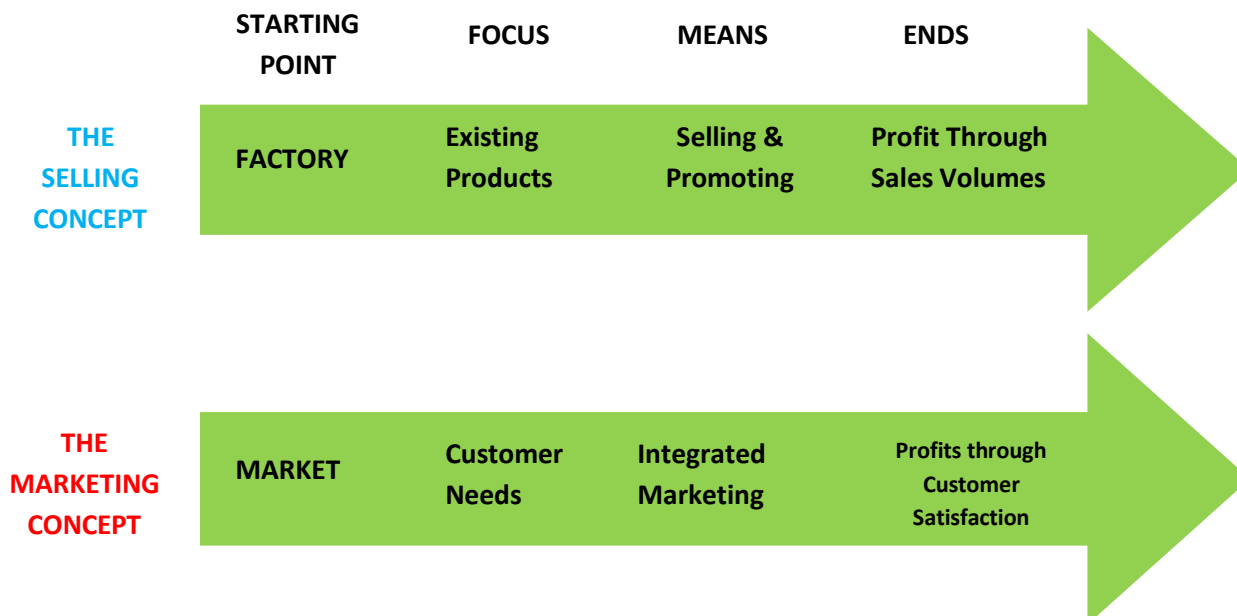
Societal marketing concept questions whether the pure marketing concept overlooks possible conflicts between consumer short-run wants and consumer long-run welfare.

The societal marketing concept holds “marketing strategy should deliver value to customers in a way that maintains or improves both the consumer’s and society’s well-being”.

It calls for sustainable marketing, socially and environmentally responsible marketing that meets the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs.

The global warming panic button is pushed and a revelation is required in the way we use our resources. So companies are slowly either fully or partially trying to implement the societal marketing concept.

Selling Concept and Marketing Concept



No.	THE SELLING CONCEPT	THE MARKETING CONCEPT
1	Undertakes a large-scale selling and promotion effort	Undertakes activities such as; market research,
2	The Selling Concept is suitable with unsought goods those that buyers do not normally think of buying, such as insurance or blood donations.	The Marketing Concept is suitable for almost any type of product and market.
3	Focus of the selling concept starts at the production level.	Focus of the marketing concept starts at understanding the market.
4	Any company following selling concept undertakes a high-risk	Companies that are following the marketing concept requires to bare less risk and uncertainty.
5	The Selling Concept assumes –“customers who are coaxed into buying the product will like it. Or, if they don't like it, they will possibly forget their disappointment and buy it again later.”	Instead of making an assumption, The marketing concept finds out what really the consumer requires and acts accordingly to them.
6	The Selling Concept makes poor assumptions.	Marketing concept works on facts gathered by its “market and customer first” approach.

----- THE END OF UNIT – 1 -----