

COURSE: MBA-II SEMESTER

SUBJECT: MARKETING MANAGEMENT

TOPIC: MARKETING CONCEPT, NATURE, SCOPE



MRS. RASHMI DEWANGAN

ASSISTANT PROFESSOR

**SCHOOL OF STUDIES IN BUSINESS MANAGEMENT
SHAHEED MAHENDRA KARMA VISHWA VIDYALAYA
BASTAR, JAGDALPUR, DIST-BASTAR (C.G.)**

INTRODUCTION

In the present-day world 'marketing' is all-pervasive. We are exposed to the marketing of products, services and ideas almost every day. The study of marketing is very interesting in the sense that everybody of us has performed marketing activities in one form or another. For example, during college days, working part-time at a fast-food restaurant to help fund one's own education or persuading parents to buy a new music system. When a salesperson engaged in selling a T.V., a doctor treats a patient or the district administration asks its people to get their vehicles checked for pollution, everybody is marketing something to the target audience. Marketing is essentially about marshalling all the resources of an organisation to meet the needs of the consumers on whom the entire organisation depends. Although each of these examples is different, they all have something in common; they consist of a variety of marketing activities. Many definitions have emerged to describe marketing activities.

CONCEPT OF MARKETING

Philip Kotler explained the core concept of marketing in his book – "Marketing Management". According to him, every human being has endless needs and demands. There are many products which can satisfy human wants and demands. These wants and demands can be fulfilled by the exchange of goods and services. Marketers try to increase demand by making products more attractive, affordable and easily available. A market is a place where goods and services are exchanged. Marketing means all those activities that take place in relation to the market. Hence, marketing is a social process by which individuals and groups obtain what they need and want through exchanging products and values with others.

DEFINITIONS

According to the American Marketing Association, "Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organisational objectives".

Ramaswamy and Namakumari define marketing as "It is the total system of interacting business activities designed to plan, promote and distribute need-satisfying products and services to existing and potential consumers".

EVOLUTION OF THE MARKETING CONCEPT

The concept of marketing has evolved through different stages from production orientation to societal orientation. The modern concept of marketing highlights satisfaction of consumer needs and wants whereas the societal concept cares for the well-being of the consumer as well as that of society. Let's discuss these orientations/philosophies/concepts one by one.

1. The Production Concept

It is one of the oldest philosophies in business. This concept views that consumers will prefer those products that are widely available and cheaper in cost. The organizations are production-oriented and try to achieve high production efficiency and emphasize a wider supply of goods and services. This concept began in the 1600s with the colonization of America and continued till the later part of the 19th century. In those days, the primary motive of the organizations was to make the product available to consumers and to keep the price low.

In those days, the demand of products used to exceed the supply. In this situation, consumers were more interested in obtaining the products rather than their quality and features. The producers used to enjoy huge economies of scale. It was very difficult for the new entrant to enter the market as the existing marketers used to enjoy a monopoly situation. Henry Ford was the pioneer in the 1900s to expand the automobile market on the basis of production concept by providing his consumers only a single version of the car i.e. T-model in black colour. But the marketers, after a certain period of time, could not get the best of consumer patronage. The reason was that the consumers were motivated to seek varieties while purchasing. As a result, the production concept fails to serve as the right marketing philosophy for the enterprises.

2. The Product Concept

The product concept assumes that consumers will buy the product that offers them the highest quality, the best performance, and the most features. Product orientation leads a company to try constantly to improve the quality of its product. Under this concept, it is believed by the managers that consumers prefer well-made products and can appreciate better quality and performance. Organizations that are devoted to the product concept of marketing, believe that

consumers would automatically favour for products of high quality. The managers of these organizations spend considerable energy, time and money on research and development to introduce quality and variations in products. However, some of the managers are caught up in a love affair with their product and do not even realise that the product is not required in the market. This particular situation is described as 'marketing myopia' by the great philosopher of marketing Professor Theodore Levitt. Marketing myopia means a wrong and crooked perception of marketing and a short-sightedness about business. It is in form of excessive attention to the quality of the product thereby leaving other aspects without any due care. General Motors designed a beautiful small-sized car with each and every attribute in it but that was a total failure because at that time, that was not required by the consumers. The marketers can add any kind of attribute to their products but if the consumers are not aware of regarding the availability, how can they go for purchasing that particular product. This phenomenon gave birth to another concept i.e. selling concept.

3. The Selling concept/sales concept

The selling concept is based on the assumption that consumers are unlikely to buy a product unless and until they are actively and aggressively convinced to do so. The idea was evolved through the views of many academicians and practitioners that unless you make your consumers aware about the product or if he/she is not persuaded, the consumers may develop a tendency to ignore your products. This philosophy maintains the view that an organization can not expect its products to get picked up automatically by the customers. The organization has to put certain amount of efforts consciously to push its products. In this concept, the firm makes the product first and then spells out how to sell it and make profit. Aggressive advertising, personal selling, large-scale promotional instruments like discounts and free gifts etc. are normally employed by the organizations to rely on this concept. The problem with the selling orientation is that it does not take consumer satisfaction into account. In this situation, when consumers are compelled to buy products that they don't need and consequently unhappiness is likely to be communicated through negative word-of-mouth that may dissuade other potential consumers from making a similar purchase. Furthermore, when the product or service is not in a position to fulfil the consumers' needs, there is a remote possibility of the repeat purchase.

