

AMK -1
MARKETING

BLOCK

1

BASIC CONCEPTS OF MARKETING

UNIT 1

Nature and Scope of Marketing

UNIT 2

Marketing Environment

UNIT 3

Markets and Market Segmentation

UNIT 4

Consumer Behaviour

BLOCK 1 BASIC CONCEPTS OF MARKETING

This application oriented course on Marketing is designed to help you learn basic concepts and practice of modern marketing in a practical way. This first block introduces you to the basic concepts of marketing. It explains what marketing is, how it has developed, the environmental forces which shape the organisation's marketing programme, marketing segmentation and consumer behaviour. This block consists of four units.

Unit 1 explains the meaning and importance of marketing, evolution of various marketing concepts, nature of marketing in the developing countries and the concept of marketing mix.

Unit 2 discusses the environmental forces which shape an organisation's marketing programme. In particular, it deals with the meaning and components of marketing environment, various government regulations affecting marketing in India and implication of some regulations for marketing decision-making,

Unit 3 describes the meaning of a market, classification of markets and their characteristics, meaning and importance of market segmentation, and requirement and bases of segmentation.

Unit 4 explains meaning and importance of consumer behaviour, types of consumers, and factors influencing the consumer behaviour.

UNIT 1 NATURE AND SCOPE OF MARKETING

Structure

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- 1.2 The Meaning of Marketing
- 1.3 Marketing Concepts
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1.0 OBJECTIVES

After studying this unit, you should be able to:

- explain the meaning of the term marketing and various marketing concepts;
- state the importance of marketing to the business, the consumer and the society;
- describe the nature of marketing in a developing economy; and
- narrate the concept of marketing mix.

1.1 INTRODUCTION

In this introductory unit we will study the meaning of marketing and various marketing concepts, evolution of marketing, importance of marketing and the nature of marketing in a developing economy like India. You will also understand the concept of marketing mix and the components of marketing mix.

1.2 THE MEANING OF MARKETING

In USA, 300 college administrators were asked about the meaning of marketing. As many as 90 per cent said the marketing was selling, advertising and/or public relations. Even in our country when managers are asked this question, the majority of them give a similar reply. It

is important to understand that marketing is much more than selling or advertising, although these do form part of the marketing functions.

According to the American Marketing Association *"marketing is the performance of business activities that directs the flow of goods and services from producer to consumer or user."* This definition is undoubtedly an improvement on the description of marketing as selling. According to this definition, marketing also encompasses other activities along with selling.

If you are an entrepreneur who wants to start a new business, you do not have a product. In fact you will have to decide what product you should manufacture and sell. How do you decide this? *This you can do only when you identify the needs which require satisfaction among human beings. Once you identify the need of a group of human beings, you can determine the product which can satisfy that need. This is a part of the modern philosophy of marketing or the marketing concept.*

Philip Kotler, a well known author in the area of marketing, defines marketing as *"a human activity directed at satisfying needs and want through exchange processes."* Thus, the most fundamental concept which must be realised as being the basis of all marketing activities is the existence of human needs. A marketing man may devise a product or service aimed at satisfying a certain need, and thus provide satisfaction to the user. People may have unlimited wants but the ability to buy may be restricted on account of their economic background. They will, therefore, select from among those products which give more satisfaction or are needed more. Thus, when they are backed by ability to buy, the wants are converted into demand for your product. Therefore, when people decide to satisfy their needs and wants, in terms of marketing activities, exchange takes place. This explains in detail the definition given by Kotler.

Based on the above discussion we can develop a process-oriented definition of marketing, as *"the process of ascertaining consumer needs, converting them into products or services, and moving the product or service to the final consumer or user to satisfy certain needs and wants of specific consumer segment or segments with emphasis on profitability, ensuring the optimum use of the resources available to the organisation."*

Marketing is a continuous process and it does not ends unless the business itself comes to and end.

