

## Unit 1

### Introduction to Marketing

#### Meaning and definition of Market and Marketer

The word 'Market' is derived from the Latin word 'Marcatus', means a place where business is conducted.

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 meaning of market refers to a place where the trading of goods takes place.

**According to Pyle** Market includes both place and region in which buyers and sellers are in free competition with one another

**According to Philip Kotler** "A market is an area for potential exchanges."

A marketer is an individual who is responsible for creating an involvement chain between the customer and the product or service offered by the company. This involvement is garnered by maintaining huge stocks of goods for supply or properly advertising the product to invite huge sales.

## Meaning and definition of Marketing

Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges which satisfy individual and organizational objectives

**According to Philip Kotler** Marketing is a social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

## Nature of Marketing

- ✓ **Managerial Function:** Marketing is all about successfully managing the product, place, price and promotion of business to generate revenue.
- ✓ **Human Activity:** It satisfies the never-ending needs and desires of human beings.
- ✓ **Economic Function:** The crucial second marketing objective is to earn a profit.
- ✓ **Both Art and Science:** Creating demand of the product among consumers is an art and understanding human behaviour, and psychology is a science.
- ✓ **Customer Centric:** Marketing strategies are framed with the motive of customer acquisition.

- ✓ **Consumer Oriented:** It practices market research and surveys to know about consumer's taste and expectations.
- ✓ **Goal Oriented:** It aims at accomplishing the seller's profitability goals and buyer's purchasing goals.
- ✓ **Interactive Activity:** Marketing is all about exchanging ideas and information among buyers and sellers.
- ✓ **Dynamic Process:** Marketing practice keeps on changing from time to time to improve its effectiveness.
- ✓ **Creates Utility:** It establishes utility to the consumer through four different means; form (kind of product or service), time (whenever needed), place (availability) and possession (ownership).

### Scope of Marketing

1. **Customer Acquisition:** Attracts new customers and grows the business's client base.
2. **Brand Building:** Creates a strong, recognizable brand identity and enhances market presence.
3. **Revenue Generation:** Drives sales and increases business income through effective promotions and strategies.
4. **Market Understanding:** Provides insights into consumer behavior and market trends for better decision-making.

5. **Competitive Advantage:** Differentiates the business from competitors and captures market share.
6. **Customer Engagement:** Builds and maintains relationships with customers to foster loyalty and satisfaction.
7. **Product Development:** Guides the creation of products that meet customer needs and preferences.
8. **Market Expansion:** Facilitates entry into new markets or segments, increasing the business's reach.
9. **Customer Education:** Informs customers about product benefits, helping them make informed purchasing decisions.
10. **Economic Impact:** Contributes to economic growth through increased demand and job creation.
11. **Reputation Management:** Manages and improves the company's public image and handles crises effectively.
12. **Technological Adaptation:** Keeps the business up-to-date with digital trends and technological advancements.

### Need of Marketing

1. Marketing is an effective way of engaging customers
2. Marketing helps to build and maintain the company's reputation.

3. Marketing helps to build a relationship between a business and its customers
4. Marketing is a communication channel used to inform customers
5. Marketing helps to boost sales
6. Marketing aids in providing insights about your business
7. Marketing helps your business to maintain relevance
8. Marketing creates revenue options
9. Marketing helps the management team to make informed decisions

### Functions of Marketing: According to Clark and Clark

1. Functions of Exchange
2. Functions of Physical Supply
3. Facilitating Functions

#### 1. Functions of Exchange

- ✓ **Buying:** Involves procuring goods of required quality and quantity at a satisfactory price. It involves assembling goods under a single ownership for production, resale or consumption. Buying process may involve following activities: I. Planning, Negotiating, Contracting and Assembling

- ✓ **Selling:** Involves finding buyers to sell goods at a satisfactory price. Selling process may involve following activities: I. Planning, Prospecting, Creating demand/ inducing buyers, Negotiating and contracting.

## 2. Functions of Physical Supply

- ✓ **Transportation:** needs to be speedy, efficient, on-time, hassle-free and safe delivery. Company has a choice of five modes of transportation: Rail, Road, Air, Waterways (Shipping) and Pipelines.
- ✓ **Storage and Warehousing:** Goods are stored for different reasons such as: Goods produced seasonally may be used throughout the year and vice versa. Manufacturers store raw materials for ready supply Goods are also stored in the hope of getting a higher price in future

## 3. Facilitating Functions

- ✓ **Financing:** Marketing department needs capital for Investing in land, buildings, furniture etc.; maintaining inventory and extending credit to customers. Acquiring funds for these marketing purposes is known as financing.
- ✓ **Risk Taking:** Marketing may face the risk of loss, fire, theft, natural calamity, price fluctuations, exchange rate

fluctuations etc. Some of these risks may be insured wholly or partly or borne by the businessman.

