



Marketing Management

(Text & Cases)

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PREFACE

We have great pleasure in presenting the first edition “*Marketing Management*” written for students of PG courses. The subject matter is written in a simple and easily understandable language with sufficient support from real business world information.

The language of the book is simple and the coverage of various unit is exhaustive with examples. This work is prepared as a basic material for the learners to know fully about marketing management. We have tried to make the book very useful for the students but still we will thankfully solicit and incorporate the suggestions of our readers. This title “*Marketing Management*” provides them an opportunity to develop the skills necessary to meet the challenges.

This is an attempt to provide the students with thorough understanding of marketing management concepts. In writing this book we have benefited immensely from the studies of a number of books and the articles written by scholars spread over diversely.

We are sure this book will prove to be useful to students and teachers alike. The book would not have seen the light, but for the grace of God and the blessings and support of our family members and friends.

We offer our gratitude to Himalaya Publishing House Pvt. Ltd., who is leader in Commerce and Management publications. Our sincere regards to Mr. Niraj Pandey, Mr. Vijay Pandey and Mr. Yeshwanth Rao. K for interest shown and for the best effort put forth by the matter of publication of this book.

Finally, we express our sincere thank to SPS, Bengaluru for their excellent computer typesetting work and the printing.

Any suggestions regarding improvement and errors, if any, will be gratefully acknowledged.

Chennai

Feb., 2018

Authors

Syllabus

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Marketing – Definitions – Conceptual frame work – Marketing environment: Internal and External – Marketing interface with other functional areas – Production, Finance, Human Relations Management, Information System. Marketing in global environment – Prospects and Challenges.

UNIT II: MARKETING STRATEGY

Marketing strategy formulations – Key Drivers of Marketing Strategies – Strategies for Industrial Marketing – Consumer Marketing – Services marketing – Competitor analysis – Analysis of consumer and industrial markets – Strategic Marketing Mix components.

UNIT III: MARKETING MIX DECISIONS

Product planning and development – Product life cycle – New product Development and Management – Market Segmentation – Targeting and Positioning – Channel Management – Advertising and sales promotions – Pricing Objectives, Policies and methods.

UNIT IV: BUYER BEHAVIOUR

Understanding industrial and individual buyer behavior – Influencing factors – Buyer Behaviour Models – Online buyer behaviour – Building and measuring customer satisfaction – Customer relationships management – Customer acquisition, Retaining, Defection.

UNIT V: MARKETING RESEARCH AND TRENDS IN MARKETING

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UNIT - 1

Introduction

Highlights

- ◆ Introduction
- ◆ Marketing
- ◆ Definitions of Marketing
- ◆ Conceptual Frame Work
- ◆ Marketing Environment: Internal and External
- ◆ Marketing Interface with other Functional Areas
- ◆ Marketing in Global Environment

INTRODUCTION

Marketing occupies an important position in the organization of business unit. Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably. Marketing deals with customers creating customer value and satisfaction are the heart of modern marketing thinking and practice. Traditional view of the marketing asserts that the customer will accept whatever product the seller presents to them. In this way the main concern of the producer is to produce without considering the choice or the behaviour of the customer. But this point of view of marketing has now changed. The modern concept may be viewed from the customer's point of view. Marketing is centered around the customer. Producers don't produce whatever he likes but whatever consumer wants.

In this way, marketing performs all those functions which are necessary to pass on goods from producer to the consumers in process to satisfy their needs. Thus the prime objective of modern marketing is the satisfaction of customers needs. Therefore, marketing functions are not limited to the functions of buying and selling but they include all functions necessary to satisfy the customer such as financing, storage, risk bearing and after sale series.

Marketing is "the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large."

For business houses marketing in general means "the process by which companies create value for customers and build strong customer relationships, in order to capture value from customers in return". For business to business marketing it is creating value, solutions and relationships either short term or long term with a company or brand. It generates the strategy that underlies sales techniques, business communication and business developments. It is an integrated process through which companies build strong customer relationships and create value for their customers and for themselves.

Marketing is used to identify the customer, satisfy the customer and keep the customer. With the customer as the focus of its activities, marketing management is one of the major components of business management. Marketing evolved to meet the stasis in developing new markets caused by mature markets and over capacities in the last 2-3 centuries. The adoption of marketing strategies requires businesses to shift their focus from production to the perceived needs and wants of their customers as the means of staying profitable.

The term marketing concept holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions. It proposes that in order to satisfy its organizational objectives, an organization should anticipate the needs and wants of consumers and satisfy these more effectively than competitors.

The term marketing developed from an original meaning which referred literally to going to a market to buy or sell goods or services. Seen from a systems point of view, sales process engineering marketing is "a set of processes that are interconnected and interdependent with other functions, whose methods can be improved using a variety of relatively new approaches."

MEANING AND DEFINITION OF MARKET

Meaning of Market

Market is a centre around which marketing activities revolve. A market, in general, may be described as a place where goods and services are offered for sale, buyers and sellers meet and the title to goods is transferred. In olden days, buying and selling of goods was done by coming together in periodical fairs held at specific places and on specific dates. Sellers put their commodities in these periodical fairs for sales and buyers also used to go there to purchase the commodities according to their needs.

Thus market is referred to as the place or geographical area where buyers and sellers assemble and exchange goods or where a commodity is concentrated for sale. Today such a market comprises of large number of population varying in age, income, religion etc. and a place where the wants of the customers keeps on changing on day to day basis because of the presence of many number of manufacturers who compete in the market and there by the customer today has a chance to choose from a variety of products, hence for a manufacturer in order to succeed in such a competent market needs to adapt certain marketing aspects to know about his customers and the market as a whole.

Definition of Market

Market is a regular gathering of people for the purchase and sale of provisions, livestock and other commodities.

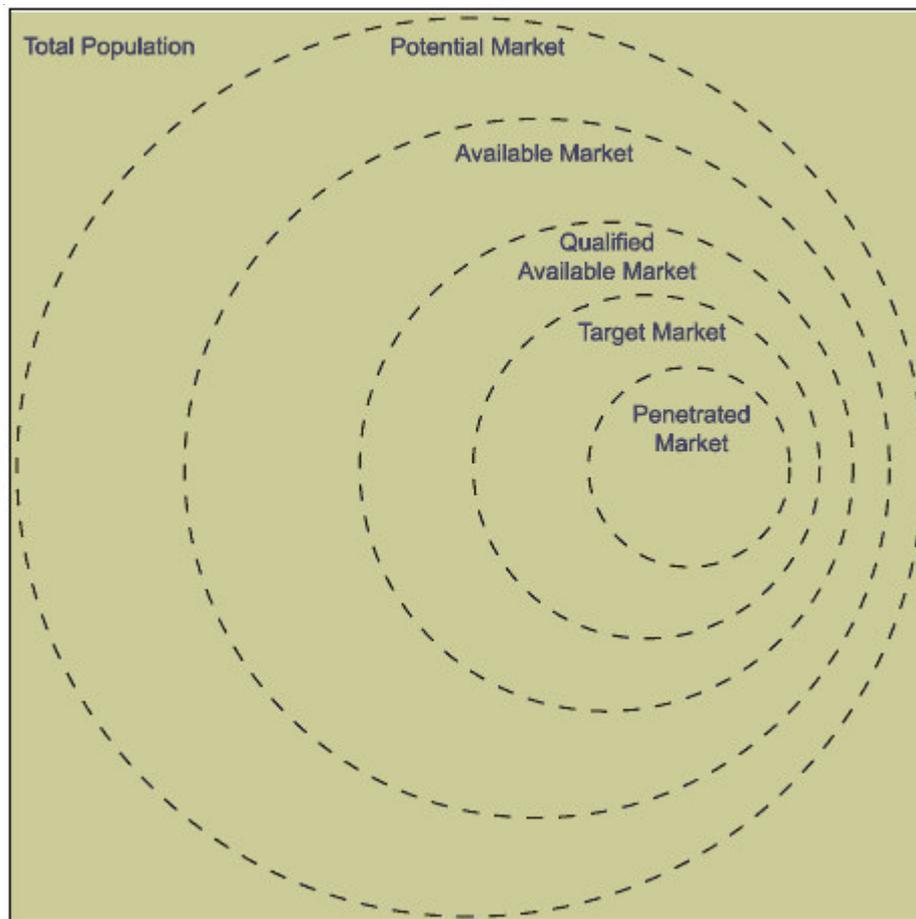
Market is an actual or nominal place where forces of demand and supply operate and where buyers and sellers interact (directly or through intermediaries) to trade goods, services or contracts or instruments, for money or barter.