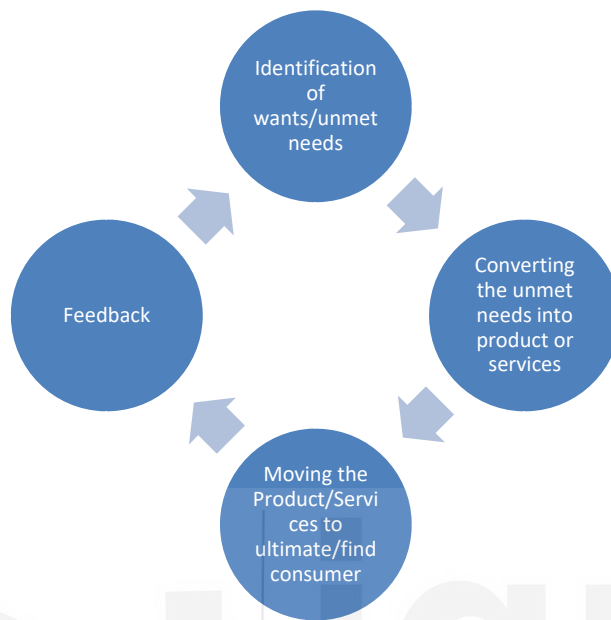


Figure 1.1: Marketing as a Continuous Process

In practice, often, the business functions such as production, finance and marketing are performed by separate departments with their own way of thinking. Production is often considered the more important function as compared to marketing. This practice is, gradually losing ground and it is being recognised that unless you can sell a product, you should not manufacture it. Production-orientation evolved because often products were designed and developed by inventors who hoped that they would sell. However, if these products fail to satisfy some needs, they would never sell in the market place. Therefore, consumer oriented thinking becomes necessary for any business to survive and grow.

1.3 MARKETING CONCEPTS

There are five different marketing concepts under which business enterprises conduct their marketing activity:

- 1) Production concept
- 2) Product concept
- 3) Selling concept
- 4) Marketing concept
- 5) Societal concept

1.3.1 Production Concept

This is probably the oldest concept. Some businessmen believe that the consumers are interested only in low priced, easily and extensively available goods. And finer points of the product are not very important to them. So the producers believe they must concentrate only in efficient (economical) and extensive (large scale) production. A company which believes in this approach concentrates on achieving high production efficiency and wide distribution coverage. Organisations may adopt this concept in two types of situations:

- i) When the demand for the product is higher than the supply, you can sell more if you increase production. Here the main concern of the management is to find ways to increase production to fill the demand and supply gap.
- ii) When the cost of the product is high and increase in production is going to bring down the cost due to economies of scale.

The organisations which adopt this concept are typically production oriented concerns. Production and engineering departments play an important role in this situation. Such organisations have only sales departments to sell the product at a price set by production and finance departments.

1.3.2 Product Concept

As against the production concept, some organisations believe in product concept. The product concept implies that consumers favour those products that offer the most quality, performance and features. They also believe that consumers appreciate quality features and will be willing to pay 'higher price for the 'extra' quality in the product or service made available. Hence, those companies which believe in this concept concentrate on product and its improvement. But, while improving the product they rarely take into consideration the consumers' satisfaction and his multifarious needs. Even when new products are planned, the producer is concerned more with the product and less with its uses or the consumer needs. For example, a biscuit manufacturer produced a new brand of biscuits with good ingredients, colour, packaging, etc., without taking into account consumer tastes and preferences. This may fail in the market if the biscuit does not taste good to the ultimate consumer.

1.3.3 Selling Concept

Sometimes the main problem of the enterprise is not more production, but to sell the output. Similarly, a better product may not assure success in the market. Hence selling assumes greater importance. So some producers believe that aggressive persuasion and selling is the crux of their business success, and without such aggressive methods they cannot sell and survive. Therefore, attention is paid to find ways and means to sell. They also believe that customer/consumers. Many a times customers and consumers are treated as same term. However, there is a difference. Anyone who buys a commodity or services is customer

whether she is buying for own consumption or other or for commercial purpose whereas a consumer may not necessarily buy the offering but she consumes it left to themselves, will not buy enough of organisation's products and services, and hence considerable promotional effort is justified. Thus, the selling concept assumes that consumers on their own will not buy enough of organisation's products, unless the organisation undertakes aggressive sales and promotional efforts. Many insurance agents, sales persons of certain electrical gadgets, health drinks, soft drinks, and fund raisers for social or religious causes come under this category.

