13. Elements of Marketing

Objectives
At the end of this chapter, students should be able to define marketing, its importance and functions and the marketing concept.

13.1 Meaning and Definition of Marketing

Marketing is that part of the managerial process which attempts to identify, anticipate and supply the consumerâ€™s requirements efficiently and profitably. It is the goods or services from the producer to the consumer.

In the developed societies of today, the term â€˜sellingâ€™ is adjudged inadequate to cover the job of getting people to buy goods or services. The persuasion of customers has become the centre of a whole complex of activities, ranging from the conception of the product to its production and through to a point beyond its sales, whereby every effort is concerted to sustain the goodwill of the customer towards the identified producer as well as to the product. This is an attitude of the mind on the part of the firm which concentrates on consumer orientation (consumersâ€™ needs). Thus all the activities of the firm are adjusted accordingly.

In the broadest sense, therefore, marketing is a demand-creating activity embracing delivery, efficiency of product design, production, packaging, advertising, crediting, branding, selling, distribution, and after-sales services.

Marketing has removed the distinction between production and selling both are now marketing; since both affect customerâ€™s attitudes and reactions. Selling is only specifically concerned with affecting customerâ€™s attitude so that they favour a particular product or service. Whereas, marketing is a comprehensive concept covering all activities of an organization. Marketing is a process that is repeated at each stage of the production of a commodity, from its â€˜crudeâ€™ natural state to its final destination as a finished product. And as its stage progresses, there is value added to production. Therefore, at every decision-making stage, for profitability in investment, marketing should be viewed in this wider spectrum rather than in its old traditional limited sense of selling. In fact, the greater the successes of the other organs or functions of marketing mentioned earlier, the smaller the required intensity of the selling function.

13.2 Importance of Marketing in the Economy

Marketing plays an important role in the economy, whether in developed or developing country.

(i) In fact, it serves as the key to the development of an economy and therefore improves the standard of living of the people.

(ii) Marketing links the producers with the consumers and therefore serves to determine what is to be produced.

(iii) It ensures the utmost satisfaction of the consumers in terms of pricing, quality and availability of the needed goods and at the right time and right place.

(iv) Marketing ensures that producers are consumer-oriented, because of this, most organizations are able to meet their corporate goals and objectives of profitability and continued existence.

(v) Marketing provides a lot of employment because opportunities, productive capacities and resources are turned to productions that are readily acceptable to many consumers in the market. The associated departments of marketing, such as advertisements, sales promotion, , researchs, etc. all add up to more job opportunities.

(vi) Marketing ensures that available economic resources are judiciously used with maximum rewards for the factors of production. That is, it helps in economic allocation of resources.

(vii) Marketing opens up opportunities where investment is much required and, by so doing, expands the scope of the economy and brightens up the economic outlook of a country or organization.

(viii) Marketing encourages innovation and risk-taking, without which, subsistence economy becomes the order of the day in a world of modem commerce.

In summary, the importance of marketing can be aptly expressed in four valued utilities:

(i) *Place Utility:* It moves goods from the place of production to the place of demand.

(ii) *Time Utility:* This is storing goods when they are plenty and selling them when they are relatively scarce. That is, marketing creates time utility.

(iii) *Possession Utility:* By the transfer of goods through the seller to the buyer, marketing creates possession or ownership utility in the economy.

(iv) *Form Utility:* Because marketing provides information about consumers and the type of goods they need, it helps production to create form utility.

13.3 Functions of Marketing

Marketing provides four basic functions; exchange function, physical function, facilitating function and marketing information function:

(i) *Exchange Function:* This is basically a selling function and is about all activities that lead to the transfer of title of goods from the seller to the buyer. It involves the promotion of goods, personal selling, advertising and other mass selling methods. Without this function, marketing is a failure, since there will be no transfer of ownership.

(ii) *Physical Function:* This involves the movement of goods from producer to consumer. It involves transportation which produces place utility and where goods are not moved immediately to the potential consumer, they are stored, i.e.

warehousing which is the safe- keeping of the goods. Physical function is also a distributive function:

(iii) *Facilitating Function:* This is the grading, financing, and risk-taking that assist both the exchange and the physical functions of marketing. Grading is dividing the products into convenient sizes, qualities and quantities in order to assist the storage and selling functions. Financing assists in the provision of funds for production and all other marketing functions. In the final analysis, it assists in the provision of funds for the exchange of goods for money. Risk-taking is inherent in any business because the future is uncertain, it is an important element of the facilitating function.