A market is any place where the sellers of a particular good or service can meet with the buyers of that goods and service where there is a potential for a transaction to take place.

Market is a medium that allows buyers and sellers of a specific good or service to interact in order to facilitate an exchange.

CONCEPT OF MARKET

In marketing, the term market refers to the group of consumers or organizations that is interested in the product, has the resources to purchase the product and is permitted by law and other regulations to acquire the product. The market definition begins with the total population and progressively narrows as shown in the following diagram:



Beginning with the total population, various terms are used to describe the market based on the level of narrowing:

Total Population:

Potential Market: Those in the total population who have interest in acquiring the product

Available Market: Those in the market who have enough money to acquire the product.

Qualified Available Market: Those in the market who are legally permitted to buy the product.

Target Market: The qualified segment available in the market that the firm has decided to serve.

Penetrated Market: Those in the target market who have purchased the product.

For example, the size of the market available for a product can be increased by decreasing the product price and the size of qualified available market can be increased through changes in legislation that result in fewer restrictions on who can buy the product.

Defining the market is the first step in analyzing it. Since the market is likely to be composed of consumers whose needs differ, market segmentation which will be useful in order to understand those needs and to select the groups within the market that the firm will serve.

TYPES OF MARKET

The various types of market are given below:

1. Consumer Market
2. Industrial Market
3. Government Market
4. Global Market
5. Non-profit Market

1. Consumer Market

Consumer markets are the markets for products and services bought by individuals for their own or family use. Goods bought in consumer markets can be categorized in several ways:

a) Fast-moving consumer goods (“FMCG’s”)

These are high volume, low unit value, fast repurchase. *Examples:* Ready meals; Baked Beans and Newspapers etc.

b) Consumer durables

These have low volume but high unit value. Consumer durables are often further divided into:

- (i) White goods (*Example:* fridge-freezers, cookers, dishwashers and microwaves etc.)
- (ii) Brown goods (*Example:* DVD players, games consoles and personal computers etc.)

c) Soft goods

Soft goods are similar to consumer durables, except that they wear out more quickly and therefore have a shorter replacement cycle. *Examples:* clothes and shoes.

d) Services (*Example:* hairdressing, dentists and childcare etc.)

2. Industrial Market

Industrial markets involve the sale of goods between businesses. These are goods that are not aimed directly at consumers. Industrial market includes:

a) Selling finished goods

Examples: office furniture, computer systems etc.

b) Selling raw materials or components

Examples: steel, coal, gas and timber etc.

c) *Selling services to businesses*

Examples: waste disposal, security, accounting and legal services etc.

3. Government Market

In most of the countries central/federal, state or local governing bodies are the largest buyers requiring and number of products and services. Government is also the biggest provider of services to the people, especially in a developing country like India where army, railways, post and telegraph etc. services are provided by the Central Government and State Govt. and local municipality provides services like roadways and police and sewage and disposal and water supply respectively.

4. Global Market

The world is rapidly moving towards borderless society thanks to information revolution and the efforts of WTO to lower the tariff and non tariff barriers. The product manufacturers and service providers are moving in different countries to sustain and increase their sales and profits. Although the global companies from the developed countries are more in number. *Example:* AT & T, McDonalds, Ford Motors, IBM, Sony, Citi Bank etc. The companies from developing countries are also making their presence felt in foreign countries. *Example:* Aditya Vikram Birla Group, Maruti-Suzuki, Infosys, IRCON etc.

5. Non-profit Market

On one hand the society is making progress in every field, on the other hand the number of problems that it is facing are also increasing. Most of the people don't care for these problems due to variety of reasons such as lack of awareness, lack of time, selfish nature etc. So in order to fill the void, the non-profit organizations came into being. These organizations support a particular issue or a charity and create awareness among the general public towards these issues and try to obtain financial and non-financial support. *Example,* there are NGOs who are working towards the conservation of flora and fauna, Narmada Bachao Andolan, Chipko Andolan etc. These non-profit organisations basically need monetary support from the individuals, institutions and governments to promote a cause or a charity like old age home, free dispensary, free education and home for destitute etc.

MARKETING

Human wants are unlimited and repetitive in nature. Business activities aim at acquiring of wealth, converting it into desired form and making the final product available for exchange for the satisfaction of human wants. These activities fall under industry, commerce and trade. These three branches have one common function-the exchange function. This important and powerful function is termed as marketing. Thus, marketing here means exchange of goods for money or money's worth.

Marketing is a very popular but widely misunderstood. Generally the sale and purchase of commodities is taken to mean marketing. Thus, a producer and businessman consider marketing as selling activity, whereas a purchaser feels that purchasing goods is marketing. But marketing is not only purchase and sale of commodities, it is something more. In order to understand the correct meaning of marketing we have to understand different points of view.

Definitions

According to *American Management Association (AMA)*, "The performance of business activities that direct the flow of goods and services through producers or users" "Product Orientations".

"Marketing is analyzing organizing, planning and controlling of the firms customer impinging resources, policies, activities with a view to satisfy the needs and wants of chosen customer groups at a profit". - *Philip Kotler*

According to *E. Clark*, "Marketing consists of those efforts which affect transfer in ownership of goods and care for their physical distribution".

"Marketing is the business process by which products are matched with markets and through which transfers of ownership are affected". - *Cundiff & Still*

According to *American Marketing Association*, "Marketing is the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large".

"Marketing is a total system of interacting business activities designed to plan, price, promote and distribute wants-satisfying products and services to present and potential customers". - *William. J. Stanton*

CONCEPT OF MARKETING

The marketing concept is about matching a company's capabilities with customer wants. This matching process takes place in what is called the marketing environment.

Businesses do not undertake marketing activities alone. They face threats from competitors and changes in the political, economic, social and technological environment. All these factors have to be taken into account as business tries to match its capabilities with the needs and wants of its target customers. An organization that adopts the marketing concept accepts the needs of potential customers as the basis for its operations. Success is depends on satisfying customer needs.

The marketing concept holds that the key to achieve organizational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors. Under marketing concept, the emphasis is on selling satisfaction and not merely on the selling a product. The objective of marketing is not the maximization of profitable sales volume, but profits through the satisfaction of customers. The

consumer is the pivot point and all marketing activities operate around this central point. It is, therefore, essential that the entrepreneurs identify the customers, establish a rapport with them, identify their needs and deliver the goods and services that would meet their requirements.

The components of marketing concept are as under:

- i) Satisfaction of Customers:* In the modern era, the customer is the focus of the organization. The organization should aim at producing those goods and services, which will lead to satisfaction of customers.
- ii) Integrated marketing:* The functions of production, finance and marketing should be integrated to satisfy the needs and expectations of customers.
- iii) Profitable sales volume:* Marketing is successful only when it is capable of maximizing profitable sales and achieves long-run customer satisfaction.

ELEMENTS OF MARKETING CONCEPT

The marketing concept is about matching a company's capabilities with customer wants. This matching process takes place in what is called the marketing environment. The marketing concept holds that the key to achieve organizational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors. Under marketing concept, the emphasis is on selling satisfaction and not merely on the selling a product. The essence of market is exchange of product and services to satisfy human needs, wants, demand and utility etc. The various elements of marketing concept are:

- (i) Needs:* A human need is a state of self deprivation of some basic satisfaction. People require food, clothing, shelter, safety and a few other things for survival. These needs exist in the very texture of human biology.
- (ii) Wants:* Wants are specific satisfiers of these deeper needs. Example; an individual needs food and wants roti. Human wants are continuously shaped and reshaped by social forces and institutions such as family, school and business co-operations.
- (iii) Demand:* Demand is wants for specific products that are backed by an ability and willingness to buy. Wants become demands when supported by purchasing power e.g. many people want a Mercedes, but only the ability and willingness to purchase.
- (iv) Utility:* It is expected satisfaction from the product.
- (v) Exchange:* It is an act of obtaining a desired product from someone by offering something in return.