Sale is the index of success of marketing as well as the production efforts. The marketers who believe in sales concept often forget that the consumers buy goods to fulfil certain needs. After the sale, what happens or how the consumer feels is not their concern. They may not expect the customer to come again to buy the product. They may go to new target consumers rather than building up a network of satisfied customers. Some firms facing with excess production also adopt selling concept. There are fair as well as unfair persuasive means adopted in this process. But the purpose behind all such action is selling more. Sales executives or sales department assumes greater importance in sales concept. Compared with production concept and product concept.

1.3.4 Marketing Concept

In an evolutionary process, many organisers have come to change their focus and to see their marketing tasks in a broader perspective. Marketing concept is considered a business philosophy wider in its implications. Under the marketing concept, the organisation considers the needs and wants of consumers as the guiding spirit and the delivery of such goods and services which can satisfy the consumer needs more efficiently and effectively than the competitors. It is also said that the marketing concept is consumer orientation with the objective of achieving long run profits. It is a modern marketing philosophy for dynamic business growth. In other words, under this concept the task of marketing begins with finding what the consumer wants, and produce a product which will meet that want and provide maximum satisfaction. Implicitly, the consumer is the boss or king who dictates. The focus which moved from the product to selling, now rests with the consumer.

When organisations practice the marketing concept, all their activities (manufacturing, finance, research and development, quality control, distribution, selling, etc.) are directed to satisfy the consumer satisfaction becomes a single value which becomes the core if corporate culture in such organisation. Companies produce what consumers want and, thus, satisfy consumers and make profits.

Those companies which have attained a certain maturity and which could see beyond the immediate future adopt this concept. Some companies may not adopt this concept because they feel that this may result in the decline of sales or profits in the short run and the long run profits in any case are unpredictable or uncertain. The companies which want to make 'quick-bucks' also do not adopt this concept. Even the departments within the

organisation may not fully cooperate since they are not 'convinced' about the advantages of following the marketing concept. In spite of these hurdles, it is now a world-wide experience. Companies which are successful, enjoy goodwill and grow in the long run are companies which have adopted the marketing concept as their business philosophy. These companies realised that a satisfied customer is the best advertiser for their product. Their profits are generated from the satisfaction of the customer and not from the product or their selling efforts. In an economy like India with shortages in many goods as well as lack of resistance from the consumers, the firms which practice the first three concepts also survive.

1.3.5 Societal Concept

With the growing awareness of the social relevance of business, there is an attempt to make marketing also relevant to the society. In a sense, marketing is not a business activity alone but must take into account the social needs. Excessive exploitation of resources, environmental deterioration and the customer movements in particular have necessitated the recognition of the relevance of marketing to the society. Marketing then must be a socially responsible or accountable activity. The societal concept holds that the business organisation must take into account the needs and wants of the consumers and deliver the goods and services efficiently so as to enhance consumer's satisfaction as well as the society's well being. The societal concept is an extension of the marketing concept to cover the society in addition to the consumers.

In effect, a company which adopts the societal concept has to balance the company profit, consumer satisfaction and society interests. The problem is almost the same as that of social responsibility of business. What is good for the society is a question to be decided. A voluntary acceptance of this concept is desirable for the long run survival of private business. An effective implementation of the societal concept will certainly enhance the goodwill of the business house. The business enterprises which believe in this concept will produce and market those goods and services which are beneficial to the society, those that do not pollute the environment, and give full value for the money spent.

Check Your Progress A

- 1) Distinguish between production concept and product concept.

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- 2) Distinguish between selling concept and marketing concept.

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- 3) Distinguish between marketing concept and societal concept.

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- 4) Match the organisational objectives given in Column 1 with the marketing concepts in Column 2.

