

Unit-1

Introduction

- Meaning of marketing.
- Core concept of marketing
- Marketing process
- Marketing management orientation –production, product, selling, marketing and societal marketing concept,
- Meaning and Components of the marketing mix for products and services.

Meaning of marketing

- Marketing is the management process involved in identifying, anticipating (forecasting) and satisfying customer wants profitably.
- It is not just telling and selling, it is about knowing and understanding your customer.
- “Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives. –The American Marketing Association.
- In conclusion, marketing is defined as the series of activities that provide products and service to meet customer need and achieve organizational goals.

Extra information

- Marketing is the physical or virtual place where buying and selling of goods and services is done. It consists of 4P and S which are product, price, promotion, place and service. [7ps=product, price, promotion, place, people, process, physical evidence]
- Core marketing elements include product development, pricing strategies, distribution channels, and promotional tactics.

What Is Marketing?



Products & Services



Pricing



Promotion



Distribution



Research

Core concept of marketing

- Need: a need is a fundamental desire that a person wants to fulfill. It include basic human needs for food, clothing, warmth and safety; social needs for belonging and affection; and individual needs for knowledge and self-expression.
- Wants: wants is a desire for a specific product or service to satisfy the underlying need. Wants are differ individual to individual. Some wants momo, some samosa, etc.
- Demand: demand is the term for desires supported by the capacity, willingness and authority to pay.
- Product: it is a set of tangible and intangible attributes, which may include packaging, color, price, quality and brand plus the seller's service and reputation. It can be goods, services, ideas, places, experience, events, properties, organization etc.
- Exchange: it is the base of marketing. Exchange is obtaining something by giving something in return.
- Transaction: it is the deal that takes place between the parties of the exchange namely buyer and the seller. These transactions may be cash or credit.

- Distribution: it is the other half of marketing. It include all the various activities the company undertakes to make the product accessible and available to target customers.
- Marketing channels: A marketing channel consists of the people, organizations, and activities necessary to transfer the ownership of goods from the point of production to the point of consumption. It is the way products get to the end-user, the consumer; and is also known as a distribution channel.
- Relationship marketing: Relationship marketing is a strategy that focuses on building and maintaining long-term relationships with customers to increase customer retention and satisfaction.
- Market: traditionally, market is a place for buying and selling. But market as referred earlier is not a place necessarily. It is a mechanism that facilitates price fixation easily and quickly for the mutual benefit of buyers and sellers.
- Marketer: a marketer is an individual or an institution who is engaged in making available the goods. Marketer is an intermediary between producers and sells to buyers either for final consumption or for further processing and sale.

- Prospects: prospect is a person or an organization which is ready and willing to buy and pay for the goods and services. So it is impossible for marketers to sell the products in absence of prospects.
- Competition: competition includes all the actual and potential rival offering and substitutes a buyer might consider.
- Marketing mix: it is a set of marketing tools that the firm uses to pursue its marketing objectives in the target market. It is the blend of product, price, place and promotion tools (4ps).
- Marketing environment: a company's marketing environment consists of all the factors and forces outside marketing that affect marketing management's ability to build and maintain successful relationship with target market. i.e. micro and macro environment.

Marketing Management Orientation/ various concepts of MKT (Evolution of Marketing Philosophies)

- The production concept
- The product concept
- The selling concept
- The modern marketing concept
- The societal marketing concept
- The holistic marketing concept

The production concept

(after industrial revolution in Europe (1770-1820 AD))

- It is one of the oldest and a widely used concept of marketing. It assumes that consumers will buy products when they are easily affordable and available.
- So business organization should focus on improving the production efficiency so that the cost of a product decreases and becomes affordable and developing the wide and strong distribution network so that product is easily available.
- This concept is still useful in two types of situations, when the demand exceeds the supply and consumers have little product choice. ($\text{demand} > \text{supply}$)
- Basic implicit premises of the production concept:
 1. Consumers buy those products, which are available in the market
 2. Consumers buy those products which are affordable
 3. Consumers always try to known the prices of the competing products
 4. Consumers do not give more emphasis on non-price factors, such as services, guarantee, quality etc.

- Basic principles of the production concept are:
 - Start business by establishing the factory to produce the desired product
 - Give focus on mass production
 - Maximize the sales comparatively low cost
 - To maximize profit through bringing production efficiency

The product concept

- It is based on the assumption that consumers favor those products that are high in quality, performance and uniqueness.
- So a business organization should focus on developing quality product and continuously improve it.
- The implicit premises of this concept are:
 1. Consumers prefer to buy quality products among the competing brands
 2. Consumers try to know the quality and feature differences of the competing brand.
- Basic principles of the product concept:
 - Start business by establishing the factory to produce goods.
 - Give main focus on product quality
 - Pushing the sale through maintaining the quality of product for quality-conscious people
 - Maximize profit through quality assurance to the people.