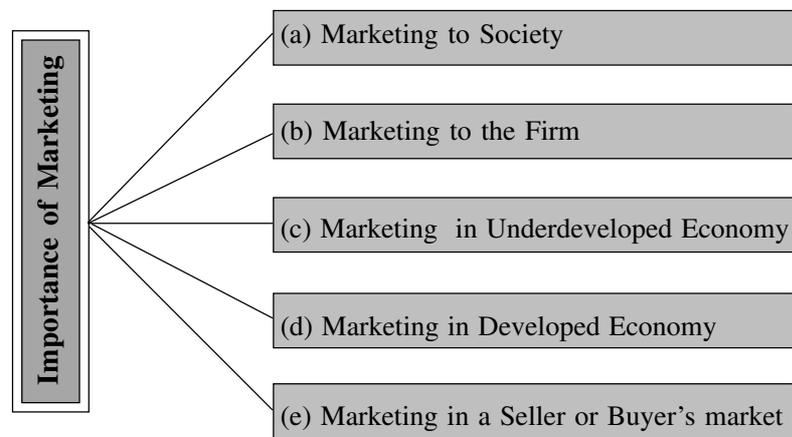
A product is anything that can be offered to satisfy a need or want. The importance of physical product lies not only in owning them but obtaining the service they render. *Example:* we do not buy a car just to look at; we purchase it for the transportation service it renders.

A market consists of all the potential customers sharing a potential need or want who might be willing and able to engage in exchange to satisfy that need or want. Thus the size of the market depends upon the number of persons who exhibit the need, have resources and are willing to offer.

SCOPE OF MARKETING

- (i) **Employment opportunities:** It creates employment opportunities because sales and marketing is a people oriented activity.
- (ii) **Increases national income:** It increases the Per capita and national income.
- (iii) **Improves the standard of living:** It improves the standard of living of the people.
- (iv) **Satisfies the needs:** It satisfies the needs of the people by providing the goods to the customers.
- (v) **Improves transport:** It improves transport and communications.
- (vi) **Establishes a better relationship:** It establishes a better relationship between the buyer and the seller.
- (vii) **Economic stability:** It achieves economic stability.
- (viii) **Location:** It makes goods available to all geographic locations.
- (ix) **Increases revenue:** It increases revenue to the government.
- (x) **Creation of utilization:** It helps in creation of utilization.
- (xi) **Increase the profit:** It enables to increase the profit.
- (xii) **Manage innovations:** It helps the top management to manage innovations and changes.
- (xiii) **Maximize sales** enables the firm to go for large scale production.
- (xiv) **Reduces the cost per unit:** Mass production reduces the cost per unit of the product.
- (xv) It helps the manufacturer to decide what to produce, when to produce and how to sell a product or service.
- (xvi) It enables the firm to meet the demands of various classes of consumers thereby increase the sales.

IMPORTANCE OF MARKETING



(a) Importance of Marketing to Society

- (i) **Delivery of Standard of Living:** The main objective of marketing is to provide goods and services to the people in the society to satisfy their needs and wants at a reasonable price. Therefore producing goods and services accordingly, there by creating demand for these goods, encourage people to use them and there by improving the standard of living of the people.
- (ii) **Provides Employment:** According to an estimate, 40 percent of the labor force in developed economies (USA, Germany and Japan etc.) are engaged in different marketing processes such as marketing research work, wholesale and retail business, transport, communications, storing, warehousing, publicity work etc. In underdeveloped economies like, India, there is a great scope for increasing opportunities for employment by developing marketing processes.
- (iii) **Decreases in Distribution Cost:** Marketing aims at reducing the cost of distribution as far as possible so that the commodities might be within the reach of maximum number of consumers. It increases the level of consumption in the society. Reduction in the cost of distribution directly affects the price of the commodity and it will also be reduced. As a result, the product can now be purchased by customers who were unable to purchase it due to high prices. Even if, we assume that the price is not reduced, it will increase the profits of the producer, which will filter down to the shareholders. A part of the profit may also be utilized for further research work. Thus indirectly the society is benefited in the long run.
- (iv) **Increase in National Income:** Sound marketing system is associated with creation of increased demand for goods and services. An increased demand stimulates production activity in the country which in turn increases the national income which is in the interest of the whole economy.

(b) Importance of Marketing to the Firm

- (i) **Helpful in Business Planning and decision making:** Marketing is helpful not only to plan the production but it is also helpful in business planning and in taking various decisions regarding the business. In today's economy, production is planned according to the sales forecasts and not according to the production capacity of the firm. A firm will produce what it can sell or as much quantity as it can sell and not what and how much it can produce. Thus marketing decisions affect the business decisions. All other activities such as planning, production, purchase, finance revolve around the marketing decisions.
- (ii) **Helpful in Increasing Profits:** Every business is carried on with the profit motive. Marketing helps in increasing the business profits by reducing the selling cost on one hand and by increasing the demand of the product through advertising and sales promotion activities on the other hand.
- (iii) **Helpful in Communication between Firm and Society:** Business collects various information regarding consumers' behaviour and the changes in their behaviour from time to time through marketing. Marketing also provides information to the firm about the competitors, price,

policies and distribution policies. Marketing provides extensive information of the product regarding its quality, price, utility and place of availability to the society. Thus, society comes to know about the new products

(c) Importance of Marketing in Underdeveloped Economy

Marketing has a special significance in underdeveloped economies. A rapid development of the economy is possible only by adopting the modern methods of marketing. Marketing in underdeveloped economies is still in its infancy. Industrialisation and organization goes hand in hand with application of modern refinements in the field of marketing. An effective marketing system alone can bring the fruits of production to the people. India provides the best example in this regard. One of the main reasons for recession is actually the result of recollecting the development of marketing. “Marketing” is an effective engine for development. It mobilizes latent economic energy and thus it is the creator of small business. Thus, the concept of marketing in underdeveloped economies has to go a long way to catch up with the requirements of rapid industrial growth.

(d) Importance of Marketing in a Developed Economy

The economy of abundance is indicated by the way of life itself, which connotes a certain degree of development in marketing. In such countries the volume of production with all its up-to-date technology is generally more than the demand. In order to maintain the level of production it is absolutely necessary that the produced amount is disposed off readily in the country itself or abroad on the basis of non price competition. This is possible only by a very sound and advanced marketing system because of still competition in the market.

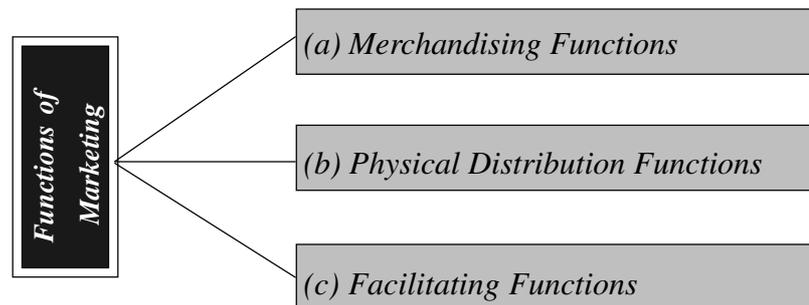
(e) Importance of Marketing in a seller or Buyer’s Market

A seller’s market is one in which the demand for goods and services exceeds the supply. In such a situation there is tendency of growing monopolies. On the other hand buyer’s market is one in which the supply of goods exceeds the demand. Every firm is eager to sell its goods but only that the firm succeeds which adopts the scientific ways of marketing of goods, which means adopting the designs and quality of goods in accordance with the changing tastes and likings of the common consumers. Thus the importance of marketing in both the sellers and the buyers market is great indeed.

FUNCTIONS OF MARKETING

(a) Merchandising Functions

The process of the passing of goods to the customer’s hands is called the function of exchange. This process can be divided into buying, assembling and selling.



- (i) **Buying** : Buying is the first step in the process of marketing. A manufacturer has to buy raw materials for production, a wholesaler has to buy goods to be sold to the consumer. Buying involves transfer of ownership of goods from seller to the buyer.
- (ii) **Assembling**: Assembling means creation and maintenance of the stock of goods, purchased from different sources.
- (iii) **Selling**: The purpose of selling is to find buyers to whom goods can be sold at a price satisfactory to the seller. At all stages of marketing, it is necessary for someone to sell.