Organisational Objectives	Marketing Concept
i) Effective distribution	a) Product concept
ii) Large scale selling and promotion effort	b) Societal concept
iii) Produce what consumers need	c) Selling concept
iv) Product improvement	d) Production concept
v) Improve society's well being	e) Marketing concept

- 5) State whether the following statements are **True** or **False**.

- i) In an organisation which adopts the production concept, marketing department assumes greater importance.
- ii) Producing a cheaper product is the focus of product concept of marketing.
- iii) Selling concept of marketing assumes that left to themselves consumers will not buy enough of organisation's products
- iv) "Make what you can sell instead of trying to sell what you can make", is the approach in marketing concept.

1.4 EVOLUTION OF MARKETING

Marketing has gradually evolved out of the barter system. The Industrial Revolution, growing population, improvements in communications, and transport facilities and information technology revolution have contributed to the growth of marketing as an important economic activity. In the initial stages of development, a village artisans or craftsmen made goods to order and tried to meet the neighbourhood demand. After the Industrial Revolution, large scale production became possible and large scale industries came into existence. In the initial stages of Industrial Revolution, producers were able to sell whatever they have produced. So, they concentrated on higher production. At that stage most of the enterprises adopted the production concept. Later when the competition started building-up, producers faced difficulties to sell whatever they produced and the need to improve the product arose. This led to the emergence of product concept and selling concept. With the increase in competition, producers realised the advantage of producing what consumers need instead of selling whatever is produced. This led to the consumer orientation in marketing and the emergence of marketing concept and societal concept.

Figure 1.2 Evolution of Marketing Concepts - Approximate Time Period

Production Concept	Product Concept	Selling Concept	Marketing Concept	Societal Concept
Late 1890s	1900	1920	1950	1970
				Present

Figure 1.2 presents the approximate time spans covered by each of the five concepts in the USA. Since changes occur gradually over a continuum, the periods overlap one another. So, the figure indicates only the times during which a particular concept has been prevalent. Other developed countries also have gone through the similar periods, usual

In the developed countries where the markets are developed, most of the producer adopt the marketing concept. In the developing countries markets are heterogeneous and you can see the co-existence of all the five concepts. Thus, the concept of marketing has grown along with the process of economic development.

The growth of civilisation, the standard of living, the changing life styles and technological growth have created new wants. These can be satisfied only with a wide variety of new goods and services apart from changes and improvements in the existing goods and services. This is however the general trend, and there are several exceptions. Markets for all products and services have to reach a certain maturity to experience this evolutionary trend. It may not be so in the case of each and every product or market. The rural market in India, for example, is fairly different from the urban market. Even among a set of consumer goods, for example, cosmetics which serve the middle/upper income groups are much more consumer oriented than the market for undergarments for men. Besides, there is a seller's market in some goods and services and a buyer's market in some others.

Another feature in the evolutionary process of marketing is the growing role of service marketing. The demand for service contracts to maintain the gadgets in use have become more easily marketable and a reliable service commands a premium in the market. When one computer manufacturer enters the market, may be another 20 to 30 service organisations come up to offer their services for an uninterrupted performance of the computer or to train people in computer software and operation.

Another feature in the growth of marketing is the globalisation of markets. Many producers aim at selling in more than one country. The product and promotion strategies are planned that way. It does not require a large scale business to enter the export market, even the small scale businesses are entering the export market quite significantly.

1.5 DIFFERENCE BETWEEN SELLING AND MARKETING

Many people use the terms marketing and selling as synonyms. In fact, these two terms have different meanings in marketing management. An understanding of the differences between them is necessary for you to be a successful marketing manager.

Selling is an action which converts the product into cash but marketing is the whole process of meeting and satisfying the needs of the consumer. Marketing consists of all those activities that are associated with product planning, pricing, promoting and distributing the product or service. Selling focuses on the needs of the seller whereas marketing concentrates on the needs of the buyer.