(iv) *Market Information Function:* This is essentially the collection, analysis and dissemination of data that provides the needed feedback for effective buying and selling of goods and services. Such information so provided about the price and quality of the product ensures that the goods are acceptable to the consumers.

13.4 The Concept of Marketing Mix

The concept of marketing mix can be described as a group of controllable variables that a firm makes use of in its policies and programmes. This it does in order to influence buyersâ€™ choice and boost its sales. McCarthy invented this policy and referred to it as the four â€˜Psâ€™ of product, price, place and promotion. They are also referred to as the four marketing Ps.

1. *Product:* This is also known as goods or services and is further divided into consumer products and capital products and goods. The consumer products or goods are goods and services that can satisfy the consumerâ€™s immediate wants. These goods do not need further process of production for their use by the consumer. Examples of consumer goods are television, bread, milk, bear and services of a lawyer, teacher, barber, cleaners, etc.

2. *Price:* This marketing mix determines the extent of goods will be demanded and serves as the measure of exchange. The following are the components of price mix: credit allowances, distribution and retailers make-up discount margins, financial services, price adopted, etc. Price and credit terms can be used to boost marketing; for instance, a firm might adopt a high price but offer attractive credit terms while another can adopt a far lower price but offer no credit terms.

3. *Place:* The place as a marketing mix is about distribution, location, stocks, freight, insurance, channel, strategy, transport facilities, etc. The firm should be conspicuously located in order not to create problems of not reaching consumers at the right time. The channel of distribution is also important because goods and services must reach the consumers when they are needed and at the right time. The place therefore must make the goods physically available when and where they are needed.

4. *Promotion:* The promotion marketing mix aims at bringing the existence of the products or services to the awareness of those whom the products are meant for. Promotion therefore aims at stimulating demand and increasing sales. It includes variables or

activities like market research, advertising, trade fairs and exhibition sales promotion, personal selling and public relations.

Summary

â€¢ Marketing is defined as the attempts to identify, anticipate and supply the needs of consumers efficiently and profitably. Marketing, as a concept, is a substitute for selling in a modern society where products have to be designed, distributed and delivered to customersâ€™ tastes.

â€¢ Marketing serves as a key to development, giving the economy a link between producers and consumers, whose utmost satisfaction it seeks to achieve.

â€¢ Marketing makes producers consumer-oriented, innovative and teaches producers how to use their resources judiciously, etc.

â€¢ The functions of marketing include the exchange of goods (physical movement of goods which involves transportation, warehousing), provision of supporting facilities or services – financing, grading, storing — and finally, provision of information about the market, competitors, consumer behaviour, etc.

â€¢ Marketing mix is a concept by which a firm manipulates certain variables within its control to positively influence buyersâ€™ choice to increase sales. These variables are product, price, place and promotions, otherwise called the marketing Ps.

Revision Questions

Essay Questions

1. Is selling the same as marketing? What is the distinction between the two?
2. Discuss briefly the concept of marketing as a management process
3. Explain briefly the concept of marketing mix.
4. (a) What are the marketing functions?
   (b) Explain FIVE of such functions.

Objective Questions

1. Which of the following are forms of sales promotion?
   A. advertising, personal selling and publicity
   B. advertising, market skimming and publicity
   C. personal selling, packaging
   D. advertising, packaging and publicity *(JAMB 1995)*
2. An important issue of consideration in the product element of the marketing mix is the
   A. adequate promotion of the product
   B. channel of distribution of the product
   C. price of the product
   D. planning and development of the product *(NECO 2002)*
3. A disadvantage of personal selling is that it

A. increases a companyâ€™s operating cost

B. decreases a companyâ€™s operating costs

C. increases a companyâ€™s number of customers

D. reduces a companyâ€™s area of patronage

(JAMB 1995)

4. Consumer sovereignty means that the consumer is

A. a citizen

B. always independent

C. always wrong

D. always right

(JAMB 1995)

5. Taking a new product to a particular part of a country for the reaction of consumers to the product is referred to as

A. sales promotion

B. sampling

C. merchandizing

D. advertising

(JAMB 1995)

6. A manufacturer can make his product distinguishable from those of other competitors by

A. providing catalogue for his wholesaler

B. aggressive sales promotion

C. branding and packaging the product

D. selling the product at a much lower price

(JAMB 1995)

Project

Make a list of 5 articles in your local market whose importance was brought to your notice only by marketing strategies of the appropriate suppliers. What are the marketing strategies so employed?