(b) Physical Distribution Functions

This function relates to the process of transporting the goods from the place of seller to the place of buyer and includes two main functions:

- (i) **Transportation**: Marketing system requires an economical and effective transportation system. A good system of 'transportation' increases the value of goods by the creation of place of utility.
- (ii) **Storage and Warehousing**: Goods must be stored for different reasons, goods produced seasonally may be used throughout the year, goods meant for use during the short period may be produced over the longer period, manufacturer store raw materials for ready supply are also stored in the hope of getting a higher price in future.

(c) Facilitating Functions

These functions make the marketing process easy and include financing, risk bearing, standardization, pricing, branding advertising, salesmanship, sales promotion, packaging, market information, marketing research and marketing intelligence.

- (i) **Financing**: It is very difficult to carry on marketing activities smoothly without the availability of adequate and cheap finance. Commercial Banks, Co-operative credit Societies and government agencies arrange for short-term finance, medium term, finance and long term finance to facilitate marketing.
- (ii) **Risk-Bearing**: Marketing of goods involves innumerable risks due to theft, distortion accidents etc. The most important factor responsible for the risk is fluctuation in prices. The other factor, competition in the market, change in habits of the consumers, natural calamities etc.

- (iii) **Standardization:** This has now been accepted as an ethical basis of marketing. A standard is a measure that is generally recognized as model for comparison. Standards are determined on the basis of color, weight, quality and other factors of a product.
- (iv) **Pricing:** Pricing is also an important function which is closely alluding to selling. Price policy of the concern directly affects the profit element. In determining price policy, several factors are to be borne in mind such as cost of the product competitor's prices, marketing policies, government policy or customary or convenient pricing.
- (v) **Branding:** Branding is the management process by which a product is branded. It is a general term covering various activities such as giving a brand name to a product, designing a brand mark and establishing and popularizing it.
- (vi) **Advertising:** Any paid form of non-personal communication of ideas, goods or services by business firms are identified in the advertising message intended to lead to a sale immediately or eventually. The main purpose of every commercial organization is to promote sales because it is the only way to commercialize the product. Any activity towards sales-promotion may be called promotional activities. Advertising and sales promotion are indirect and non personal methods, while personal selling is direct and personal method of sales promotion.
- (vii) **Salesmanship:** Salesmanship is neither an art nor is completely based on scientific principles. It is a combination of both. A salesman must possess inborn talents and must have a real interest in the profession. Salesman comes in contact with the number of persons, guides and advises them to purchase goods of the producer to whom he represents convince them describes them the attractive and positive features of the products and pre-sale and after sale services and thus makes a sale.
- (viii) **Sales Promotion:** Sales promotion and personal selling are parts of promotional mix. Sale promotion techniques are indirect and non-personal. While personal selling is quite direct and personal. The main purpose of the sale promotion activities is to stimulate consumers and dealers effectively. Sales promotion directed at consumers may be done with a view to increase the products rate of use among existing consumer product.
- (ix) **Packaging:** A good package is the representation of the artistic combination of the designer's creative skills and the product and marketing and sales knowledge of the manufacturer's management team. The development of packaging is the sum total of the talents of the designer, the researcher, the technician, the advertising man, the top management. At times, it may include in the team the use of packaging committee and packaging directions, the role of independent decisions and the delegation of market research in the solution of packaging problems. Packaging may be defined as the general group of activities in product planning which involve designing and producing the container or wrapper for a product.
- (x) **Market Information:** Marketing requires information such as the number of consumers, their locations, purchasing power, product and brand preferences, tastes, habits and so on.

- (xi) **Marketing Research:** Marketing research is a systematic method of problem analysis, model building and fact finding for the purpose of improved decision making and control in the marketing of goods and services.
- (xii) **Marketing Intelligence:** Marketing intelligence system “is a set of procedures and sources used by managers to obtain their everyday information about pertinent development in the marketing environment”. While the external records system supplies results data, the marketing intelligence system supplies happenings data. Marketing managers carry on marketing intelligence mostly on their own by reading books, newspapers and trade publications, talking to customers, suppliers, distributors and other outsiders and talking with other managers and personnel within the company. Yet this system is casual and valuable information could be lost or arrive too large. Well, run companies take additional steps to improve the quality and quantity of marketing intelligence.

MARKETING CONCEPT

The marketing concept holds that achieving goals of the organization depends on determining the needs and wants of target markets and delivering the desired satisfaction more effectively and efficiently to the competitors. The marketing concept has been stated as “We make it happen for you” (Marriott); “To fly, to serve” (British Airways); “We are not satisfied until you are” (GE) and “Let us exceed your expectations”.

Traditional Concepts of Marketing

The traditional base of marketing has been evolving for a century or so, after the Industrial Revolution. This conceptual evolution born out of environmental changes. It is coextensive with the tempo of economic development in society and the consequential problems posed before businessmen in terms of the quantum of production and business risks. The following are different managerial orientations evolved at different times due to changes in environment for the understanding of the concepts in the study of marketing management.

(i) Production Concept

The production concept holds that consumer will favor products that are available and highly affordable. Management should focus on improving production and distribution efficiency. This concept is one of the oldest. The production concept is useful in two situations: (i) when the demand for a product exceeds the supply, (ii) management should look for ways to increase production and (iii) when the product’s cost is too high, improved productivity is needed to bring it down. *Example*, Henry Ford’s whole philosophy was to perfect the production of the Model T so that it’s cost could be reduced and more people could afford it. He joked about offering people a car of any color as long as it was black. For many years, Texas Instruments followed a philosophy run a major risk of focusing too narrowly on their own operations. *For example*, when Texas Instruments used this strategy in the digital watch market it failed. Although Texas Instrument’s watches were priced low, customers did not find them very attractive.

(ii) The Product Concept

The product concept holds that consumers will favor products that offer the most quality, performance and innovative features. Thus, an organization should devote energy in making continuous product improvements. A product will not sell unless: (i) manufacturer designs packages and prices it attractively; (ii) places it in convenient distribution channels (iii) bring it to the attention of people who need it and (iv) convince buyers that it is a better product.

(iii) The Selling Concept

Selling concept hold that consumers will not buy enough of the organization's product unless it undertakes a large-scale selling and promotion effort. The concept is practiced with an sought goods. *Example:* encyclopedias or insurance. Firm practice the selling concept when they have over capacity. Their aim is to sell what they make rather than to make what the market wants. Such marketing carries high risks. It focuses on creating sales transactions rather than on building long-term, profitable relationships with customers. It assumes that customers forget their disappointments and buy the products again. Most studies show that dissatisfied customers do not buy again.

Modern Concept of Marketing

Philip Kotler expresses the same idea in other words "The market concept is customer orientation backed by integrated marketing aimed at generating customer satisfaction as the key to satisfy organizational goals".

The marketing concept holds that the key to achieve it's organizational goals consists of the company being more effective than competitors in creating, delivering and communicating customer value to it's chosen target markets. The Marketing concept has been expressed as follow:

- (i) "Meeting Needs Profitability".
- (ii) "Find Wants and Fill Them".
- (iii) "Love the customer, not the Product".
- (iv) "You are the Boss".
- (v) "Partners for Profit".

Characteristics of Modern Marketing Concept

- (i) According to this concept, consumer is the king or sovereign of the market. It is the central theme of all marketing activities. The business concerns concentrate themselves on satisfying the needs and wants of the consumers.
- (ii) Marketing is the entire process of understanding and satisfying the needs and wants.

- (iii) The concept supports the view of maximizing of profits by business firms but only after the needs of society are satisfied. The main aim of marketing, under the concept is not maximization of profits alone but by satisfying the consumer needs and wants.
- (iv) The concept creates and delivers the standard of living to the society.

Components of Modern Marketing Concept

The main components of modern concept of marketing are:

1. Customer Orientation
2. Integrated Marketing
3. Profitable Sales through Customers' Satisfaction
4. Customer Welfare

1. Customer Orientation

The marketing concept calls for a basic customer orientation of the company from looking inward towards its products to looking outwards the consumers needs. According to **Leavitt**, "Selling focuses on the needs of the seller, marketing on the needs of the buyer. Selling is preoccupied with the sellers need to convert his product into cash, marketing on the other hand goes with the idea of satisfying the needs of the customers by means of the product and the whole cluster of things associated with creating, delivering and finally consuming it".