Selling is the modern version of the exchange under barter system. When the focus is on selling, the business man thinks that after production has been completed the task of the sales force starts. It is also the task of the sales department to sell whatever the production department has manufactured. Aggressive sales methods are justified to meet this goal and customer's actual needs and satisfaction are taken for granted.

But marketing is a wider and all pervasive activity to a business firm. The task commences with identifying consumer needs and does not end till feedback on consumer satisfaction from the consumption of the product is received. It is a long chain of activity which comprises production, packaging, promotion, pricing, distribution and then the selling. Consumer needs become the guiding force behind all these activities. Profits are not ignored but they are built up on a long run basis. Distinction between selling and marketing are summarised in Table 1.1.

Table 1.1 Distinction between Selling and Marketing

Selling		Marketing
1	Emphasis is on the product .	Emphasis is on customers wants -
2	Company first makes the product and then figures out how to sell it	Company first determines customers wants and then figures out how to make and deliver a product to satisfy these wants.
3	Management in sales volume oriented	Management is profit oriented
4	Planning is short-run-oriented, in terms of today's products and markets	Planning is long-run-oriented, in terms of new products, tomorrow's markets and future growth
5.	Stresses needs of seller	Stresses wants of buyers

Source : Stanton W.J., and Charles Futrell. 1987. Fundamentals of Marketing, McGraw Hill, P. 11-12.

1.6 IMPORTANCE OF MARKETING

Marketing is considered to be the most important activity of the present day business. Without it, business will be meaningless. Quite often the success of a business is considered synonymous with the success of its marketing. Apart from becoming so crucial to a business, it is also helpful to the consumer and the development of the economy as well as the society. Over a period of time, businesses have realised various dimensions and significance of this function and a more comprehensive view is being adopted. Specialised branches of marketing like the marketing of consumer goods and services, industrial goods and services, have developed with their own unique features.

Marketing is a concept applicable not only to goods but also to services such as health service, investment **counselling**, bank deposits and loans, etc. Marketing is important to the business, consumer and the society. For the business house marketing brings in revenue, for the consumer it provides the goods and services of utility, for the society it enables a redistribution of income and generation of employment, and improving the standard of living of people. Major advantages of marketing are briefly discussed below:

- 1) Marketing is important to the business organisation since it is the activity that **sells the product and brings revenue to the company**, and it is also the key to its success. Research and development and production become meaningless if the product is not marketed successfully. **Scanning the environment, finding marketing opportunities, formulating product policies, evolving distribution and pricing strategies are some of the problem areas which pose challenges to the success of a business**. Marketing takes care of all these challenges.
- 2) Marketing enables the consumers to exercise choice and to improve their levels of consumption. In a sense, marketing is defined as the delivery of a standard of living. The easy availability of goods and services of good quality at competitive prices is made possible only by an efficient marketing system. In such a system the consumer is the king.
- 3) **Marketing creates time, place and possession utilities to products and services. Products are useful only when they are available at the required time and place as well as to the person who needs them**. Marketing creates these utilities.
- 4) Marketing contributes to the economic development of the country. It symbolises the economic development of a country. This is because on the one hand marketing activities generate employment and income, and on the other hand the development of a country is reflected in the variety and volume of goods available and consumed by the people of that country. The **per capita** availability of essential consumer goods is an indicator of the level of poverty or affluence in a country.

- 5) Marketing offers career opportunities to a large number of people. Marketing related occupations account for a significant portion of the employment generated in a country.

1.7 MARKETING IN A DEVELOPING ECONOMY

Efforts scope and functions of marketing depends upon economic development, technological achievements and political, social and cultural factors. For example scope of marketing for a population which is illiterate is different than that of a literate population.

