



Study Material
Basics of Marketing (21UTDE13)

TDE

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BASICS OF MARKETING (21UTDE13)

UNIT-1: INTRODUCTION TO MARKETING

Unit Content:

- **Concept of market and marketing**
- **Importance of marketing**
- **Scope of marketing**
- **Concept of 4P's of marketing**



1 INTRODUCTION TO MARKETING

➤ What Is a Market?:

A market is a place where parties can gather to facilitate the exchange of goods and services. The parties involved are usually buyers and sellers. The market may be physical, like a retail outlet, where people meet face-to-face, or virtual, like an online market, where there is no physical presence or contact between buyers and sellers

- **Physical Markets** - Physical market is a set up where buyers can physically meet the sellers and purchases the desired merchandise from them in exchange of money. Shopping malls, department stores, retail stores are examples of physical markets.
- **Non Physical Markets/Virtual markets** - In such markets, buyers purchase goods and services through internet. In such a market the buyers and sellers do not meet or interact physically, instead the transaction is done through internet. Examples - Rediff shopping, eBay etc.
- **Auction Market** - In an auction market the seller sells his goods to one who is the highest bidder.
- **Market for Intermediate Goods** - Such markets sell raw materials (goods) required for the final production of other goods.
- **Black Market** - A black market is a setup where illegal goods like drugs and weapons are sold.
- **Knowledge Market** - Knowledge market is a set up which deals in the exchange of information and knowledge based products.
- **Financial Market** - Market dealing with the exchange of liquid assets (money) is called a financial market.
- **Financial markets are of following types:**



- **Stock Market** - A form of market where sellers and buyers exchange shares is called a stock market.
- **Bond Market** - A market place where buyers and sellers are engaged in the exchange of debt securities, usually in the form of bonds is called a bond market. A bond is a contract signed by both the parties where one party promises to return money with interest at fixed intervals.
- ✓ **Foreign Exchange Market** - In such type of market, parties are involved in trading of currency. In a foreign exchange market (also called currency market), one party exchanges one country's currency with equivalent quantity of another currency.
- ✓ **Predictive Markets** - Predictive market is a set up where exchange of good or service takes place for future. The buyer benefits when the market goes up and is at a loss when the market crashes.

➤ **Concept of marketing**

- **What is Marketing Concept?**

Marketing concept is a set of strategies that the firms adopt where they analyse the needs of their customers and implement strategies to fulfil those needs which will result in an increase in sales, profit maximisation and also beat the existing competition. The marketing concept has been widely used by companies all over the world in the present age, but the situation was not the same earlier. As per this concept, it is said that for an organisation to satisfy the objectives of the organisation, the needs and wants of the customer should be satisfied. This theory was first mentioned in Adam Smith's book —The Wealth of Nations in 1776 but came into widespread use only 200 years later. Therefore, marketing can be said as a process of acquiring customers and maintaining relations with them and at the same time matching needs and wants with the services or product offered by the organisation, which ensures that the organization will become profitable.



- **Types of Marketing Concept**

Five types of marketing concepts are as follows:

- ✓ **Production Concept**
- ✓ **Product Concept**
- ✓ **Selling concept**
- ✓ **Marketing concept**
- ✓ **Societal marketing concept**

- ✓ **Production Concept**

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

- ✓ **Product Concept**

The product concept is based on the assumption that customers will be more inclined towards products that are offering more quality, innovative features and top-level performance. . Let's take Apple and Google for example. The end products of these companies are not only of the best quality, but are also very exclusive. Hence, companies willing to adapt 'product concept' marketing strategy should not only keep themselves updated with the ever changing technical trends, but also the needs of their customers.

- ✓ **Selling Concept**

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

- ✓ **Marketing concept**

A marketing concept places the centre of focus on the customer. All the activities that are undertaken by an organization are done keeping the customer



in mind. The organizations are more concerned about creating value propositions for the customers, which will differentiate them from the competition.

