

Marketing Management

By: Ankita Aggarwal

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Sample Preview of The Chapter

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MARKETING MANAGEMENT

Nature and Scope of Marketing

1

Introduction to Marketing

INTRODUCTION

This is an introductory chapter and it covers important topics like marketing, marketing philosophies, selling and marketing, marketing management in Indian context. Marketing is a systematic design of business activities for planning pricing, distributing and promoting a good or service to the target market. Marketing understands the customer's needs, wants and interests and serves them in such a way that it helps the organization to use the resources optimally. It is a core function of every business and has to work in co-ordination with other departments like finance, production, and human resource etc. of the company. Marketing aims at profit maximization. Marketing is a vital activity of a business process. It holds an important place in the enterprise as it helps to increase sale and earn revenue. It helps to create utilities of time, place and possession. It increases per capita income and raise the standard of living . It ensures the better services to the consumer and creates employment in the field of marketing. Marketing in a developed economy

gets the advantage of the matured marketing system. Each organization has a common objective that is to earn maximum profit. Increase in competition from domestic as well as foreign companies has made marketing very important for all the firms to remain in the market.

During the late 80s in the initial stages of Industrial Revolution, there was no competition and producers believed in production concept which means consumers prefer inexpensive and widely available products, so major emphasis was on high production efficiency. But as more companies came in, product concept emerged where companies started to improve their product features. Later in 1920s selling concept came into being, where producers believe in aggressive selling and promotion of a product or service. And as the competition increased producers started realizing the value of customer and customer satisfaction; this led to the evolution of marketing concept. Companies started analysing what customers need or want and the main idea was to satisfy the

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customers and maximize profits. Customer is considered as a king. All the companies follow different philosophies of marketing. The Marketing concepts are classified into five types that undertake marketing activities: Production concept, Product concept, Selling concept, Marketing concept, and Societal concept.

Many managers think that selling and marketing are similar terms but these terms are considerably different from each other. Selling emphasizes on the needs of the sellers not buyers. So the aim is to sell what a seller produces not what a customer wants whereas marketing emphasises on the needs of the customers and aim is to satisfy the customers. Selling concentrates on seller's needs whereas marketing concentrates on buyer's needs. Selling views customer as the last link, it produces the product first and then decides to sell the product whereas marketing views the customers as the first link, it identifies the customer's needs and wants and then produces the product that can satisfy them. Selling considers seller as the king and marketing considers customer as the king. Selling emphasises on sales maximization and marketing emphasises on profit maximization.

Marketing process includes four steps. They are: identify and analyse marketing opportunities, segment the markets, develop the marketing mix, manage the marketing tasks. The purpose of the marketing process is to help the firm plan how to capitalize on the marketing opportunities and complete the marketing tasks efficiently. Marketing supports the economic progress of the company. Management of marketing generates additional employment, creates utility, increases per capita income and helps in the overall progress of an economy. It is of great importance to consumers as it provides more alternative to the customers, controls the price mechanism and allow the consumers to balance his income and consumption.

SUMMARY

Meaning of Marketing Management

Marketing is an art. It is now a vital function of each business. As defined by the **Paul Mazur** 'marketing is the creation and delivery of a standard of living to society'. Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationship in ways that benefit the organization and its stakeholders. Job of a marketing manager is to identify and fulfil the needs of the customers. So, marketing strives to develop products and services that appeal to their customers and satisfy them.

"Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, services, organizations, and events to create and maintain relationships that will satisfy individual and organizational objectives."

— **Contemporary Marketing Wired (1998) by Boone and Kurtz. Dryden Press**

It can be for the goods like television, food products etc; services like hotels, restaurants, saloons, airlines etc; people like film stars, painter, musician etc; events like Indian premier league, Stardust award show etc; experience like entertainment city, Japanese park etc; organization like universities, any company etc; places like country, city etc.

The firms without the marketing mindset are at disadvantage in today's marketplace. It is so difficult to get your product get noted amongst the vast range of products available in the market that companies will have to make sincere marketing efforts to differentiate it's product in the increasingly crowded marketplace. It provides a competitive advantage to the product.

Marketing Management Philosophies

There are five marketing management philosophies. Many business enterprises follow the

following marketing concepts to conduct their marketing activities. They are: production concept, product concept, selling concept, marketing concept and societal concept.

Production Concept

This concept emerged out of production orientation. The belief of the producers is that the customers will choose the products and services that are widely available and low priced.

Product Concept

In this concept producers believe that customers will buy the products which have best features and attributes like quality, appearance etc. The major attention is on improving the product, modifying it and adding innovative features.

