

Marketing Management: Concept, Nature, Scope and Importance

I Market

A market is a place which allows the purchaser and the seller to invent and gather information and lets them carry out exchange of various products and services.

In other words the term Market refers to a place where the trading of goods takes place. The place can be a market place or a street market.

II Marketing

Marketing is a comprehensive term and it includes all resources and a set of activities necessary to direct and facilitate the flow of goods and services from producer to consumer in the process of distribution.

Marketing emphasizes on the needs of the customers before putting the ideas into concrete products. With the customer's wants and needs engulfed into the design and production of the product, sales and the goal of earning profit is likely to be accomplished.

Marketing deals with identifying and meeting human and social needs. One of the shortest definitions of marketing is —meeting needs profitably. The objective of all business enterprises is to satisfy the needs and wants of the society. Marketing is, therefore, a basic function of all business firms.

Definition of Marketing

“Marketing is the performance of business activity that directs the flow of goods and services from the producer to consumer.”

“Marketing is the process of determining consumer demand for a product or service, motivating its sales and distributing it into ultimate consumption at a profit.”

The American Marketing Association (AMA) defines Marketing as 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.

According to Paul Mazur, “Marketing is the creation and delivery of standard of living to society.”

III Marketing Management

The term 'marketing management' is comprised of two different words, 'Marketing' and 'Management'.

Marketing is that economic activity by which the commodities and services are acquired in exchange of money. It means that activity or activities which are directed with a specific motive of transferring the products from production point to the final consumption point. Realistically speaking, the meaning of 'marketing' refers to the procedure of distribution of goods or products from the producers to the final consumers.

By the term 'management', it means that the coordinating of efforts of other people meant for the fulfilment of the pre-determined objectives.

Marketing management is a business process used to manage marketing activities in profit seeking and non-profit organizations at different levels of management. Marketing management decisions are based on strong knowledge of marketing functions and clear understanding and application of supervisory and managerial techniques.

Definitions of Marketing Management

Marketing management is that part of management, which covers the distribution of marketing activities.

According to Philip Kotler, “Marketing management is the analysis, planning, implementation and control of programmes designed to bring about desired exchanges with target audiences for the purpose of personal and mutual gain. It relies heavily on the adoption and coordination of product, price, promotion and place for achieving responses.”

According to Prof Rustom S. Davar, “The term marketing management means the discovering of the consumers’ needs, converting them into the products or services and the activity of transforming the product or service to the ultimate consumer, so that needs of specific categories or groups of the customers could be so satisfied that by the most favourable utilization of the resources, they could derive the maximum benefits.

IV Nature of Marketing

1. Marketing is Customer Oriented: Marketing begins and ends with the customer. Marketing concerns itself not only with the satisfaction of the customer but also objects to delight him/her. All the organizational activities must be targeted to and focused towards the customer.

2. Marketing is the Delivery of Value: When a customer is satisfied from a particular product based on its overall performance, then the satisfaction that he has received is known as Customer Value. Customers consider the product’s value and price before making a decision and make a trade-off between cost and benefit of the product. They will choose a product that gives them more value per rupee.

According to De Rose, “Value is the satisfaction of customer requirements at the lowest possible cost of acquisition, ownership and use”. Thus, the organization must aim to deliver greater customer value than that of their competitors.

3. Marketing is Network of Relationships: The focal point of all marketing activities is the customer. The term Relationships Marketing came into light in 1990’s.

According to Philip Kotler, “Relationship Marketing is the practice of building long-term satisfying relations with key parties like customers, suppliers and distributors in order to retain their long term preference and business.”

So, the marketers should aim at maintaining long term relationships by delivering high quality products, better services and fair prices than their competitors.

4. Marketing is a Specialized Business Function

5. Marketing is Dynamic: The word dynamic means ever changing. The needs and wants of the customer are changing constantly. Since the goal of marketing is to meet customer’s needs and wants by furnishing them with the products they want to buy, therefore, marketing must also change constantly to meet those needs and wants.

V Scope of Marketing

1. Create Awareness

Informing customers about the company's products is necessary for attracting them to buy products. Marketing is the medium through which companies communicate with the public and explain the features or benefits of their products. Marketing helps in creating wide publicity of goods and services in the market.

2. Marketing Research

Market Research is a tool used for decision making about the marketing mix's elements. Research has to be carried out in order to identify the customer's needs, their tastes and preferences, their interests, economic position, their paying capacity and effectiveness of certain advertisements. For this purpose, data is collected, tabulated, codified, analyzed, and presented through knowledgeable techniques crafted to reveal what customers will buy, why they will buy it, and how much they will pay for it. Market research aims at adapting products to the desires of buyers.

3. Product Planning

A product refers to a bundle of benefits that offers satisfaction to the consumers. Product planning starts with the generation of the idea and continues until the product is ready to be launched in the market.

