INTRODUCTION TO MARKETING

What is marketing

Definitions

Marketing refers to the performance of business activities that direct the flow of goods and services from producer or seller to the consumer or user.

Marketing is applied to non-business situations e.g.

- elections of candidates to voters,
- job-seekers to prospective employers
- different churches to potential followers
- political parties and governments market their policies to the larger society.

Marketing is the performance of business and non-business activities which attempt to satisfy a target individual or group needs and wants for a mutual benefit or benefits.

Marketing is a social and Managerial process through which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others.

Marketing is the study and management of exchange relationships. Marketing is used to create, keep and satisfy the customer. With the customer as the focus of its activities, it can be concluded that marketing is one of the premier components of business management- the other being innovation.

Experts agree that the key to marketing success is placing the right product in the right location, at the right price, and at the right time. Although the concept may seem simple, executing it effectively can be quite challenging.

Marketing strategy involves every aspect of the business cycle, including strategy development, product analysis, distribution techniques, sales, and understanding customer needs. Marketers use specialized campaigns to navigate this path and achieve success.

Marketing is the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return. Kotler and Armstrong (2010).

American Marketing Association (2012) defines Marketing 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.

Core Concepts of Marketing

- Needs

- A state felt deprivation of some basic satisfaction

- Wants

- Desire for a specific product to address a felt need

- Demand

- Wants supported by purchasing power

- Value-The difference between customer perception of the benefits and cost of purchasing and using products and services. Consumers will make exchanges when:

- Benefits exceed the costs
- Products or services offer superior value compared to alternatives

- Satisfaction-utility obtained from a product

Marketing Terminologies

Exchange, Transactions and Relationships

- Exchange is the act of obtaining a desired product from someone by offering something in return. For exchange to take place, five conditions must be satisfied:
  - ✓ There are at least two parties.
  - ✓ Each party has something that might be of value to the other party
  - ✓ Each party is capable of communication and delivery.
  - ✓ Each party is free to accept or reject the offer
  - ✓ Each party believes it is appropriate or desirable to deal with the other party.

- Exchange can be seen as a process rather than as an event. Two parties engaged in exchange if they are negotiating and moving toward an agreement and if it is reached, a transaction is said to have taken place.

- A transaction consists of a trade of values between two parties e.g. money barter transaction. A transaction involves several dimensions i.e. at least value, agreed upon conditions, a time of agreement and a place of agreement

Relationships and networks

- Relationship marketing is the practice of building long term satisfying relations with the key parties (customer and supplier) in order to retain their long term preference and business.

- Serious marketers try to build very strong relationships with their customers, suppliers and distributors by promising and delivering high quality, goods and services at competitive prices. It results in strong economic, technical and social ties among parties and cuts down on transaction costs and time. The ultimate outcome of relationship marketing is the building of a unique company asset known as marketing network.

- **Network** consists of the company and all of its supporting stakeholders (customers, suppliers, employees, the government etc) with whom it has built mutually profitable business relationships.

Markets

A market consists of all the potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy that need or want.

Marketing and Marketers

Marketing means human activity taking place in relation to markets. It means working with markets to actualize potential exchanges for the purpose of satisfying human needs and wants.

Marketer

A marketer is someone seeking a resource from someone else and willing to offer something of value in exchange. If one party is more actively seeking an exchange than the other party, the first is called a marketer and the second a prospect

Market and Consumer behaviour

The term **market** refers to people who have purchasing power, the willingness to buy and the right to buy. **Consumer behaviour** on the other hand is that behaviour exhibited by people in planning, purchasing and using economic goods and services.

Example: the 53.7 million (2020) Kenyans constituting the population of Kenya are all consumers but because about 52% of these are below the age of 15 years, they do not have their own purchasing power.

IMPORTANCE OF MARKETING

1. Marketing raises a people's standard of living
   - Kenyans are able to enjoy locally manufactured products such as beer produced by the KBL, motorcycles assembled by GM and household products produced by the EAI, KCC etc.
   - From the rest of the world, the Kenyans are able to obtain medical products, farm inputs and recreational goods amongst others.
   - Kenyans in turn sell to the rest of the world products such as coffee, cotton, pineapple, sisal, cashew nuts and pyrethrum. Hence marketing enables citizens of any country to consume goods and services of any country that they produce. It enables global trade

2. Marketing creates employment
   - Many people here in Kenya and elsewhere in the world earn their living by engaging in marketing activities. Some are either owners of or are employed by wholesaling and retailing outlets, transportation and warehousing firms, advertising and media organizations or they are employed by the many government departments and agencies which are charged with the responsibility of keeping an eye on the practices of the marketing institutions.