Selling Concept

According to the selling concept, a firm undertakes aggressive selling and promotion activities. Consumers need to be pushed to buy the products. Main aim is to sell what they produce not what customers want. Seller is considered to be the king. Objective is to earn profits through maximizing sales. It views customer as the last link in business.

Marketing Concept

In this concept producers believe in providing goods and services as per customer needs and wants. This concept emphasises only on consumer satisfaction. It helps to maximize profit. Customer is considered to be the king.

Societal Concept

It is also known as humanistic marketing or ecological marketing. This concept implies societal welfare and customer satisfaction. Firm produces and delivers the products or services effectively as per the customer's requirement in a way that it preserves the societal well-being. It is concerned with social and ethical issues. It helps business to build good image.

Difference Between Marketing and Selling

Most people have a misconception that marketing is similar to the selling. Selling stresses

on the needs of seller whereas marketing on the needs of the buyers. Selling's aim is to sell what a seller produces not what a customer wants whereas marketing emphasis on the needs of the customers and its aim is to satisfy the customers. Selling views customer as the last link; it produces the product first and then decides to sell the product whereas marketing views the customers as the first link; it identifies the customer's needs and wants and then produces the product that can satisfy them. Selling considers seller as the king and marketing considers customer as the king. Selling aims at maximizing sales volume on the other hand, marketing aims at profit maximization. Main idea is to satisfy customer and win customer loyalty to meet the objective of profit maximization.

Evolution Of Marketing Management Philosophy

During the prehistoric times, Barter system was started because it was not possible for everyone to produce everything they needed. The emergence of barter system led to the growth of modern day marketing.

During the late 80s, there was no competition and producers were able to sell whatever they produced. Customers had to purchase the products that were available in the market. This was the production concept which means consumer prefers low priced and widely available products, so major emphasis was on high production efficiency. But as more companies came in, producers were unable to sell whatever they produced and product concept emerged where companies started to improve their product features. Later in 1920s selling concept was adopted, where producers believe in aggressive selling and promotion of a product or service to create customers. And as the competition increased producers started realizing the value of customer and customer satisfaction. Companies started analyzing what customer needed or wanted and the main idea was to satisfy the customers and earn maximum profits, which is known as marketing concept.

Marketing Management Process

Identify and Analyze Marketing Opportunities

This is the first step in marketing management where marketing opportunities are identified and evaluated by strategic marketing planning. The very first step of marketing includes identifying the needs of the customers. So the marketer is required to analyze the market opportunities to evaluate the needs of consumers.

Segment the Markets

In the second step, whole market is divided into homogeneous segments. These segments are divided to identify and analyze the consumer group who respond in a similar way to a given set of marketing efforts. Marketers then select few segments that are most potential to be targeted.

Develop the Marketing Mix

Marketing mix consist of 4 P's of marketing: Product, Price, Place, and Promotion. These four P's are the basic elements of the marketing. A marketing manager develops an effective marketing mix for the success of the organization.

Manage the Marketing Task

The fourth step is to manage important marketing tasks like marketing analysis, marketing planning, implementation of marketing plans, marketing control, and marketing audit.

Marketing Management In Indian Context

Marketing management in India evolved with the growth of Indian market which has three different stages. First phase- pre-independence period, Second phase-post-independence period and Third phase-liberalization, privatization and globalization.

First phase includes period before the independence. Markets were dominated by sellers. Majority of the people were engaged in agriculture, and so they did not have adequate purchasing power. Britishers own the large enterprises with the major stake.

Second phase started after the independence when there was no competition, public sector operated the market, per capita income was low and growth was slow. The large enterprises were handled by government based on the socialistic principles. Sellers dominated the market. Manufacturers were not concerned about product quality and customer satisfaction. Domestic market was protected from the foreign players; they were banned in Indian markets.

Third phase started with the liberalization of India in 1991 when Indian economy was open for trade with other countries. Privatization and globalization took place. Public sector lost its control over private enterprises i.e. large enterprises were dominated by the private sector. Competition increased as the foreign companies entered in Indian markets. Indian government allowed foreign direct investment. There was improvement in communication and transportation facilities. Products could be marketed in a better way. And companies concentrated on providing better services.

Importance of Marketing as of Study Subject

Marketing holds a very significant place in an emerging economy like India. Besides satisfying the customer's needs it helps to support economic development. It is of great importance to consumers as it provides more alternative to the customers, controls the price mechanism and allow the consumers to balance his income and consumption. It supports the economic progress of the company. Management of marketing generates additional employment, creates utility, increases per capita income and helps in the overall progress of an economy. It deals with business management challenges like scanning environmental factors, identification of marketing opportunities, formulation of marketing programmes, evaluation and tracking of customer choice and response to business.