✓ **Societal Marketing Concept**

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

• **What is marketing management?**

Marketing management involves developing and implementing strategic marketing programs, processes, and activities that align with wider business objectives, while utilizing customer insights, tracking metrics, and optimizing internal processes to achieve success.

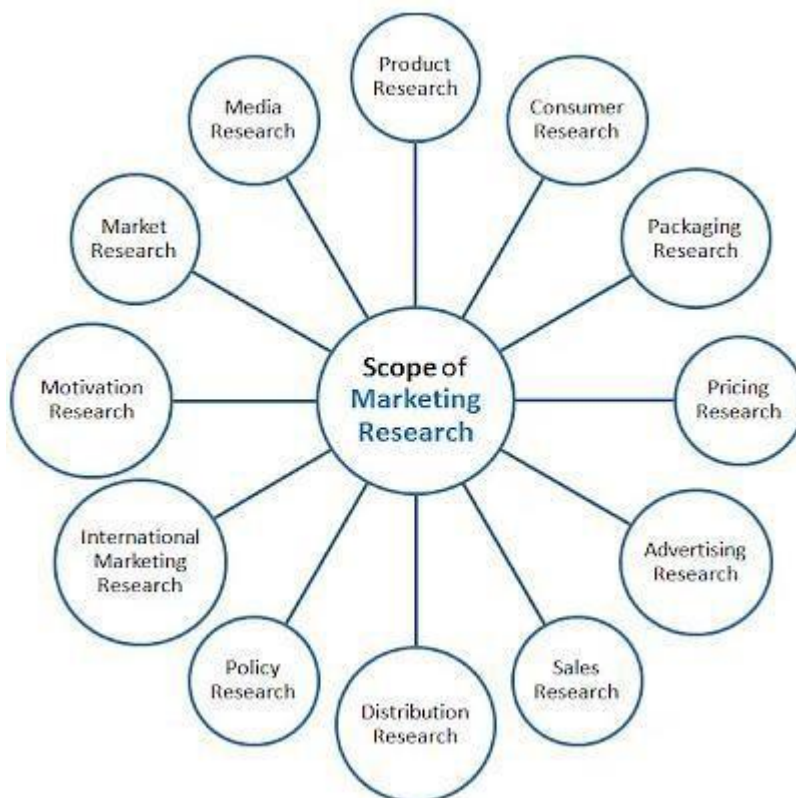
• **Importance of marketing:**

- ✓ **Effective consumer engagement:** Businesses must engage customers, and herein, marketing proves to be an effective tool. Customers can be engaged by telling them what they do not know and creating good content around your products and services.
- ✓ **Building and maintaining reputation:** The reputation of your business depends on how it grows and what its lifespan is. This is where marketing comes across as a way to build the brand equity of businesses. And this happens when the expectations of the customers are met.
- ✓ **Building relationships between customers and business:** For any business to grow, it must build a long-lasting relationship with its customers. Marketing is based on demographics, psychographics, and consumer behaviour and therefore, gives an understanding of what customers want.



- ✓ **Boosting sales:** Since marketing utilizes different ways to promote products or services, it helps in increasing the likelihood of better sales. Happy customers translate into a company's brand ambassadors automatically.
- ✓ **Staying relevant:** Marketing helps a business to remain relevant to the customers and in its domain. It helps in maintaining good relationships.
- ✓ **Making informed decisions:** The basic questions that every business has are around the how's and why's of producing products or delivering services. This underscores the importance of marketing for businesses and the fact that it links a business and society.

➤ **Scope of marketing:**



- **Study of Consumer Behaviour** The first and foremost role of marketing professionals is to be familiar with the expectations and expenditure patterns of the consumer in general. A thorough understanding of what they like to purchase? When do they do that? How much expense they are prepared to make for a novel item, what is their usual budget for the category of your



product and so on. It helps to determine the time and approach for your product launches. It lies in the nature of marketing management to gauge your consumer behaviour and strategize accordingly.