Marketing in a developed economy is somewhat different from a developing economy like India. All the advantages of a matured marketing system as found in a developed economy, may not be realised in a developing economy. Some characteristics of marketing in a developing economy are as follows:

- 1) Most of the markets remain seller's markets. The seller is in a dominating position and can influence the pattern of consumption, prices and quality of goods and services to his advantage. Many of the manufacturers believe in the selling concept and bother less about consumer satisfaction.
- 2) The variety of goods and services available are limited and even their quality may require improvement. Lack of effective competition enables the manufacturers to sell whatever they produce. The consumers have to accept and buy whatever is available in the market.
- 3) In a developing economy, due to lower per capita income, people spend most of their income on necessities and little money is available for discretionary spending. People may not be able to buy many goods and services within the limited income. As income determine consumption patterns, the scope for marketing is also determined by income.
- 4) The consumers knowledge and awareness about their rights is also limited because they do not have more exposure to marketing activities. It is difficult to know about higher quality, better service and wider choice unless one has an exposure in these terms. The consumers of the developing economies, therefore, appear to be content with whatever is available in their country.
- 5) The supporting services such as departmental stores, credit facilities, packing and delivery systems, after sales services, product guarantee, money back guarantee etc., are also less in developing countries.

All the developing countries are in a process of gradual evolution and in the normal course of events must grow into developed systems. However, with the rapidly changing environment, the whole thing is getting ticky.



1.8 CONCEPT OF MARKETING MIX

Marketing requires several activities to be done. To begin with, a company may choose to enter one or more segments of a market-since it may not be possible to cover the entire market. The manufacturer of a bathing soap, for example, may aim at the working class in the middle or lower income groups as his target consumers. Once the target market is decided, the product is positioned in that market by providing the appropriate product qualities, price, distribution and advertising efforts. These and other relevant marketing functions are to be combined or mixed in an effective proportion so as to achieve the marketing goal. In order to appreciate this process, it is easier to divided the marketing activities into four basic elements which are together referred to as the marketing mix. These four basic elements are: 1) product, 2) price, 3) promotion, and 4) physical distribution. As all these four start with the letter 'P', they are referred to as the four Ps of the marketing mix or the four Ps in marketing. Thus, marketing mix may be defined as the set of controllable marketing variables/activities that the firm blends to produce the response it wants in the target markets. A marking expert named Edmund Jerome McCarthy created the term Marketing 4Ps in 1960. Let us study the four Ps in details.

The word **product** stands for the goods or services offered by the organisation. Once the needs are identified, it is necessary to plan the product and after that keep on analysing whether the product still satisfies the needs which were originally planned for, and if not, to determine the necessary changes. You will learn this in greater detail in Block 2 of this course when we talk about how new products are introduced, how they have to be modified in due course to continue to be successful in sales and why marginal or non-profitable products should be removed, unless they are contributing in some way to the overall benefit of the organisation.

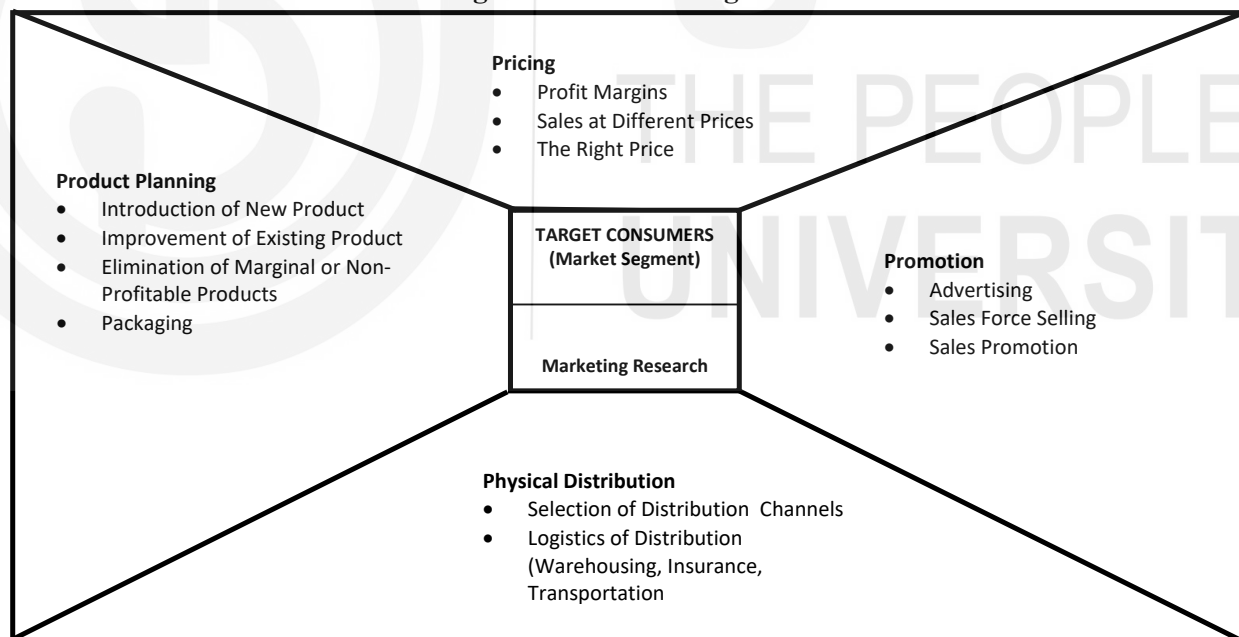
Price is the money that the consumer has to pay. Price must be considered as worth the value of the product to become an effective marketing tool. The product has to be reasonably priced. The manufacturer has to take into account cost factors, profit margin, the possibility of sales at different price levels and the concept of the right price. You will study pricing in detail in Block 3 of this course.

