

UNIT I

INTRODUCTION

Defining Marketing – Core concepts in Marketing – Evolution of Marketing – Marketing Planning Process – Scanning Business environment: Internal and External – Value chain – Core Competencies– PESTEL – SWOT Analysis – Marketing interface with other functional areas – Production, Finance, Human Relations Management, Information System – Marketing in global environment – International Marketing – Rural Marketing – Prospects and Challenges.

DEFINITION OF MARKETING

- **Dr. Philip Kotler defines marketing as “the science and art of exploring, creating and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires. It defines, measures and quantifies the size of the identified market and the profit potential.**

As per American Marketing Association

- **The Marketing is performance of business activities that direct the flow of goods and services from producer to the consumer”**

MARKETING CONCEPT

Marketing can be said as a process of acquiring customers and maintaining relations with them and at the same time matching needs and wants with the services or product offered by the organisation, which ensures that the organisation will become profitable.

Marketing concept focuses on the needs, wants and demands of customers.

- Needs
- Wants
- Demands

The 5 core concepts of customer and marketplace allow you to understand and examine the customer, marketplace, and why it behaves in various situations. 5 core customer and marketplace concepts are;

1. Needs, wants, and demands,
2. Market offerings such as products, services, and experiences,
3. Value, satisfaction, and quality
4. Exchange, transactions, and relationships, and
5. Markets.

Types of marketing concept

Five types of marketing concepts are as follows:

1. Production Concept
2. Product Concept
3. Selling concept
4. Marketing concept
5. Societal marketing concept

PRODUCTION CONCEPT

This concept was based on the assumption that customers are primarily interested in products which are accessible and affordable. This concept was introduced at a time when business was focused mainly on production. It says that a business will be able to lower costs by producing more quantity or mass production of goods.

Solely focusing on producing goods may lead to the firm deviating from its objective.

This concept useful in two types of situations:-

- i) When the demand for a product exceeds supply, the management looks for different ways to increase the production.
- ii) When the product cost is too high, the improved productivity is needed to bring the cost down.

PRODUCT CONCEPT:- The consumers favour products that offer best of quality, performance and innovative features.

thinks of making continuous product improvements. Competition also forces companies to focus on product, service, additional features in products etc.

PRODUCT CONCEPT

The product concept is based on the assumption that customers will be more inclined towards products that are offering more quality, innovative features and top-level performance.

In this type of marketing concept, a business focuses on creating high-quality products and refining it every time in order to develop a better and improved product.

SELLING CONCEPT

While the previous two concepts focused on production, the selling concept is focused on selling. It believes that customers will be buying products only when the product is aggressively marketed

by the company. It does not focus on building relationships with customers, and ensuring customer satisfaction is also not deemed necessary.

MARKETING CONCEPT

A marketing concept places the centre of focus on the customer. All the activities that are undertaken by an organisation are done keeping the customer in mind. The organisations are more concerned about creating value propositions for the customers, which will differentiate them from the competition.

SOCIETAL MARKETING CONCEPT

This is the fifth and most advanced form of the marketing concept. Here the focus is on needs and wants of the customer as well as ensuring the safety of the customer and society first. It believes in giving back to society and making the world a better place for all human beings.

EVOLUTION OF MARKETING

According to the Evolution of Marketing Philip Kotler, marketing has progressed through five stages since the dawn of the

- 1. The Production Era (1850s-1900s)**
- 2. The Product Era (1900s-1930s)**
- 3. The Selling Era (1930s-1950s)**
- 4. The Marketing Era (1950s-2000)**
- 5. The Holistic Era (21st century onwards)**

PRODUCTION ORIENTATION ERA

The prevailing attitude and approach of the production orientation era was -“consumers favor products that are available and highly affordable” . The mantra for marketing success was to “Improve production and distribution”. The rule was “availability and affordability is what the customer wants”. The era was marked by narrow product-lines; pricing system based on the costs of production and distribution, limited research, primary aim of the packaging was to protect the product, minimum promotion. Advertising meant, “Promoting products with a lesser quality”.

PRODUCT ORIENTATION ERA

The attitude changed slowly and approach shifted from production to product and from the quantity to quality. The prevailing attitude of this period was that consumers favor products that

offer the most quality, performance and innovative features and the mantra for marketers was ‘A good product will sell itself’, so does not need promotion.

SALES ORIENTATION ERA

The increased competition and variety of choices / options available to customers changed the marketing approach and now the attitude was “Consumers will buy products only if the company promotes/ sells these products”. This era indicates rise of advertising and the mantra for marketers was “Creative advertising and selling will overcome consumers’ resistance and convince them to buy”.

MARKETING ORIENTATION ERA

The shift from production to product and from product to customers later manifested in the Marketing Era which focused on the “needs and wants of the customers” and the mantra of marketers was ” ‘The consumer is king! Find a need and fill it’. The approach is shifted to delivering satisfaction better than competitors are.

Holistic marketing recognizes that “everything matters” with marketing and that broadly integrated perspective is very essential. Such a holistic approach has four components namely, relationship marketing, integrated marketing, internal marketing and social responsibility marketing.

RELATIONSHIP MARKETING ORIENTATION ERA

This is the modern approach of marketing. Today’s marketer focuses on needs/ wants of target markets and aims at delivering superior value. The mantra of a successful marketer is ‘Long-term relationships with customers and other partners lead to successes

The following sentences summarize the above evolution of marketing.

Production era: ‘Cut costs. Profits will take care of themselves’.

Product era: ‘A good product will sell itself’.

Sales era: ‘Selling is laying the bait for the customer’.

Marketing era: ‘The customer is King!’.

Relationship marketing era: ‘Relationship with customers determine our firm’s future’.