- ✓ **Market Information:** The function of collecting, analyzing and communicating information is also important in marketing. Modern Marketing involves setting up an efficient Marketing Information System and undertaking Market research.
- ✓ **Standardization and Grading:** Standardization and Grading is a measure of quality consisting of specifications such as size, color, appearance, shape, chemical contents, flavor etc...
- ✓ **Pricing:** Generates revenue, all other functions involve costs. Pricing need to be right. Neither too high nor too low.
- ✓ **Branding:** Branding is the practice of giving a specified name to a product or a group of products from one seller. Branding helps Identify & differentiate products from those of competitors.
- ✓ **Packing and Advertising:** Packing provides handling convenience, maintains freshness and quality of the product and prevent damages or adulteration of the product. Packaging is an attractive display or an eye-catching appearance. It informs guides, educates and protects buyers, so that they can take right decisions on what to buy.

- ✓ **Sales Promotion:** are the short term promotion tools designed to stimulate customers to buy and assist sales-force/ retailers in their sales efforts.

## APPROACHES OF MARKETING

1. **The commodity approach:** The commodity approach the focus is placed on the product or it is an approach on the marketing on commodity wise basis. In other words, the study relates to the flow of a certain commodity and its movement from the original producer right up to the ultimate customer. Product oriented than Marketing function Oriented i.e., sources and conditions of supply, nature and extent of demand, mode of transporting, storage, standardization, packing etc.
2. **The Institutional approach:** In the institutional approach, the focus is on the study of institutions- middlemen, wholesalers, retailers, importers, exporters, agencies, warehousing etc., engaged in the marketing during the movement of goods. The approach is also known as middlemen approach. This system pays attention to the problems and functions of marketing institutions- transporting, banks and other financial institutions, warehousing, advertising, insurance etc.



3. **The Functional Approach:** The functional approach gives importance on the various functions of marketing. In other words, one concentrates attention on the specialized services or functions performed by marketers. In this approach, marketing splits into many functions-buying, selling, pricing, standardization, storage, transportation, advertising, packing etc.
  
4. **The Management Approach:** It concentrates upon the activities or marketing functions and focuses on the role of decision making at the level of firm. This approach is mainly concerned with how managers handle specific problems and situations. It aims through evaluation of current market practices to achieve specific marketing objectives. Generally there are two factors-controllable and uncontrollable, which are more concerned with the decision-making.
  - Controllable include price adjustment, advertisement etc.
  - Uncontrollable-economical, sociological, psychological, political etc. are the basic causes for market changes. And these changes cannot be controlled by any firm

5. **The system approach:** The system approach can be defined as “a set of objects together with the relationships among them and their attributes. ” The system examines marketing connections (linkage) inside as well as outside the firm. Here, the aim is to secure profit through customer-satisfaction. Markets can be understood only through the study of marketing information. (Input, Process, Output, Feedback).
  
6. **The Societal approach:** Marketers should have a greater social responsibility than simply satisfying customers and providing them with superior value. As marketing makes use of social inputs or resources, it has the social responsibility to fulfil. That is, marketing must bring in maximum social well-being or welfare. That is, it is not only to provide a car, but less pollutant car, cigarette without smoke, medicines without side effects, holding high the social and cultural values and value adding to the life-styles and living.
  
7. **The legal approach:** This approach emphasizes only one aspect i.e., transfer of ownership to buyer. Legal approach advocates that marketing should be regularized by laws.

All the marketing activities should agree with and remain under control of legal provisions.

8. **The Economic approach:** The economic approach of marketing gives emphasis on increase of profit maximization. Marketing helps how to utilize Minimum resources for maximum satisfaction. It researches markets, studies and analyzes demand and supply.

### Marketing Concepts

1. **Production Concept:** The production concept holds that the consumer prefer the goods which are easily available at lower prices. Therefore, it is necessary to produce in large quantities at lower costs.

#### **FEATURES:**

- Production in large volume, at low cost will be acceptable to customers
- Concentrates on production efficiency
- May do well in distribution
- Rarely appreciated by customers
- Therefore increase production and cut down costs

2. **Product concept:** It is a belief of the management that consumers favour the products of superior quality, better performance and innovative features. Therefore, successful marketing requires continuous product planning and development and improvement in quality standards.