The selling concept

- It focuses primarily on how a firm promotes and sells its products. So the objective of the organizations is to sell what they make rather than what the market wants. This concept focus on aggressive types of advertisement must be used to attract the buyers.
- The basic implicit premises of this concept are:
 1. Consumers have a normal tendency to resist buying most things that are not essential
 2. Consumers' interest can be influenced by promotional activities
- Basic principles of the selling concept are:
 - Start business by establishing the factory to produce goods.
 - Focus the producing the goods as per the marketer/seller
 - Maximize the sale of goods should be through the use of aggressive promotion tools (advertise, personal selling, public relation)as much as possible
 - The ultimate goal of the organization or the marketer should be to maximize profit through mass sales volume.

The modern marketing concept

- This concept holds that achieving organizational goals depends on determining the needs and wants of target markets and delivering the desired satisfaction more effectively and efficiently than the competitors do.
- The basic implicit premises of this concept are:
 1. Consumer always buy what they need and want
 2. Consumer wants to buy those products which give satisfaction for them
- Basic principles are:
 - Identify the suitable target market that the marketer wants to deal with
 - All planning and operation should be customer-focused
 - The means of achieving the desired goal is to integrate or co-ordinate all marketing activities in an organization.
 - The main goal of the organization should be to earn profit through customer satisfaction.

The societal marketing concept (social concept)

- [several vital problems have been developed in the world. Which have influenced the long-run social welfare, like: environmental decline, resource shortage, population explosion, worldwide inflation, neglected social services]
- The primary task of a business firm is to fulfil the needs, wants and interests of the consumer with focus also on consideration of society's well being.
- The basic implicit premises of this concept are:
 1. Consumers' wants do not always coincide(match) their long-run interest
 2. Consumers will increasingly favor organization, which show a concern with meeting their wants, long-run interests and society's long run interest
- Basic principles are:
 - Identify the target social group that the marketer wants to deal with
 - Identify and understand the basic needs, want and problems of the target social group
 - The ultimate goal should be survive or sustain business by providing social welfare and well-being and accepting social responsibility

The holistic marketing concept

- It is one of the latest additions to marketing philosophies.
- It is concerned with wholes or with complete systems rather than with the analysis of parts.
- This concept is based on the development, design and implementation of marketing programs processes and activities from a broad integrated perspective.
- It is the integration of internal marketing, integrated marketing, relationship marketing and performance marketing concept.
- The major premises or principles of this concept:
 - Marketing starts with the identification of target markets
 - The main focus is on the identification of needs and wants of the customer or the customer groups
 - The important means for satisfying the needs and wants may include all possible marketing efforts and tools.

Meaning and Components of Marketing Mix

Meaning of marketing mix:

Marketing mix is the right combination of marketing tools (7P's) to ensure satisfaction of targeted group of customers. The term 'marketing mix' was first developed and introduced by Neil Borden. It is the core essence of marketing program.

According to Philip Kotler, "A set of marketing tools that the firm uses to pursue its marketing objectives in the target market".

So, marketing mix is the combination of product, price, place, promotion, people, process and physical evidence.

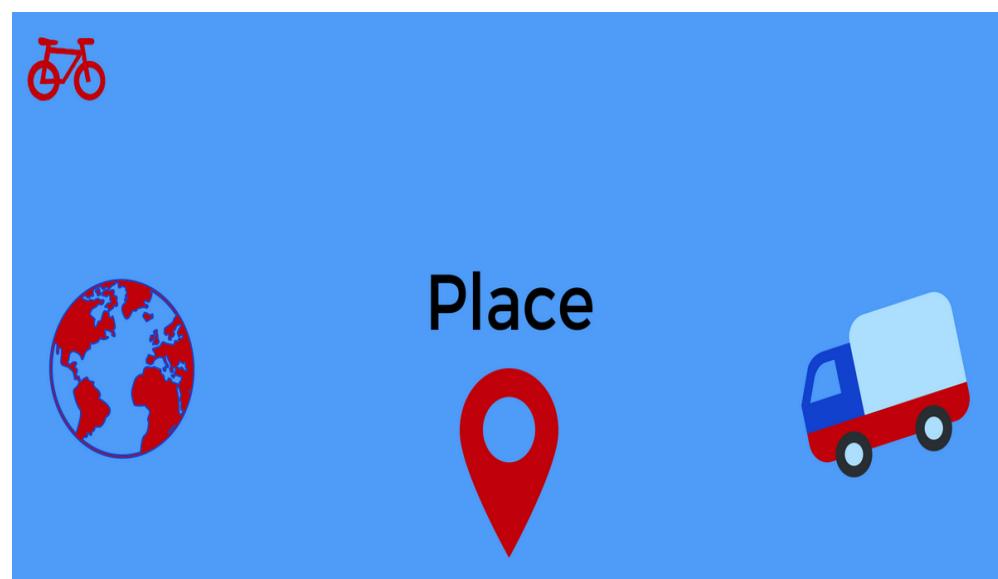
Components of marketing mix:

A. Primary components (4ps)

1. Product mix: product means goods and service combination the company offers to the target market. Company must engage in designing and implementing the right product. Under product possible variables (tools) are product features, size, quality, design, style, packaging, brand name, label, guarantees, warranties, repair, maintenance, spare parts etc.



2. Place (distribution) mix: place include company activities that make the product available to target customers. Place might be a traditional store or it could be online. Under place possible variables are channel (path made of agent, wholesaler, retailer) type, outlet location, product assortment, types of transportation and storage, warehouse, inventory management, information management, franchising (licensing) e.g. McDonald- Chicago= head office and other place =franchising



Components of marketing mix:

A. Primary components (4ps)

3. Promotion mix: promotion means activities that communicate the merits of the product and convince target customers to buy it. It include both message sent by the company and message that customer send to the public about their experience. Under promotion possible variables are advertising, personal selling, sales promotion, publicity, direct marketing, types of media, sales training, sales incentives.



4. Price mix: price is the amount of money customers have to pay to obtain the product. Under price possible variables are pricing strategy, pricing flexibility, price level, price differentiation, financing, credit terms, installment, hire purchase, discount, allowances,



B. Supportive components (3ps): in addition to the 4ps , when there is consumer oriented or service marketing, 3ps are added to it. They are:

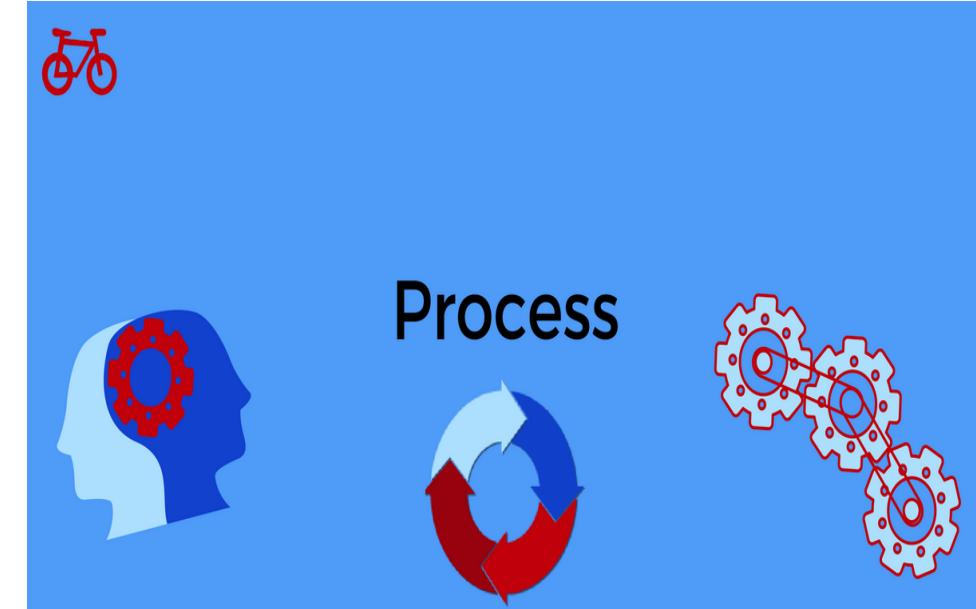
1. People mix: (right people): here people means employees of the company, customer who is receiving the service, other customers in the environment where service is getting delivered. Under people possible variables are employee vacancy announcement, recruiting, training, motivation, rewards, teamwork, experience, compensation, participatory decision system related to the employees.
- Employee must be taken as internal customer. Satisfying them is very important in service marketing since only satisfied employee can create valuable services to satisfy final external customers. Unhappy employee can become terrorist for the organization.