Promotion is the aspect of selling and advertising or communicating the benefits of the product or service to the target customers or the market segment in order to persuade them to purchase such products or services. It includes selling through advertising as well as the sales force. Besides, a certain amount of promotion is also done through special seasonal discounts, competitions, special price reductions, etc. You will study about promotion in detail in Block 5 of this course.

Physical distribution refers to the aspect of the channels of distribution through which the product has to move before it reaches the consumer. It also includes the logistic aspects of distribution such as warehousing, transportation, etc., needed for geographical distribution of products. It is also concerned with the selection of distribution channels. The organisation must decide whether it should sell through wholesalers and then to retailers, or whether directly to the consumers. There are many ways in which a product can be moved from the producer to the consumer. The optimum method has to be determined in terms of both consumer satisfaction and profitability to the organisation, or optimum use of the organisation's resources. You will study about physical distribution in detail in Block 4 of this course.

The manufacturer must design the most effective combination of these four basic factors as well the expenditure he would like to incur on them. The variables that are relevant in the marketing mix vary from company to company. These variables are not independent in their effect on the marketing effort. One variable may influence the other. Apart from the expenditure involved, these decisions are influenced by the company's market positioning decision. Look at Figure 1.3 carefully. It summarises all the components of marketing mix.

Figure 1.3 : Marketing Mix



However, when it comes to services marketing these 4P's are further extended to 7P's i.e.,

- Product
- Prices
- Promotion
- Physical Distribution/Places
- People

- Process and
- Physical Environment

The extended 3Ps are People, Process and Physical Environment.

People – Employer, Management, Culture and Consumer Service.

Process – How are Services Consumed

Physical Environment – Run down, comfort, facilities evidence.

It is very important for a marketer to find out if there is enough demand for his product in his target market(s) and (people) to ensure that the organisation has efficient human resources (employers) who can deliver the satisfaction to the ultimate/final consumer.

We need to have a well-designed process to render services to the consumer. In service industries it is imperative to ensure that the services are delivered to the consumers, therefore there should be physical evidence that the services were delivered they had to be.

Besides, there is a theory of 4Cs developed in 1990s. The 4Cs marketing model was developed by Robert F. Lauterborn in 1990. He added : Cost, Consumes, Wants & needs, Communication and Convenience to the marketing

4Ps and Corresponding 4Cs

Product	→	Customer wants and needs
Price	→	Cost
Place	→	Convenience
Promotion	→	Communication

Check Your Progress B

1) What are the four Ps of marketing?

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2) State the distinction between selling and marketing.