It includes the activities of product research, marketing research, market segmentation, product development, determination of attributes, quantity and quality of the products.

4. Branding

Branding of products is adopted by many reputed enterprises to make their products popular among their customers and for many other benefits.

5. Packaging

Packaging is to provide a container or wrapper to the product for safety, attraction and ease of use and transportation of product. Packaging involves designing and producing the external covering for the product, which will keep the product safe and hygienic.

6. Pricing

Pricing is extremely important since it directly affects an organization's sales and profits. While deciding the price of the product a number of factors have to be kept in mind like the cost of production, paying capacity of the customer, industry demand, competitor's prices and the target profit margin. A good pricing policy is a significant factor to attract the customers.

7. Advertising and Sales Promotion

In this era of tough competition, the sales promotion and advertisements have become almost an inbuilt part of the marketing. It helps to make the customer aware about the product, makes him curious about the product and thus promotes sales. Through advertising marketers are able to position their products in the minds of the customer using various media like newspapers, magazines, television, radio, hoardings, window display and internet. Marketing managers must blend the methods of 1) face-to-face personal selling, 2) mass selling to large numbers of customers through advertising and 3) sales promotion, to inform the target market about the "right" product.

8. Channels of Distribution

Bringing together the buyer and seller and facilitating their exchange is the essence of marketing. Distribution channels are an integral part of a complex system that has evolved from

cultural and social patterns in order to facilitate exchange transactions. Marketers must decide what methods are best for distributing their particular products. There are various media of distribution like the retailers, the wholesalers, department stores, chain stores, super markets etc. A number of factors have to be borne in mind while selecting the medium of distribution like perishability, price of the product, size and weight, after sales service etc.

9. Financing

It is difficult to perform various marketing activities without the availability of adequate and cheap finance. It has been rightly remarked, “Money or Credit is the lubricant that facilitates the operation of the marketing machine as modern marketing requires vast resources.” The term financing includes decisions like budgeting for marketing activities, obtaining the necessary funds needed for operations and providing financial assistance to customers so they can purchase the business products and services.

In the era of global competition, financing of customer purchasing has become an important part of marketing. Marketers have to offer different finance schemes to their customers to increase the volume of sales. There are various sources of marketing finance like commercial banks, cooperative credit society, government agencies etc.

10. After-Sales Service

The furnishing of after sales service is very critical for the satisfaction of the customers. The free repairs, the return or exchange of the product during the guarantee period if the product proves defective or worthless, etc. are included in after sales service.

11. Collects the Feedback

It involves collecting the feedback or suggestions of customers once the product is sold. Through this, satisfaction or dissatisfaction level of customers can be easily identified which helps in improving the service quality using suggestions provided by them.

VI Importance of Marketing

Marketing has become a very significant aspect in business since a firm's financial success largely depends on marketing. Most facets of business depend on successful marketing. Therefore, no firm today can afford to ignore the significance of marketing. Moreover, it is not surprising that companies now have CMOs, that is, Chief Marketing Officer along with CEOs (Chief Executive Officer) and CFOs (Chief Financial Officer).

The umbrella term ‘Marketing’ covers advertising, promotion, public relations, and sales. A firm might be offering the best products or services in an industry but without marketing, it would be impossible for the firm to inform its potential customers about the product. If no one knows about a company's product, there will be no demand, company will make no sales and hence there will be no profits. This highlights the significance of marketing i.e. to create awareness about the products, make loyal customers, and retain them. Marketing enables the customers to know what marketers are offering to them and at the same time, it enables the marketers to convince their customers to buy their offerings.

1. It promotes awareness among the public

Marketing enables the customers to become aware about the various products that are available in the market. A firm's product must be known to the potential buyers for it to succeed. If there were no marketing or advertising, the customers would not know about the products.

2. It helps in boosting sales

Once the prospects become aware about the company's products or services it boosts up the chances that customers will make a purchase. New customers also start to spread the word, informing their friends and family about the company's product and consequently company's sales starts to increase rapidly. The more the people see and hear about a new product, the more inclined they will be to buy it.

3. It builds company reputation

Marketing helps to build brand name recognition or product recall and hence enables the customers to relate the brand name with the images, logos and captions that they see or hear in advertisements. When the company is able to satisfy the expectation of its customers, its reputation stand on a concrete ground. Moreover, once a company succeeds in establishing its name, its business will grow and expand and more and more customers will start purchasing its products and services.

4. It helps in fostering healthy competition

Marketing promotes a climate of healthy competition in the marketplace. It helps to position the company as being superior to its rivals so that the customers will prefer its products rather than buying from other firms that sell similar products and services. Competition drives the firms to invest in research and development in order to produce better quality and innovative products and services. Thus, marketing also helps to foster innovation.