PEOPLE

Supportive components (3ps)

2. Process mix: (right process) the complete procedure and the flow of activities through which the product reaches the final customers. Customers pay more for better, convenient, efficient, interesting processes. Under process possible variables are flexibility in the process versus standard process, technology versus human process, self service process versus company service process. Eg: restaurants can be fast-food, buffet or candlelight, bars or drink may be served at the table.
3. Physical evidence: (right physical environment): it refers to the marketing environment wherein the interaction between customer and firm takes place. It is the atmosphere consists of office-room, furnishing, layouts. Under physical evidence possible variables are physical facilities, buildings, garden, furniture, equipment and machines, dress up, communication materials like business card, guarantees.



Marketing process

- The marketing process is a step-by-step method that enables businesses to reach their customer effectively.
1. Setting objectives
 2. Situational analysis
 3. Develop a marketing strategy
 4. Develop a marketing mix
 5. Implement your marketing process
 6. Analyze the result

1. **Setting objectives:** 1st step is to determination of objectives. Marketing processes work best when marketing team members understand how their work is connected with the company's overall success.
2. **Situation analysis:** 2nd step of marketing process. It is for the industry. For this marketer needs to conduct market analysis and competitive analysis.
 - Method for the situational analysis:
 - i. SWOT analysis: it stand for Strengths, weaknesses, (internal factors) opportunities and threats (external factors)
 - Internal factors provide strengths and weaknesses. Strengths find out what the company does well and take notice of the process that enables to do it so well. Weaknesses find out what the company struggles with the most. Like What is the biggest barriers to growth?
 - External factors provide the opportunities and threats. Opportunities are the things in the industry that can help to create an effective marketing process. Threats are things outside of the control can potentially hurt your marketing process. (political, legal, economical etc.)

ii. 5C's analysis: this system is an alternative to conducting a SWOT analysis:

- Company: company can conduct an internal audit of the company to determine company's goals, missions and visions. Based on the audit, marketer identifies the strengths and weakness
- Collaborators: marketer should find out the companies with whom the company is moving in the same direction. The company must share visions, goals and interests with those companies.
- Competitors: marketer must identify who are the company's competitors and how they are currently performing? What are their recent wins, and what keeps them from growing?
- Climate: marketer must analyze the external factors that can impact company's activities. These may be cultural, social or technological factors.
- Customers: finally, marketer must clearly understand the target market's value expectations. To do this, company's analysis needs to pinpoint what your customers want from you, what practices and processes are best suited to them.

3. **Develop a marketing strategy:** after situation analysis marketer must develop a customer-driven marketing strategy, for this marketer must

 - Define target audience: defining target audience is the first step in creating a marketing strategy. It enables the company to develop an engaging marketing strategy.
 - Set SMART marketing goals: marketing goal should be tied to the company's overall goal. Also each of these objectives should be guided by the insights gained from your situation analysis.
 - Define marketing channels: marketer should decide which marketing channel can help to achieve the company's goals.
4. **Develop a marketing mix:** after developing a strategy, decide which tactics will be most effective in achieving the marketing goals for this, it is needed to understand four elements to achieve organizational goals. Such as product, price, promotion and place.

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- 4. Implement your marketing process:** the next step of marketing process is to implement of marketing programs. Organization must reach out to the potential customers with the marketing materials and convert them to the existing customers. Marketers must set the necessary staff and budget to market, designing a marketing calendar, assigning work to the right people.
- 5. Analyze the results:** after implementing the marketing strategy, marketer need to analyze the results, take note of the progress and make changes where necessary.

Relationship marketing (emerging concept)

Concept: (building relationship with customer instead of finding the new one)

- RM is the practice of building long-term satisfying relations with key parties- customers, suppliers and distributors- in order to retain their long-term preference and business.
- RM's focus is not on immediate sales, it is directed at building a large group of satisfied and loyal customers.
- Eg: free flight is provided by airliners to their loyal customer in the airlines, information of customers are updated by hospitals, clinic, membership cards in restaurant, club and big stores

Green Marketing

- Green marketing refers to the process of selling products or services based on their environmental benefits. Such a product or service may be environmentally friendly in itself or produced and packaged in an environmentally friendly way.
- Eg. CFL light bulbs, cleaning supplies that do not harm humans and environment, brick factory using smoke less energy efficient technology, using solar power, electric vehicle. Etc.

E-marketing/Internet marketing

- It is concern with e-commerce. It refers to internet shopping because internet is used for this purpose.
- It consists of buying and selling of products or services over electronic system such as the Internet, computer network and other electronic devices.
- It is one of the newest and most rapidly evolving areas of international trade.

Categories of e-commerce

- B2B= business to business= selling of goods and services among business:
milpro.com
- B2C: Business to customer= retailing products and services directly to individual shoppers www.hiltake.com.np
- C2C: consumer to consumer= consumer selling directly to consumers. eBay, the giant web auction site, hamrobazaar.com