**FEATURES:**

- Focuses on design and quality of products
- Believes that customers will automatically buy products of high quality
- R&D is essential element
- Do not bother to study the market & consumer in depth
- Therefore improves the quality, performance and features.

3. **Selling Concept:** This concept assumes that consumers will not buy goods voluntarily unless the seller undertakes a large scale selling and promotional efforts.

**FEATURES:**

- Believes that customers need to be persuaded to buy the products
- Involves advertising, large scale promotions, publicity, discounts, public relations etc.
- Does not take care of the need of the customer
- Therefore promotes sales aggressively

4. **Marketing Concept:** This concept holds that the primary task of a business firm is to study the needs, desires and the preferences of the potential consumers and produce goods which are actually needed by the consumers. When an organisation practices the marketing concept, all its activities are directed to satisfy the consumer.

**FEATURES:**

- Starts with determination of consumer needs
  - Ends with satisfaction of these needs
  - Organizational activities revolve around customer
  - Products & Services are designed to serve customer need
  - Realizing organizational goals including profits
- Therefore they love the customer not the product.

5. **The Societal Marketing Concept:** According to this concept, the task of management is to identify and satisfy consumer wants, in conformity with social interests. Firms should not only consider consumer wants and profits but also society interests while making their marketing decision.

**FEATURES:**

- ❖ It is a Marketing concept (+) Society's well being

- ❖ Balancing of following three considerations while setting marketing policies :
  - ✓ Customer's want satisfaction
  - ✓ Society's well being
  - ✓ Company's profits
- ❖ Therefore it enhances the consumer's needs and society well being.

## 6. The Holistic Marketing Concept

This concept recognizes that “ everything matters ” with marketing.

It involves interconnected marketing activities to ensure that the customer is likely to purchase their product rather than competition.

According to holistic marketing concept, even if a business is made of various departments, the departments have to come together to project a positive & united business image in the minds of the customer.

It's four components are:

- **Internal marketing** – Marketing between all the departments in an organization

- **Relationship marketing** – Building a better relationship with your customers, internal as well as end customers is beneficial for holistic marketing.
- **Performance marketing** – Driving the sales and revenue growth of an organization holistically by reducing costs and increasing sales.
- **Integrated marketing** – Products, services and marketing should work hand in hand towards to growth of the organization.

## Types of Market

### 1. Time-Based Markets

- ✓ **Spot Market:** Immediate transactions at current prices, typically involving raw materials (e.g., crude oil).
- ✓ **Futures Market:** Contracts to buy/sell at a future date for an agreed price (e.g., wheat futures).
- ✓ **Forward Market:** Customized, over-the-counter contracts for future transactions, allowing more flexibility (e.g., currency forwards).
- ✓ **Long-Term Market:** Involves long-duration contracts (e.g., real estate deals).

## 2. Area-Based Markets

- ✓ **Local Market:** Operates in a specific geographic area, often small (e.g., farmers' markets).
- ✓ **Regional Market:** Covers a broader geographical area like a state or region (e.g., regional shopping malls).
- ✓ **National Market:** Transactions happen across an entire country (e.g., national retail chains).
- ✓ **International Market:** Involves trade between countries (e.g., global commodity markets).
- ✓ **Global Market:** Involves worldwide transactions, typically involving standardized goods (e.g., global stock exchanges).

## 3. Accessibility-Based Markets

- ✓ **Open Market:** Freely accessible, minimal barriers to entry (e.g., online marketplaces).
- ✓ **Restricted Market:** Limited access, governed by regulations or qualifications (e.g., defense contracts).
- ✓ **Black Market:** Unregulated or illegal transactions (e.g., smuggled goods).
- ✓ **Formal Market:** Governed by strict regulatory oversight (e.g., stock exchanges).



- ✓ **Informal Market:** Smaller, unregulated, and often cash-based transactions (e.g., street vendors)

#### 4. Transaction Method-Based Markets

- ✓ **Direct Market:** Buyers and sellers transact without intermediaries (e.g., local farm produce sales).
- ✓ **Indirect Market:** Involves intermediaries like retailers (e.g., retail chains).

#### 5. Market Structure-Based Markets

- ✓ **Perfect Competition:** Numerous sellers with identical products, no price control (e.g., agriculture).
- ✓ **Monopolistic Competition:** Many sellers offering differentiated products, with some price control (e.g., fast food).
- ✓ **Oligopoly:** A few large sellers dominating the market, exercising significant price control (e.g., smartphone manufacturers).
- ✓ **Monopoly:** A single seller with complete control over prices (e.g., local utility companies).