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- 3) State whether the following statements are **True** or **False**.
- i) From the society's point of view marketing is a waste. .
 - ii) An underdeveloped economy is primarily a buyer's market.
 - iii) Marketing creates time and place utilities to products and services.
 - iv) Selling primarily refers to exchange function.
 - v) Marketing starts with the product.
 - vi) Marketing in developing countries is different from the marketing in developed countries.
 - vii) In developing countries markets are mostly sellers' markets.

1.9 LET US SUM UP

The term marketing has been defined in different ways. This is because each author defines it with a particular approach or purpose. According to Philip Kotler, marketing is human activity directed at satisfying needs and wants through exchange process.' It is a process of ascertaining consumer needs, converting them into product or services, and moving the product or service to the final consumer or user to satisfy certain needs and wants with emphasis on profitability and ensuring the optimum use of the resources available to the organisation.

After the Industrial Revolution, marketing philosophy has undergone so many changes. It has passed through four stages and a fifth stage is emerging. During these five stages of development, five marketing concepts emerged. They are: 1) production concept, 2) product concept, 3) selling concept, 4) marketing concept, and 5) societal concept. However, even in the present day world many companies are still in the earlier stages.

Many people think that the terms selling and marketing are synonymous. In fact, selling is different from marketing. Selling is the action which converts the product into cash whereas marketing is the whole process of identifying, meeting and satisfying the needs of the consumers.

Marketing is the most important activity of any business. Quite often the success of the business is considered synonymous with the success of its marketing efforts. Apart from becoming crucial to the business, it is also helpful to the consumer and the development of the economy as well as the society. Marketing in a developing economy is somewhat different from developed economy. All the advantages of a matured marketing system as found in a developed economy may not be realised in a developing economy.

Marketing activities may be divided into four basic elements which are together referred to as the marketing mix. These four basic elements are: 1) Product 2) Price, 3) Promotion, and 4) Physical Distribution. As all these elements start with the letter P, they are referred to as the 'four Ps' of the marketing mix or the 'four Ps in marketing'.

1.10 KEY WORDS

Marketing: The process of ascertaining consumer needs, converting them into products or services, and moving the product or service to the final consumer or user to satisfy certain needs and wants with emphasis on profitability and ensuring optimum use of the resources available to the organisation.

Marketing Concept: A marketing philosophy which holds that achieving organisational goals depends on determining needs and wants of target markets and delivering the desired satisfaction more effectively and efficiently than competitors.

Marketing Mix: The set of four Ps-product, price, promotion and physical distribution--that the firm blends to produce the response it wants in the target group.

Product Concept: A marketing philosophy which holds that consumers will favour the products that offer the most quality, performance and features, and therefore the organisation should devote its energy to making continuous product improvement.

Production Concept: A marketing philosophy which holds that consumer will favour products that are available and highly affordable, and therefore management should focus on improving production and distribution efficiency.

Selling Concept: A marketing philosophy which holds that consumer will not buy enough of the organisation's products unless the organisation undertakes a large selling and production effort.

Societal Concept: A marketing philosophy which holds that the organisation must take into account the needs and wants of the consumers and deliver the goods and services efficiently so as to enhance consumer's satisfaction as well as the societal well being.

1.11 ANSWERS TO CHECK YOUR PROGRESS

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|----|----|----------|-----------|-----------|----------|------|
| A) | 4. | i) d | ii) c | iii) e | iv) a | v) b |
| | 5. | i) False | ii) False | iii) True | iv) True | |
| B) | 3. | i) False | ii) False | iii) True | iv) True | |
| | | v) False | vi) True | vii) True | | |

1.12 TERMINAL QUESTIONS

- 1) Define marketing and explain its implications. Explain how marketing is different from selling.
- 2) What are the marketing concepts? Explain the process of evolution of these concepts.

- 3) Describe the profile of a company which has adopted the marketing concept.
- 4) What is the consumer's place in modern marketing?
- 5) Explain the importance and features of marketing in a developing economy.
- 6) What is marketing mix? Explain the components of marketing mix

Note: These questions will help you to understand the unit better. Try to write answers for them. But do not submit your answers to the University for assessment. These are for your practice only.