For effective customer orientation the firm has to first, satisfy the basic needs of customers. Secondly, market segments; serve better, taking into account its limited resources. Thirdly, color, size and design of the product, it can choose to satisfy the specific needs of specific customers and introduce it in the market through product differentiation.

The concept of consumer orientation assumes that:

- (i) Consumer is the king of the market and the producer depends upon consumers. Consumer does not depend upon producers.
- (ii) Producer produces only those goods which are according to taste and liking of customers.
- (iii) The producer should produce new products which may attract the customers.

2. Integrated Marketing

The second pillar of marketing concept is integrated marketing. Many companies agree with **Ducker**, that is "The purpose of the company is to create customers" but they fail to take the necessary organizational steps to implement the marketing concept."

Integrated marketing means a number of things. The various departments in the company must recognize that the action they take, are not just the actions of the sales and marketing, it must have a profound effect on the company's ability to create and retain customers. Of course the central logic of the business firm is profit.

Integrated marketing also means that within the marketing function proper care is intelligently adapted and these is co-ordination of the four P's i.e., Product, Price, Place and Promotion to built strong exchange relationships with customers. To achieve this type of integration many companies have created product managers and market managers. All said, the marketing oriented company is one which has developed effective mechanisms for coordinating the various customer forces. It is reflected in satisfied and loyal company customers.

3. Profitable Sales through Customers' Satisfaction

The main aim of every business is earning and maximizing its profits. Manufacturer cannot ignore the wants and expectations of customers. Customer is the supreme and he determines the products to be produced by the manufacturer. Marketing starts with the generation of a product idea and continues until the customer's wants are completely satisfied. Marketing is successful only when it is capable of maximizing profitable sales and achieves long run customer satisfaction.

4. Customer Welfare

Happiness of a customer can be best achieved by rendering substantial forms of assistance rather than by direct forms. The aim of the marketing concept is to help them and please them. It is interesting to note slogans that the employee of Marshall Field and company, one of the world's greatest department stores has constantly to kept in view:

- (i) Customer is always right if he/she thinks they are right.
- (ii) We are more interested in pleasing a customer than in marketing a sales.
- (iii) Every sale of merchandise or service includes the obligation to accept the article for credit refund, exchange for adjustments promptly and courteously to the customer's satisfaction.
- (iv) We strive to give complete satisfactory service to every customer. Therefore, we can safely say that modern marketing starts and ends with the consumer.

DISTINGUISH BETWEEN TRADITIONAL AND MODERN CONCEPT OF MARKETING

The differences between traditional and modern concept of marketing are as follows:

<i>Traditional concept of Marketing</i>	<i>Modern concept of marketing</i>
1. Focus on selling the product.	1. Focus on customer satisfaction.
2. Customer needs and desire was not important.	2. Customer needs and desire are very important.
3. Promoting the product to attain sales at profit.	3. Promoting the product to attain customer satisfaction and sales profit.
4. The existing products are imposed on customers.	4. Products are designed as per customer needs.
5. No Internet facilities.	5. Use of internet for marketing products.
6. Fewer choices for customers.	6. More choices for customers.
7. Inefficient distribution channels.	7. Efficient distribution channels.
8. Complex buying process.	8. Simple buying process.
9. Less focus on customer relationship.	9. More focus on customer relationship.
10. Less focus on branding.	10. More focus on branding.
11. No social media.	11. Social media plays vital role.
12. No Web Banner Ads.	12. Web Banner Ads plays vital role.
13. Less focus towards customer value.	13. Enhance focus towards creating customer value.
14. Less importance for packing.	14. Attractive packing plays a vital role.
15. Customer service has less importance.	15. Enhances customer service.

DIFFERENCE BETWEEN MARKET AND MARKETING

The differences between market and marketing are as follows:

<i>Market</i>	<i>Marketing</i>
1. A market is any space within which trade takes place between buyers and sellers for a well-defined product.	1. Marketing is all those activities that facilitate trade.
2. This space can be a produce market, a shop, internationally between countries or over the internet.	2. These include activities that identify consumers' needs such as market research and those activities that satisfy consumers need.
3. A place where goods are offered for sale.	3. The commercial functions involved in transferring goods from producer to consumer.
4. A public gathering held for buying and selling merchandise.	4. The act or process of buying and selling in a market.
5. It consists of group of people with common interest.	5. It is the process of attracting people.

BENEFITS OF MARKETING CONCEPT

A business enterprise adopting the market-oriented business approach can enjoy the following advantages:

- i) **Recognizes that the needs:** Long-term success is assured to an enterprise only if it recognizes that the needs of the market are paramount.
- ii) **Capitalize on market opportunities:** It enables the firm to move more quickly to capitalize on market opportunities. Marketing risks can be reduced only by knowing and understanding the market.
- iii) **Customer needs** wants and desires receive top consideration in all business activities.
- iv) **Product planning and development:** Greater attention is given to the product planning and development so that merchandising can become more effective.
- v) **Research and innovation:** Demand side of the equation of exchange is honored more and supply is adjusted to changing demand. Hence, more emphasis is given to research and innovation.

- vi) **Interdependence of different departments:** Marketing system based on the marketing concept assures integrated view of business operations and indicates interdependence of different departments of a business organization.
- vii) **Profit through service:** Interests of the enterprise and society can be harmonized as profit through service is emphasized.
- viii) **Integral part of the marketing process:** Marketing information and research is now an integral part of the marketing process and it is a managerial tool in decision-making in the field of marketing.

MARKETING AS A PROCESS

Marketing is a process that marketing managers execute. In a number of instances, a marketing manager does not manage people, but manages the marketing process. A product manager is an example of such a marketing manager, manages the marketing process for a product within a larger marketing organization.

- (i) **Analysis:** Markets must be understood and this understanding flows from analysis. Marketing managers spend weeks analyzing their markets before they undertake the development of marketing plans for influencing those markets.
- (ii) **Planning:** Once a market is understood marketing programs and events must be designed for influencing the market's customers and consumers and even the firm's competitors.
- (iii) **Execution:** The marketing events are executed in the markets: advertisements are run, prices are set, sales calls are made, etc.
- (iv) **Monitoring:** Markets are not static entities and thus must be monitored at all times. After events execute, they need to be evaluated. The planning assumptions upon which the upcoming events are based must be continually tested; they are not longer true then the events may need modification.

ROLES OF A MARKETING MANAGER

Marketing managers play many roles and we can describe them with words that begin with the letter:

1. **Detective:** The marketer is charged with understanding markets and thus must spend considerable time learning about consumers, competitors, customers and conditions in the markets. This learning takes many forms: formal marketing research studies, analysis of market data, market visits and discussions with people in the markets. The result of these studies includes insights about market conditions and the identification of problems and opportunities in the various markets.

2. **Designer:** Once a problem or opportunity has been identified, the marketer turns her/his attention to designing marketing programs that solve the problems and/or capture the opportunities.
3. **Decision maker:** Marketing is a group process that involves many different people, each of whom may be designing marketing programs and events. Thus the marketer must make decisions about which programs to execute.
4. **Decision Influencer:** Marketers exist in corporate structures that require higher level executives to approve the marketing plans, programs and events that come out of the marketing group's work. Thus the marketer must influence the decisions of these senior executives.
5. **Diplomat:** Marketers design marketing events that others must execute: the sales force must execute the sales plan; the advertising agency must execute the advertisements, etc. These units do not usually "report to" the marketing managers and they are undertaking tasks given to them by multiple marketing managers. Thus, each manager must play a diplomatic role while inducing these units to execute his/her program in a timely and high quality way.
6. **Discussant:** All of these roles require considerable discussion among many parties within and outside the company. Thus the marketing manager spends most of his/her time in discussions with others.

ROLE OR BENEFITS OF MARKETING IN ECONOMIC GROWTH

Marketing plays a vital role in economic growth in the present global world. It ensures the planned economic growth in the developing economy where the scarcity of goods, services, ideas and excessive unemployment, thereby marketing efforts are needed for mobilization of economic resources for additional production of ideas, goods and services resulting in greater employment

- Marketing stimulates the aggregate demand thereby enlarges the size of market.
- Marketing in basic industries, agriculture, mining and plantation industries helps in distribution of output without which there is no possibility of mobilization of goods and services which is the key point for economic growth.