#### 6. Based on Product Life Cycle

- ✓ **Emerging Market:** New products or services with low market penetration (e.g., electric vehicles).

- ✓ **Growth Market:** Rapidly increasing demand and market acceptance (e.g., smartphones).
- ✓ **Mature Market:** Stable demand with well-established competitors (e.g., household appliances).
- ✓ **Declining Market:** Decreasing demand due to technological or consumer preference shifts (e.g., VHS players).

## 7. Based on Commodity Type

- ✓ **Commodity Market:** Focuses on standardized raw materials or goods (e.g., oil, gold).
- ✓ **Service Market:** Transactions involving services instead of physical goods (e.g., consulting, software).
- ✓ **Consumer Goods Market:** Markets for goods purchased for personal use (e.g., groceries).
- ✓ **Industrial Goods Market:** Focuses on products for business operations (e.g., machinery)

## Types of Marketing

### 1. The Societal marketing

Societal marketing concept or social marketing concept was introduced by Philip Kotler. This concept ensures that companies do not neglect the welfare of the society in the race

to satisfy consumers and gain more market share. It is important for society, environment and business.

- ✓ **Consumer Welfare:** It represents the interests, wants and needs of consumers. Societal marketing or social marketing is meant to satisfy the requirements of consumers as well as society.
- ✓ **Environmental Welfare:** Social marketing must consider the impact of a company's marketing activities on the environment. These marketing activities should be environment-friendly to safeguard the environment.
- ✓ **Social Welfare:** As the name societal marketing suggests, the primary concern of societal marketing is the impact of marketing activities on society.

### Objectives:

- ✓ Marketers should care about more than just keeping customers happy.
- ✓ Marketers should work to help and improve society.
- ✓ Marketing should consider what is right and fair.
- ✓ Marketing should not harm the environment.
- ✓ Businesses should think about doing the right thing for people and the planet when they plan their marketing

## 2. The Relationship Marketing

Relationship marketing is a facet of customer relationship management (CRM) that focuses on customer loyalty and long-term customer engagement rather than shorter-term goals like customer acquisition and individual sales.

The five levels of relationship marketing represent each stage in the customer's journey:

- ✓ **Basic marketing.** A business promotes its product or service to customers and builds a customer base.
- ✓ **Reactive marketing.** The organization requests feedback from customer on how the product or service is working and meeting their needs.
- ✓ **Accountable marketing.** Interaction between the organization and the customer intensifies. Customers are notified that their feedback is being taken into consideration and any problems they identified are being addressed. Organizations also check in to see if the product or service is continuing to meet the customer's needs.
- ✓ **Proactive marketing.** Interactions with customers occur more frequently. Changes are made to products and services based on customer feedback and suggestions.

- ✓ **Partnership marketing.** With ongoing, frequent interaction, both the customer and the organization focus on ensuring a long-term relationship. These partnerships are often publicly promoted to build brand awareness.

### Benefits of Relationship Marketing

- ✓ **Higher Customer Lifetime Value (CLV):** Loyal customers make repeat purchases and often recommend the brand.
- ✓ **Reduced Marketing Costs:** Customers spread the word, reducing the need for expensive advertising.
- ✓ **Better Customer Alignment:** Focus on creating exceptional customer experiences.
- ✓ **Competitive Advantage:** Strengthens customer retention and stands out from competitors.
- ✓ **Increased Customer Satisfaction:** Leads to positive reviews and attracts more loyal customers

### 3. Holistic Marketing

Holistic marketing is a comprehensive approach that considers the entire business and its various components as interconnected parts of a whole. It integrates all aspects of marketing — relationship marketing, integrated marketing, internal marketing, and socially responsible marketing — to create a seamless and cohesive brand experience.

## Benefits of Holistic Marketing

- ✓ **Consistency and Cohesion:** A holistic approach ensures that all marketing messages are consistent across different channels and touchpoints. This consistency strengthens brand identity and helps build trust with customers.
- ✓ **Enhanced Customer Experience:** By integrating all marketing initiatives, businesses create a smoother and more enjoyable experience for customers.
- ✓ **Improved Efficiency:** Holistic marketing enhances coordination and resource management across diverse marketing functions.
- ✓ **Stronger Relationships:** Holistic marketing emphasizes building and nurturing long-term relationships with customers, employees, and other stakeholders. This relationship-centric approach leads to higher customer satisfaction, increased employee engagement, and stronger partnerships.
- ✓ **Adaptability and Resilience:** By considering the interconnectedness of various marketing elements, businesses can better adapt to changes in the market environment. A holistic approach allows for more flexible

and responsive strategies that can quickly address new challenges and opportunities.