3. Marketing is important because it pays for most of the entertainment and information that the mass media provide to the public.
   - It should be noted that the non-government owned mass media such as the newspapers and magazines, radios, and television stations in Kenya and elsewhere in Africa obtain the bulk of their income from advertising.
   - With this income they are then able to bring us local and international news and entertainment in form of films, music, cartoons, and sports.
4. It produces revenue directly. Earns a country foreign exchange through exports

MARKETING PHILOSOPHIES (CONCEPTS)

The term philosophy refers to management attitude, orientation or state of mind as far as marketing practice is concerned. At least five philosophies have been exhibited by marketing executives as they perform their marketing job. They are:

1. Production concept

- According to this philosophy, the emphasis of a firm is to produce as much of a product as possible.
- Since the market is characterized by shortages, whatever is produced will be quickly bought irrespective of the quality.
- This philosophy is followed in several countries here in Africa but it is short-sighted and self-defeating in the long-run since competitors eventually emerge and challenge the status quo.

2. Product concept

- In this case, the market assumes that consumers will buy products of high quality and shun away from products of inferior quality.
- This being so, the producer emphasizes product since it is assumed that little marketing effort is needed to secure satisfactory sales and profits.
- While product-oriented attitude may make sense in emerging nations characterized by product shortages as discussed under the production concept, it is futile to follow it in a highly competitive environment.
- A major weakness of this philosophy is that it assumes that people are aware of the product's technical qualities and they will buy the product without any persuasion from the producer of the best product.

3. Selling concept

- With respect to this type of philosophy the marketer contends that although consumers look for quality products, they are not likely to purchase enough of the firm's product unless some selling effort is expended.
- This philosophy accepts the fact that some selling and promotion effort by the producer is essential if his products are to be bought in sufficient quantities.
- However, the whole marketing process is still looked at from the seller's point of view.

4. Marketing concept

- This orientation believes that all marketing decision making should start with understanding the target consumers and then working backwards to the organization. That is, the marketer should first identify the needs and wants that consumers are trying to satisfy.

5. Societal marketing concept

- According to societal marketing concept, the marketer is not only concerned with satisfying consumer needs but also on the long run welfare of the society at large.
- According to the marketing concept, consumer needs should be catered for since consumer is the sovereign and he is always right.
- However, the marketing concept argues that there is usually a divergence between individual and societal needs and therefore the marketer should in trying to satisfy individual needs and wants, consider the societal consequences of his activities e.g. KBL should warn beer drinkers about the harmful effects of over-drinking; BAT about smoking evils etc.

THE MARKETING MIX

Importance of 7P's of marketing

- Marketing is a discipline that encompasses all of a company's efforts to attract consumers and maintain connections.
- At its most fundamental level, marketing aims to link a company's products and services with customers who desire to use them. Profitability is ensured when items are matched with customers' demands. The 7Ps of marketing are – product, pricing, place, promotion, physical evidence, people, and processes. The 7 Ps make up the necessary marketing mix that a business must have to advertise a product or service.

How many Ps are there in marketing?

The marketing mix is one of the marketing strategies organizations have traditionally used to sell their product. To lay the groundwork, the marketing mix is defined as a collection of marketing techniques that a firm uses to promote its brand or product in the marketplace.

The approach was typically structured around the four pillars of marketing: *product, price, location,* and *promotion*. However, as marketing became more sophisticated, so have the approaches. Later, it was expanded to 7Ps of marketing strategy with the inclusion of *People, Process,* and *Physical Evidence*.

7Ps of marketing – Understanding the concept

Since the 1960s, the 4 Ps of marketing strategy have been applied to support the concept of the mix. The 4Ps are a set of four letters that stand for the following:

- Product
- Price
- Place
- Promotion

The marketing mix process has changed in response to changes in the company and consumer markets. McCarthy's concept was developed in 1981 by Bernard H. Booms and Mary J. Bitner into the 7Ps of marketing mix that we know today.