These industries are the back bone of economic growth:

- It also accelerates the process of monetizing the economy which in turn facilitates the transfer of investible resources.
- It helps in discovery of entrepreneurial talent.
- Intermediate industrial goods and semi-industrial products etc. essentially marketed for industrial purpose in order to develop the industrial sector with a view to economic growth.
- In export trade and services like tourism and banking marketing plays eminent role in order to grow the economy.

Now a days economic and social changes are necessary for the development of a nation.

Social changes are brought in a planned manner through social marketing technology. Social marketing can be defined as the design, implementation and control of programmes calculated to influence the acceptability of social ideas and involving consideration of product planning, pricing, communication, distribution and marketing research.

With the rapid growing marketing business, technology is playing a more important role in the demands of analyzing and utilizing the large scale information gathered from customers. To predict the consequent business strategy by using technology, it is required to evaluate the customer performance, discover the trends or patterns in customer behavior. For this purpose in the modern world using the technology at a maximum level by e-commerce, internet marketing and services etc.

Even though in several developing countries, government involves in marketing efforts in order to provide equitable distribution at minimum social costs by setting ceiling and floor prices of foods grains and industrial raw materials, setting maximum wholesale and retail prices of scarce consumer products etc. which ensures the smooth flow of essential goods and even influencing the decisions pertaining to distribution and advertising. Even though the economic recession affects the market to a larger extent, it plays a major role in economic growth.

The end result will be the maximization of growth of the economy in order to provide a higher standard of living for all and the development of a economic levels of the people that fosters entrepreneurialism.

ADVANTAGES OF MARKETING

1. **Establishes Brand Recognition:** The primary and most important benefit of marketing is brand recognition. Marketing strategies help to imprint a brand in the minds of customers.
2. **Gains and Retains Customers:** Once a brand has gained its ground and established its customers, marketing enables it to retain its customers. This is essential so that the brand does not lose ground to products that newly come into the market.
3. **Identifies real customers:** Marketing strategies allow the business to identify potential and actual customers. Instead of trying to force a product or service on unwilling customers, marketing helps to target customers who have the real need.
4. **Provides Information:** Marketing a product is the best way to provide information about it. The salient features of a product or service is what is used to market the product. This will attract customers towards the product.
5. **Saves Time:** Effective marketing will help to reduce the break-even period of a business. By promoting a product or service through effective marketing, a business can promote its sales and reach its intended client faster.

6. **Establishes Trust:** Repeated and effective marketing ensures that a product remains in the minds of its intended customers. This in the longer run would help in establishing a brand trust, which would make customers choose the product irrespective of competition. Trust is created over a long period of time and marketing is an effective way in establishing it.
7. **Encourages Referrals:** Marketing encourages new customers to seek information about the brand. By making a product seen and heard frequently, a business also increases the chances of word-of-mouth referrals.
8. **Addresses Issues:** The various means of marketing a product can also act as a means of clearing inhibitions or misunderstandings about the quality or nature of a product or service. Often, marketing can become an effective tool in clarifying misapprehensions relating to a brand.

Effective marketing allows a business to reach its potential customers by fulfilling their needs at the right time. But, how effective or efficient a marketing strategy is, the success of a business will depend on the quality of the product or service it offers. Therefore, only a quality product marketed in the appropriate manner through an effective channel to reach its potential customers at the right time can achieve success.

APPROACHES TO STUDY ABOUT MARKETING AND ECONOMIC DEVELOPMENT

1. Product Commodity Approach

This approach studies marketing on commodity basis. The marketing situation of each product is studied with regards to its sources of supply, marketing organization and policies, involvement of the middlemen, to the extend of the market. This approach is also called as 'Descriptive Approach'. In this method the commodity serves as a focus, around which other aspects of marketing are studied and its journey from the original producer right up to the final customer. In this we can locate the centre of production. People engage in buying and selling of the product, mode of transportation and so on. Through such an approach we can find out the difference in marketing products, services and problems. Thus we get a clear picture of marketing of agricultural products such as cotton, wheat, jute represents the commodity approach.

2. Institutional Approach

In this method, description and analysis of the different institutions engaged in marketing are undertaken. Here we study not the products its about the producers, wholesaler's, agents, retailers, transporters, storing institutions etc. Different institutions serve as separate 'cells' of the marketing body. The functions performed by each cell form part of the whole area of marketing and our main interest centers round the marketing institution or agencies such as wholesalers, retailers, transport undertakings, banks, insurance companies etc.

In this approach the focus is on the study of various middle men and facilitating agencies. The study includes their position in the distribution channels, the purpose of their existence, the

functions performed, their operating methods and service rendered by them. In order to obtain a comprehensive view of marketing the study is related to each type of institutes.

3. Functional Approach

This approach splits down the field of marketing into separate functions. These specific functions are buying, selling, transportation, storage, standardization, grading, financing, risk-taking and marketing research, etc. We also concentrate on the specialized service or functions or activities performed by marketers.

In this approach, marketing is regarded as: “The business of buying and selling and includes those business attributes involved in the flow of goods and services between producers and consumers.” These functions are also studied in relation to commodities and marketing institutions, in terms of nature, important operational cause and methods. This approach is definitely an improvement over the former ones but not entirely free from defects.

4. Management Approach/Decision Making Approach/Managerial Approach

In this approach the focus of marketing study is on the decision making process involved in the performance of marketing functions at various levels of the firm. The study involves discussions of important concepts like devising alternatives strategies, analyzing their relative importance, determining the strength and weakness of the company, techniques and methods of problem solving.

The difference between functional and managerial approach is that in the functional approach the emphasis given towards marketing function is at macro level and its scope extends to those functions which are involved during the flow of goods and services from producer to consumer.

In the managerial approach the emphasis shifts to the micro level and settles at level of business firm. It includes the managerial functions of analysis, planning, execution, co ordination and controlling. It combines certain features of the other three approaches. The basis of this approach is that marketing is purely a management function.

5. Legal Approach and Societal Approach

This approach is very narrow as it concentrates only on one aspect, i.e. the effect of transfer of the title in a legal way. In India this aspect has particular significance. There are many enactments passed in India which regulate and control the marketing activities e.g. Sales of Goods Act, Contract Act, Common Carriers Act etc., Bailment Act etc.

Under societal approach to marketing, the entire marketing process is regarded not as a means by which business meets the needs of a consumer but as a means by which society meets its consumption needs. The focus of study is therefore the interaction between/various environmental factors (Sociology, Cultural, Technological. Political, Legal and Natural) and marketing decisions. The societal approach to the study of marketing is relatively recent and was derived out of the criticisms of the marketing behavior of business dominated with profit attainment and growth. From the practical angle both these approaches go hand in hand.

6. Systems Approach

This approach may be said to be an advancement of management or decision making approach. Broadly defined, “As a body of independent parts (sub systems) which has a separate identifiable areas of operators”. These sub-systems may further be split down into sub-parts, hence may be known as sub-system of the total body.

A system is a set of interacting or interdependent components or groups coordinating to form unified whole and organized marketing activities, to accomplish a set of objectives. In the model of system approach are included:

- (i) Input
- (ii) Processor
- (iii) Outputs
- (iv) Objective
- (v) Feedback.

Objectives indicates the process, which includes profits, customer satisfaction and social welfare. An open system has its own environment giving the inputs and accepting the output. Inputs are processed, producing outputs to meet the objective, the twin objectives of marketing system are customer satisfaction and profitability. Product and information are output system. Information feedback gives information from internal and external sources.

The system of management that is used in practice to improve the operations and productivity of the organisation and its sub-systems and the management information system, which provides the information for making decisions regarding the integration of the organisation through the process of management.

DISTINCTION BETWEEN MARKETING AND SELLING

<i>Marketing</i>	<i>Selling</i>
1. Marketing focuses on customers needs.	1. Selling focuses on the needs of the seller.
2. Customer enjoys supreme importance.	2. Product enjoys supreme importance.
3. Integrated approach to achieve long term goals.	3. Fragmented approach to achieve immediate goals.
4. Converting customers needs into products.	4. Converting customers needs into products.
5. Caveat Vendor (Let the seller beware)	5. Caveat Emptor (Let the buyer beware)
6. Profits through customer satisfaction.	6. Profits through sales volume.