- ✓ **Social Responsibility:** By integrating ethical marketing practices into a comprehensive strategy, businesses prioritize their impact on society and the environment. This not only boosts brand reputation but also meets the rising consumer expectations for sustainable and responsible business operations.

#### 4. Internal Marketing

Internal Marketing is a strategy that focuses on treating employees as internal customers and ensuring that they are well-informed, motivated, and aligned with the company's goals and values. It emphasizes the importance of employee satisfaction and engagement as essential components of delivering excellent customer service and maintaining a positive brand reputation.

#### Benefits of Internal Marketing:

- ✓ **Improved Employee Satisfaction:** Engaged and informed employees are more satisfied in their roles, leading to higher retention rates and a more motivated workforce.
- ✓ **Better Customer Service:** When employees are well-trained and aligned with the company's values, they deliver better

customer service, resulting in increased customer satisfaction and loyalty.

- ✓ **Increased Productivity:** Empowering and motivating employees can lead to higher levels of productivity and efficiency in their work.
- ✓ **Consistent Brand Experience:** Internal marketing ensures that all employees understand the company's brand and values, helping them deliver a consistent experience to customers across all touch points.
- ✓ **Stronger Organizational Alignment:** By aligning all departments and employees with the company's marketing strategies, internal marketing reduces conflicts and promotes seamless collaboration toward common goals.
- ✓ **Enhanced Innovation:** Engaged employees are more likely to contribute creative ideas and solutions that can improve products, services, and customer experiences.

## 5. Performance Marketing

**Performance marketing** is a digital marketing strategy where advertisers pay for specific actions, such as clicks, sales, or leads, rather than paying upfront for ad placements. It focuses on measurable results, meaning that marketers only pay for successful outcomes based on their predefined goals. This type



of marketing allows advertisers to track performance in real-time and optimize campaigns for better returns.

Key elements of performance marketing include:

- ✓ **Pay-per-click (PPC):** Advertisers pay each time their ad is clicked.
- ✓ **Affiliate marketing:** Partners promote products or services and earn a commission for generating leads or sales.
- ✓ **Cost-per-lead (CPL):** Payment is made when a lead, such as an email sign up or form submission, is generated.
- ✓ **Cost-per-acquisition (CPA):** Payment occurs when a sale or specific action is completed.

Benefits

- ✓ **Cost Efficiency:** Advertisers only pay for specific actions (like clicks, leads, or sales), ensuring that budgets are spent on actual outcomes rather than just ad placements.
- ✓ **Measurable Results:** Performance marketing provides real-time data and analytics, enabling marketers to track the effectiveness of campaigns and optimize them for better results.

- ✓ **Low Risk:** Since payments are tied to actual outcomes, there is less financial risk for advertisers compared to traditional marketing models where costs are incurred upfront.
- ✓ **Targeted Campaigns:** With advanced targeting options, marketers can reach specific audiences based on demographics, interests, or behaviors, leading to higher engagement and conversion rates.
- ✓ **Scalability:** Performance marketing campaigns can be easily scaled up or down depending on results, allowing businesses to adapt to changing market conditions.
- ✓ **Improved ROI:** Focusing on measurable outcomes ensures that resources are allocated to channels that deliver the highest returns, maximizing ROI.
- ✓ **Transparency:** Detailed performance tracking ensures full transparency, allowing businesses to see which ads, platforms, or channels are delivering the best results.

**6. Integrated Marketing:** Integrated marketing is a strategy that involves aligning all marketing tactics and channels to deliver a consistent message and customer experience across platforms.

### Benefits of Integrated Marketing:

- ✓ **Enhanced Brand Recognition:** Consistent messaging across channels strengthens the brand identity and improves customer recall.
- ✓ **Higher Efficiency:** By integrating different strategies and channels, resources are used more efficiently, reducing duplication and maximizing impact.
- ✓ **Improved Customer Experience:** A seamless, consistent message across platforms enhances the customer journey, increasing satisfaction and loyalty.
- ✓ **Increased Reach and Impact:** Leveraging multiple channels ensures the message reaches a broader audience while maintaining relevance across diverse platforms.
- ✓ **Better ROI:** Coordinated efforts ensure that the marketing budget is spent more effectively, increasing the return on investment.