The original four Ps are still in place, but Booms and Bitner added three more:

- People
- Process
- Physical evidence

1. **Product**: The characteristics, unique selling factors, and overall quality of the product or service being offered
2. **Promotion**: Methods used to advertise the product through many channels are referred to as promotion
3. Price: The product's long-term price plan, including promotions, discounts, and special offers
4. Place: Where do customers find your product, learn about it, and then buy it
5. People: Those who come into direct and indirect touch with your target clients
6. Process: How you will deliver the product to clients and provide them with the finest experience possible
7. Physical evidence: tangible goods and experiences that convince clients that your product is genuine — in the case of digital, this includes website visits, confirmation emails, testimonials, client feedback, and more

1st of 7P's of marketing – Product

- A product is anything that is offered to customers for purchase and consumption. It includes physical objects such as cars, houses and tables, services such as transportation, medical treatment and legal advice; places such as national parks, museums and arboretum; ideas such as public film stars and sportsmen and women.
- A second way of looking at the term product is to regard it as a bundle of satisfactions or benefits, a consumer buys with the hope of solving a problem or avoiding one.

Simply put, the marketing mix product is what is being marketed. When we refer to the product, we refer to aspects such as quality, packaging, design, and brand. You must ensure that the product satisfies the needs of your market while designing it, i.e., does your target market or audience desire or need it?

The life cycle, which covers the growth, maturity, and sales drop phases, must also be considered. By providing a better quality product to your intended audience than your opponents, you will be able to win this aspect.

Here are five questions to consider while defining product mix strategies:

- What do people expect from a product or service?
- What will they do with it, and how will they use it?
- What features are required to fulfil the client's requirements?
- Is the product's name memorable?
- What sets your product apart from the competition?

2nd of 7P's of marketing – Price

- From a marketing point of view price is the **value placed on a good or service** by the seller to the customers at some point in time.
- Price is therefore a **measure of what must be exchanged** in order to obtain a particular good.
- Price goes by many other names such as
  - Rent for houses
  - Tuition fees for education
  - Fees for a doctor
  - Fare for airline
  - Interest for bank loan
  - Premium for insurance
  - Salaries and wages for employees and commission for sales personnel

Price in the marketing mix refers to the amount of money your consumer is willing to spend. The price must be higher than the cost of manufacturing by definition, as this decides your profit or survival. Changing the pricing has a significant influence on the product's sales and demand and the impression of your brand.

Tip: When customers compare your prices to your competitors, they may connect a lower price with poor quality items. However, overpricing might result in costs exceeding benefits. Where exactly is the middle ground?
Thus, while determining the price, marketers should examine the product's value and assess various pricing techniques. Check these questions to help you get started with this marketing mix element:

- Is this priced favorably?
- How does the price compare to competitors?
- Should discounts be offered?
- Do you accept payment plans?
- Are there any credit terms the customer might need to meet?

3rd of 7P's of marketing – Place

- The place or distribution also refers to channel of distribution.
- A channel of distribution refers to the **route or path followed by a product as it moves from the producer to the final user or consumer.**
- Another way of looking at a channel is that it is a **chain of market intermediaries or middlemen** used by a producer or marketer in making his products available when and/or where consumers want them.
- The simplest channel is that of the producer selling direct to the consumer. This is termed direct marketing
- Other channels are
  - producer → retailer → consumer
  - producer → wholesaler → retailer → consumer
  - producer → agent → wholesaler → retailer → consumer
- The longer the channel, the farther removed the producer is from the consumers or market. As a result, he has less direct knowledge of what is happening in the market place.

Place refers to the distribution and availability of your goods to potential buyers as part of the marketing mix. And you can't talk about the location without mentioning your target market. This component necessitates a thorough grasp of the target persona. You will uncover the most effective distribution methods once you have nailed knowing the ins and outs of your target clients.

So, how do you position your product correctly? Here are five questions that can assist you in defining this marketing element:

- What are the places where purchasers seek your product?
- What is the best way to find the correct distribution channels?
- What distinguishes your distribution strategy from that of your competitors?
- Is it necessary to hire a sales team?
- Do you need to sell something on the internet?

4th of 7P's of marketing – Promotion

Spread the word!