- **Identify their wants and requirements** To ensure a streamlined product launch and satisfy the user demand, marketers first need to identify the pain points of the audience. A strategic approach to marketing requires a complete understanding of the consumer lifestyle. Only this allows you to place a product or service that amplifies or complements their life.
- **Planning & Product Development** In this phase, the idea of the product is conceptualized. With the ideation of the product, it lies in the scope of marketing channels to determine the correct branding strategy that addresses consumer demands and desires.
- **Pricing and Policy Determination** Marketing professionals may leverage various factors in the product development cycle to identify the correct pricing. It takes into consideration existing competition in the market and the expenditure pattern of the target audience. The strategy should help marketers determine attractive packaging and prices that encourage buyers.
- **Distribution** Identifying the proper distribution channel for the product is vital to optimize your ROI. To ensure the desired amount of sales, the distribution line must ensure wider target group outreach at the minimum cost.
- **Promotion** In this step, marketers can use a mix of online and offline marketing channels to promote the product or service. Based on the type of product/service, and its target group – a particular marketing channel might be more suitable than others.
- **Consumer Satisfaction** Every product or service is created and distributed in the market with the end goal of satisfying the user's demand or making their life easier. Therefore, after market distribution, it is essential to get feedback from the clients on how the product is being received. Depending on the kind of response, a future iteration of the same product or service can be improved to target the maximum number of potential customers.



- **Marketing Control** It befalls the marketing department to ensure that the strategies implemented are able to produce the desired amount of results. After the product distribution and launch, marketers perform an in-depth audit to determine the utility of the approach and optimise it accordingly.

➤ **Concepts of 4'P**

➤ **The four Ps**

The four Ps form a dynamic relationship with one another. Rather than one taking priority over the other, each is considered equally important in crafting a strategic marketing plan.

Product: The product is the good or service being marketed to the target audience. Generally, successful products fill a need not currently being met in the marketplace or provide a novel customer experience that creates demand. For example, the original iPhone filled a need in the market for a simplified device that paired a phone with an iPod. As you are working on your product, it is essential to consider your target audience and their unique needs. Some questions to consider when working on a product include:

What is your product?

What does your product do?

Does the product meet an unfilled need or provide a novel experience?

Who is your product's target audience?

How is your product different from what others offer?

Price: Price is the cost of a product or service. When marketing a product or service, it is important to pick a price that is simultaneously accessible to the target market and meets a business's goals. Pricing can have a significant impact on the overall success of a product. For example, if you price your product too high for your targeted audience, very few will likely purchase it. Similarly, if you price your product too low, then some might pass it up simply because they are concerned it might be of inferior quality and cut into your potential profit margins. To identify a successful price, you will want to thoroughly understand your target audience and their willingness to pay for



your product. Some questions you might ask yourself as you are considering your product's price include:

What is the price range of your product's competitors?

What is the price range of your target audience?

What price is too high for your audience?

What price is too low?

What price best fits your target market?

Place:

Place is where you sell your product and the distribution channels you use to get it to your customer. Like price, finding the right place to market and sell your product is key to reaching your target audience. If you put your product in a place that your target customer doesn't visit—on or offline— you will likely not meet your sales target. The right place can help you connect with your target audience and set you up for success. For example, imagine you are selling an athletic shoe. Your target market is athletes in their early twenties to late thirties, so you decide to market your product in sports publications and sell it at specialty athletics stores. By focusing on sports stores over shoe stores in general, you target your efforts to a specific place that best fits your marketing mix. To decide the best place to market and sell your product, you should consider researching the physical or digital places where your target audience shops and consumes information. Some questions to consider include:

Where will you sell your product?

Where does your target audience shop?

Promotion:

Promotion is how you advertise your product or service. Through promotion, you will get the word out about your product with an effective marketing campaign that resonates with your target audience. There are many different ways to promote your product. Some traditional methods include word of mouth, print advertisements, and television commercials. In the digital age, though, there are even more marketing channels that you can use to promote your product, such as content marketing, email marketing, and social media



marketing. Some questions to consider as you are working on your product promotion include:

What is the best time to reach your target audience?

What marketing channels are most effective for your target audience?

What advertising approaches are most persuasive to your target audience?

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