MARKETING ENVIRONMENT

Marketing Environment is ever changing; modern marketers realize that environmental scanning would provide them with continuous interaction between the customers and the business they are in, based on integration, the marketing managers can evolve marketing strategies to ensure effective and efficient goal achievement. The environment of a business enterprise may be static or dynamic. When the environment forces do not show a significant change, they are termed as stable or static environment. But the environment of modern organizations is dynamic because of frequent changes.

Marketing attributes of a business are affected by a large number of environmental factors that surrounds the company. These factors or forces influence the decision-making capability of the enterprise. A marketing system, system of a company thus must have to operate within the framework of the environmental forces.

The marketing environment surrounds and impacts upon the organization. There are three key perspectives on the marketing environment, namely the 'macro-environment,' the 'micro-environment' and the 'internal environment'.

The micro-environment includes suppliers that deal directly or indirectly, consumers and customers and other local stakeholders. Micro tends to suggest small, but this can be misleading. In this context, micro describes the relationship between firms and the driving forces that control this relationship. It is a more local relationship and the firm may exercise a degree of influence.

The macro-environment includes all factors that can influence an organization, but that are out of their direct control. A company does not generally influence any laws. It is continuously changing and the company needs to be flexible to adapt. There may be aggressive competition and rivalry in a market. Globalization means that there is always the threat of substitute products and new entrants. The wider environment is also ever changing and the marketer needs to compensate for changes in culture, politics, economics and technology.

Meaning of Marketing Environment

Marketing Environment refers to the encompasses the marketing team within an organization and includes all of the outside factors of marketing that affect the team's ability to develop and maintain successful customer relationships with their targeted customer group.

Example, the relevant environment for a car type manufacturing, technology, the tax structure, import-export regulation, the distributors, dealers, competitors etc.

Definition of Marketing Environment

According to *Philip Kotler*, "Marketing environment refers to the external factors and forces that affect the company's ability to develop and maintain successful and relationships with its target customers".

IMPORTANCE OF MARKETING ENVIRONMENT

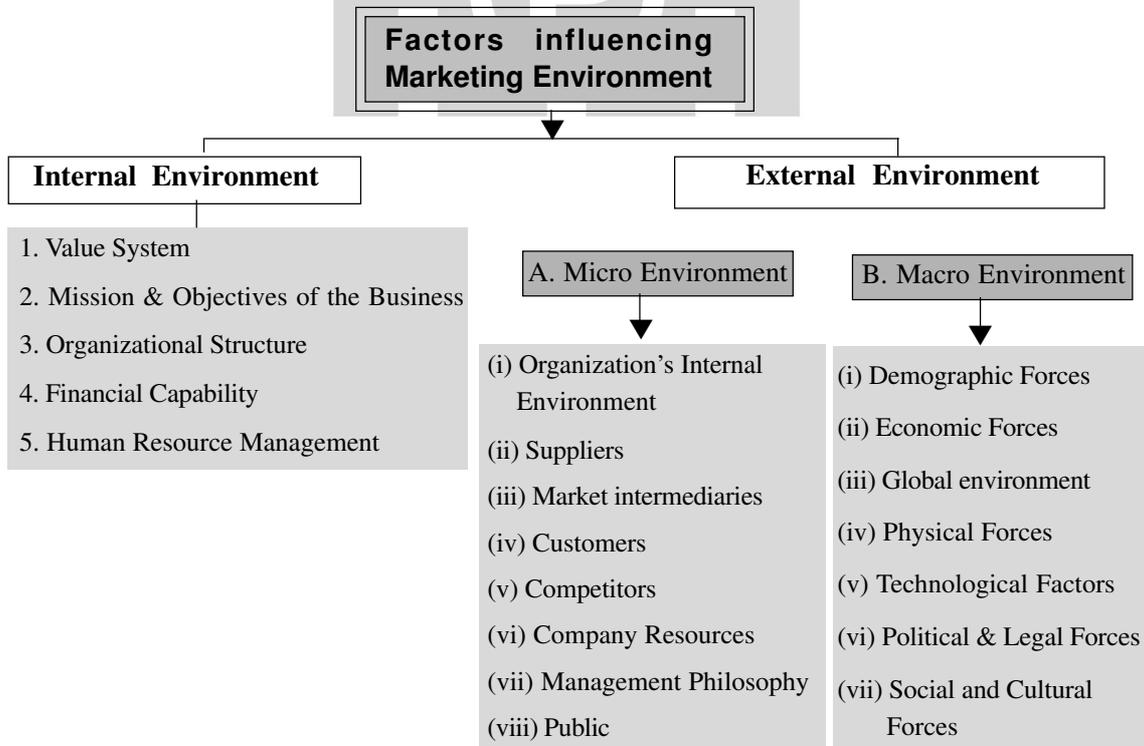
The marketing manager needs to be dynamic to effectively deal with the challenges of environment. The environment of business is not static. It is changing with fast speed. The following importance of environment scanning has been suggested by various authorities:

- i) **Increased general awareness:** It creates an increased general awareness of environmental changes on the part of management.
- ii) **Greater effectiveness:** It guides with greater effectiveness in matters relating to Government.
- iii) **Marketing analysis:** It helps in marketing analysis.
- iv) **Resource allocations:** It suggests improvements in diversification and resource allocations.
- v) **Capitalize upon opportunities:** It helps firms to identify and capitalize upon opportunities rather than losing out to competitors.
- vi) **Objective qualitative information:** It provides a base of 'objective qualitative information' about the business environment that can subsequently be of value in designing the strategies.

FACTORS INFLUENCING MARKETING ENVIRONMENT

Some of these marketing environmental factors may be controllable or uncontrollable.

The environment may be grouped into two parts. They are:



A. Internal Environment

Internal Environment refers to environment within the organization. It includes internal factors of the business which can be controlled by business. It includes objectives of business, managerial policies, management and employee of the organization, labour management relationship, brand image and corporate image, working conditions in the organization, technological and research and development capabilities. Internal environment includes 5 M's i.e., Men, Materials, Machinery, Money and Management available with business organisation. These components are usually within the control of business.

Some of the internal environment components are as follows:

1. Value System

The value system of the founders, Board of directors, managers, workers of the organization has important bearing on the strategies of the organization.

2. Mission and Objectives of the Business

Firm's philosophies, priorities, development, policies are guided by the mission and objectives of the organization. Mission and objectives are the first steps in the development of the organization.

Mission Statement of the HUL "Unilever's mission is to add Vitality to life. We meet everyday needs for nutrition, hygiene and personal cares with brands that help people feel good, look good and get more out of life."

3. Organizational Structure

Organisational hierarchy is the authority which flows from top to bottom. Some management structures and styles delay decision making and while others facilitate quick decision making.

4. Financial Capability

Financial factors like financial policies, financial position and capital structure etc. affect corporate strategies and decisions.

5. Human Resource Management

The characteristics of the human resources like skill, quality, morale, commitment, attitude, knowledge etc. could contribute to the strength and weakness of an organisation. Some organizations find difficult to carry out restructuring or modernization because of resistance by employees.

B. External Environment

1. Micro Environment

Micro Environment refers to the company's immediate environment i.e., those environmental factors that are in its proximity. These factors influence the company's non-capability to produce and serve the market. These are also the groups of people who affect the company's prospects directly. These factors are:

(i) *Organization's Internal Environment*

The internal environment of an organization consists of such factors such as the financial and non-financial factors, production and human resource capabilities, that influence its marketing decisions to a great extent. Marketing sales forces such as promotion, the marketing managers in consultation with the top management and keeping in view the company's internal environment i.e. its own capacity in terms of production, finance, R&D, purchase, sales and development should make decisions regarding their market proposals.

(ii) *Suppliers*

Even regarding the suppliers the organization can think of availing the required material or labor according to its manufacturing program. It can adopt a purchase policy which gives bargaining power to the organization.

(iii) *Market Intermediaries*

Normally, every producer has to appoint a number of intermediaries in assisting him in promoting, selling and distributing the goods and services to ultimate consumers. The intermediaries are middle men (Wholesalers, Retailers, Agents etc.), distributing agencies, market service agencies and financial institutions.