When it comes to the marketing mix, the component of the promotion mix refers to who, what, and how. What is conveyed, to whom it is transmitted, how is that audience reached, and how frequently is it promoted? It uses techniques such as:

- Advertising
- Sales
- Public relations
- Emails
- Social media

The promotion mix meaning and principle is to increase brand awareness and sales. If you can answer yes to these five questions, you'll be well on your way to developing a promotion strategy:

- When and where can you reach out to your target market with your marketing messages?
- How do your competitors promote themselves?
- And how do your competitors impact the promotional activities you choose?

- When is the most effective time to market your product?
- Is using social media the best option?

- Promotion is a communication process. It is also known as **marketing communications mix** and it consists of four components:
  - Advertising
  - Personal selling
  - Sales promotion
  - publicity

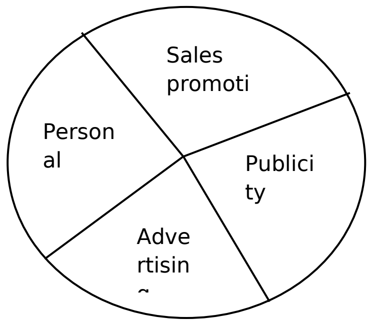

Fig: Elements of promotional mix

Advertising

- Advertising is defined as any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor. The purpose of advertising is thus to inform, educate, persuade, remind and assist other marketing activities.
- Advertising management involves making decisions with respect to the following areas;
  - Identification of the advertising target
  - Advertising objectives
  - Determination of advertising appropriation
  - Developing the message
  - Media selection
  - Measuring advertising effectiveness

Personal selling

- Personal selling is an oral presentation in a conversation with one or more prospective purchasers for the purpose of making sales. The major dimensions of personal selling include:
  - Defining the role of the sales person
  - Determining the sales message of selling process
  - Determining the size of the sales force size

- Design of the sales force structure
- Recruitment and selecting sales people
- Training salespeople
- Compensating sales people
- Supervising sales force

Sales Promotion and Publicity

- Sales promotion is defined as those marketing activities other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness such as displays, shows and exhibitions, demonstrations and various non-recurrent selling efforts not in the ordinary routine.
- Sales promotion has the following objectives:
  - To identify and attract new customers
  - To introduce new product
  - To increase the total number of users for an established brand
  - To induce present consumers to buy more
  - To maintain sales in off-seasons and
  - To combat or offset competition

- **Publicity -** is part of public relations and is communication in news story form, regarding an organization and/or its products, that is transmitted through **mass media at no charge**. Among the common forms of publicity as a promotion tool are **news releases, captioned photographs, feature articles, speeches and news conferences.**

- Organizations employ publicity for a number of reasons:
  - To make people **aware of a company's produce**
  - To maintain a certain level of **positive visibility** with the public
  - To promote a particular image such as a **sports loving company** and
  - To overcome **negative images**

5th of 7P's of marketing – People

Aren't businesses dependent on the individuals who manage them? Having the right people is a no-brainer since they are as much a part of your business offering as the products/services you provide. Employee performance, appearance, and customer service are all examples of this.

As a result, establishing what constitutes the “appropriate people” for your company might be difficult, but it should include the following three factors:

- Exceptional service
- Genuine enthusiasm
- Be open to suggestions

Tip: Having the right teammates is an organizational benefit that influences your market position.

6th of 7P’s of marketing – Process

The process in the marketing mix is the method through which your product or service is presented to clients. Your sales funnel, distribution system or other methodical operations can ensure your company functions properly. You also want to make sure that your procedure is well-organized to save money.

Other examples include the order in which individuals complete activities, the quantity of inquiries received by salespeople, and how performance is recorded and assessed.

7th of 7P’s of marketing – Physical evidence

Physical proof is a must-have for the 7 Ps of marketing. It might be material or intangible, and you should provide proof of delivery. Product packaging, receipts, and customer service are all physical examples. The perception of a company’s product in the marketplace is intangible physical proof.

Consistent branding across channels is a means to impact customers’ views to the point that your brand is the first thing that comes to mind when they hear a word, sound, or phrase.

Consider who comes to mind when you think about fast Pizza. Pizza Hut is a popular answer. Their existence in the marketplace is immediately noticeable. That is Intangible physical evidence.