(iv) *Customers*

The customers of a company may be of five kinds-ultimate consumers, Industrial consumers, Government and other Non-Profit Customers, International Customers. It must not be forgotten that the satisfaction of customer and consumer is the main motto of every business firm. The population also contains the prospective consumers of company's products and the company has to identify them which are not easy. Goodwill built up by the company sometimes influences the consumers to become the customer of the company.

(v) *Competitors*

Competitors are those who sell the goods and service of the same and similar description, in the same market. Apart from this competition there are other forms of competition like product differentiation. It is therefore, necessary to build an efficient system of marketing. This will arouse confidence and with better results. For this purpose, first of all, competitors are to be identified and closely monitored.

(vi) Company Resources

Companies are not alike in terms of their mix of resources, namely, people, finances and facilities. Many executives believe that a firm's most important asset is its employees and that success is highly influenced by the quality of company management and the skills of its marketing, R & D and production personnel. For some types of industries, success is heavily dependent on the competence of the people in particular functional areas, engineering for capital goods industries such as tooling and production, machinery finance for capital intensive industries such as steel and petroleum and marketing for consumer packaged goods companies.

(vii) Management Philosophy

Marketing strategies that differ greatly from top management's philosophy have little chance of being approved or of receiving enthusiastic support if they are accepted. Management's with a more conservative philosophy feel more comfortable with steady but unspectacular growth, maximization of cash flow from current business, high dividends and investment.

(viii) Public

It is the duty of the company to satisfy the people at large along with its competitors and the consumers. It is necessary for future stay and growth. The actors of the company do influence the other groups forming the general public for the company. A public is defined as "Any group that has an actual or potential interest in or impact on a company's ability to achieve its objectives."

2. Macro Environment

Macro Environment refers to those factors which are not concerned with the immediate environment. These factors are external to the company and are quite uncontrollable. These factors do not affect the marketing ability of the concern directly but it indirectly influences the marketing decision of the company. As against this, macro-environmental factors directly affect the company's marketing activities and these forces are internal and controllable to some extent. The following are the factors that affect the company's marketing decisions:

(i) Demographic Forces

Marketers are keenly interested in the size and growth rate of population in different cities, regions and nations, age distribution, ethnic mix, educational levels, household patterns, regional characteristics and movements. The effect of all these changes is to fragment the mass market into numerous micro markets, differentiated by age, sex, education, geography and lifestyle and so on. Each group has strong preferences and consumer characteristics and is reached through increasingly targeted communication and distribution channels.

(ii) Economic Forces

The economic forces, which affect the marketing environment are:

- (a) Trends in Gross National product and real income growth.

- (b) Pattern of income distribution
- (c) Variation in geographical income distribution and its trends.
- (d) Trends in consumer savings and forms of their holdings
- (e) Borrowing pattern trends and governmental and legal restrictions
- (f) Major Economic variables-Cost of living, interest rates, repayment terms, disposable income etc.

(iii) Global environment

Global environment helps the cause of business by making the businessmen come out of their shell and see beyond physical boundaries of the country. It helps them to explore overseas markets in a big way. It is the global environment that helps in integration with the world economy through unification calls for removal of all the trade business among countries.

(iv) Physical Forces

Components of physical forces are earth's natural renewal and non-renewal resources. Marketers need to be aware of the threats and opportunities associated with four trends in the natural environment.

(v) Technological Factors

Technological Developments are uncontrollable environmental factors and important for marketing. They affect the market plans in two ways, Firstly, they are quite unpredictable and secondly the adoption of new technology is prevented by many internal and external constraints. It's also true that technical progress and at the same time it poses threat to individual companies. As an opportunity, technology is a source of new and improved product. As a threat, technological development by competitors may result in loss of markets. The technological changes result in changes in consumption pattern and marketing systems. A market may find out new challenges and opportunities by appropriating more budgets for research and Development activities.

(vi) Political and Legal Forces

Developments in political and legal field greatly affect the marketing decisions. Sound marketing decisions cannot be taken without taking into account the government agencies, political party in power and in opposition and their ideologies. These variables create tremendous pressures on marketing management. Laws affect production capacity, capability, product designs, pricing and promotion. The government in every country has enacted laws:

- (a) To prevent Monopoly and restrictive trade practices and promote competition.
- (b) To protect Consumers.
- (c) To protect the society.

(vii) *Social and Cultural Forces*

Social responsibility concept has crept into marketing literature as an alternative to the marketing concept. The social forces attempt to make the marketing socially responsible. It means the business firms should take a lead in eliminating socially harmful products *example:* Cigarettes or Alcohol and produce only what is beneficial to the society. There are some core-cultural values which are found in our society deep rooted and stable and hence change very little. There are also secondary cultural values which are susceptible to fast changes. Some of them are like hairstyles, clothing etc. Even in a given culture, the entire population doesn't adopt the changes; there are different degrees with which people adopt them.

DISTINCTION BETWEEN MICRO AND MACRO ENVIRONMENT

Micro Environment: Micro environment factors are the company's immediate environments that affect its ability to serve its markets, suppliers, market intermediaries, customers, competitors and publics. The main objective of the company is to profitably serve and satisfy specific needs to choose target market. Thus the two additional groups like a set of competitors and a set of public will be affected by the company's success.

Macro Environment: Macro environment affect all the factors in the company's micro environment, the demographic, economic, natural, technological, political and cultural forces. These forces represent uncontrollable factors, which the company must monitor and respond to. The major components of macro environment are the company and its suppliers, marketing intermediaries, customers, competitors and public all operate in a larger macro-environment of forces and trends that shape opportunities and pose threat to company.

MARKETING INTERFACE WITH OTHER FUNCTIONAL AREAS

The marketing function within any organization does not exist in isolation. Therefore its important to see how marketing connects with and permeates other functions within the organization. In this next section lets consider how marketing interacts with research and development, production, operations, logistics, human resources, IT and customer service. All functions within organization should point towards the customer i.e. They are customer oriented from the warehouseman that packs the order to the customer service team member who answers any queries. Description of the different areas are as follows:

1. *Research and development*

Research and development is the engine within an organization which generates new ideas, innovations and creative new products and services.

For example: cell phone manufacturers are in an industry that is ever changing and developing and in order to survive manufacturers need to continually research and develop new software and hardware to compete in a very busy marketplace. Think about cell phones that were around three or four years ago which are now completely obsolete. The research and development process delivers new products and is continually innovating.

According to Peter Drucker (1999) innovative products and services usually result from a conscious and purposeful search for innovation opportunities which are found only within a few situations.

Research and development should be driven by the marketing concept. The needs of consumers or potential consumers should be central to any new research and development in order to deliver products that satisfy customer needs. The practical research and development is undertaken in central research facilities belonging to companies, universities and sometimes to countries. Marketers would liaise with researchers and engineers in order to make sure that customer needs are represented. Manufacturing processes themselves could also be researched and developed based upon some aspects of the marketing mix. For example: logistics could be researched in order to deliver products more efficiently and effectively to customers.

2. Production/operations/logistics

With research and development, the operations, production and logistics functions within business need to work in cooperation with the marketing department.

Operations include many other activities such as warehousing, packaging and distribution. To an extent, operations also includes production and manufacturing as well as logistics. Production is where goods and services are generated and made.

For example: an aircraft is manufactured in a factory which is in effect how it is produced i.e. Production. Logistics is concerned with getting the product from production or warehousing, to retail or the consumer in the most effective and efficient way. Today logistics would include warehousing, trains, planes and lorries as well as technology used for real-time tracking.

Marketers need to sell products and services that are currently in stock or can be made within a reasonable time limit. An unworkable scenario for a business is where marketers are attempting to increase sales of a product whereby the product cannot be supplied. Perhaps there is a warehouse full of other products that our marketing campaign is ignoring.

3. Human resources

Human Resource Management (HRM) is the function within organization which overlooks recruitment and selection, training and the professional development of employees. Other related functional responsibilities include well-being, employee motivation, health and safety, performance management and of course the function holds knowledge regarding the legal aspects of human resources.

Human resources Department also have a strategic role. Moving away from traditional personnel management, human resources sees people as a valuable asset to an organization. Say they will assist with a global approach to managing people and help to develop a workplace culture and environment which focuses on mission and values.

They also have an important communications role and this is one aspect of their function which is most closely related to marketing.