4. The Marketing concept

In the 1950s, some marketers started realising that they could sell more products with more ease and comfort, if they produced only those products which already had a place in the minds of the consumers. Instead of trying to sell them the products that had already produced, marketing-oriented firms strived to produce only those products which have been produced according to the needs of the consumers. The marketing concept emphasizes that an organization should strive to satisfy the needs of the consumers by identifying them and then produce the products accordingly through a co-ordinated set of activities. Satisfying the customer should be the major focus of all the organisational activities. Here instead of focusing on quality or sale, consumer's need and desired satisfaction become the premise which is a must delivered phenomenon to be successful in the era of competition. To identify unsatisfied consumer needs, organisations had to go for extensive marketing research. While doing so, it was discovered that consumers were highly complex individuals, possessing a wide variety of innate and acquired needs. Hence, the study of consumer needs has become the basis of another discipline also i.e. consumer behaviour.

5. The Societal Marketing concept

As our society moves through the 1990s, the marketing concept continues to take on new meanings. The old and traditional concept of marketing has emphasised and focused on the satisfaction of consumers' needs and wants to meet the objectives and goals of the organisations. But the ever changing scenario in the field of marketing brought in a third consideration and that is the welfare of society. In this philosophy, emphasis is being placed on how certain marketing activities and efforts affect society as a whole in the era of limited resources, environmental degradation and global competition. This philosophy puts a question mark whether satisfying consumers' need serve the long term intervals of the society or not. Hence, the new concept emerged as the societal marketing concept where it is emphasised that besides satisfying consumer needs, long run societal welfare has to be considered by the marketers. The marketers have to adopt social and ethical considerations into their marketing practices. They must make a balance between the different criteria of organization's profits, consumer's satisfaction and public interest as a whole.

NATURE OF MARKETING

(a) Marketing is customer oriented: Marketing begins and ends with the customer. The job of marketing is not only to satisfy the consumer but even to delight him/her. All the activities of an organization must be directed and focused towards the consumer. Organisations cannot ignore emerging technologies, materials, instruments and new ways of organizing things but with consideration of consumers. Therefore, marketers must allow their customers to dictate product specifications and standards regarding quality. This job can only be performed if consumers' needs are continuously monitored.

(b) Marketing is the delivery of value: when a consumer derives satisfaction from a particular product on the basis of the product's overall capacity and performance is known as the value in the consumer's perception. Consumers today make a trade-off between cost and benefit of the product and they consider the product's value and price before making a decision. At times they will have to give up a particular product to obtain the other one since the first one involves a big cost. Thus, he will choose the product that gives him more value per rupee. According to De Rose, "Value is the satisfaction of customer requirements at the lowest possible cost of acquisition, ownership, and use". Thus, the organisations' strategies must be aimed at delivering greater customer value than that of their competitors.

(c) Marketing is a network of relationships: The customer is at the centre stage and the focus of all marketing activities. From the 1990s onwards the focus is not only to identify the needs and deliver it to customers but is shifting towards relationship marketing. According to Philip Kotler "Relationship marketing is the practice of building long-term satisfying relations with key parties like customers, suppliers and distributors in order to retain their long-term preference and business". The marketers who are smart enough to maintain their relationships by delivering high quality products in time, better services and fair prices in comparison with their counterparts.

(d) Marketing as a separate discipline: There used to be the days when marketing was treated as a part of economics. But now it is recognised as a full-fledged separate discipline. It is not the time when we just talk of sales and purchase or the quality of the product or the monopoly. With the emergence of modern marketing concept, the issue of green marketing and environmental

protection have come up and regarding that various laws have been framed. When we talk of knowing consumer behaviour, it leads us to an entirely new world of human behaviour and for that matter, a marketer must possess the knowledge of psychology. Why a particular product is preferred by a consumer and others decline it to use? The answer has in the study of culture. Therefore, marketing has emerged as a separate discipline and got its strength from related areas like law, psychology, anthropology, sociology and statistics etc.

(e) Marketing is business: When it is said that marketing is business, the contention is that all activities start from marketing i.e. through knowing consumer and end up on the consumers i.e. knowing consumer dissonance. It means the entire business revolves round the marketing. According to Peter F. Drecker, “Marketing is so basic that it cannot be considered as a separate function. It is the whole business seen from the point of view of its final result, that is, from the customer’s point of view. Business success is not determined by the producer but by the customer”. So, the business seeks customers because they are the business providers and ultimately marketing is business.

SCOPE OF MARKETING

Marketing management has become the subject of growing interest for everybody in today’s scenario. Therefore, it is of utmost importance to discuss the scope of marketing. It can be understood in terms of the functions that a marketing manager performs. Let’s discuss some of the issues that are undertaken by a marketing manager so as to elaborate on the scope of marketing.

(a) Marketing Research: While sitting in a company’s office, no one can identify the needs and wants of the consumers. For that purpose, research has to be carried out to analyse the consumer’s needs, tastes and preferences, the brand image of the product and the effectiveness of certain advertisements etc. These are the major areas of research where a marketing manager requires information to be successful in the market because by knowing this information, he takes timely, accurate and better decisions. The marketing research not only gathers information regarding certain problems but also suggests corrective and action-oriented steps.

(b) Product Planning and Development: A product is a bundle of utilities offered to consumers to satisfy their needs. Through marketing research, a marketer is able to know the needs of the

consumers but what kind of storage and transportation is required, it depends upon the nature of the product. The product must be according to the requirement and must also be according to the paying capacity of the consumers. There are a number of decisions involved in this process like a supplier of raw material, packaging, storage and distribution etc.

(c) Pricing: One of the important functions of a marketing manager is to determine the price of a product. Price is always influenced by the cost, services attached to it, government policy, competitors' prices and marketers' requirement for profit margin. A good pricing policy is a significant factor to attract consumers because the price is the only 'p' of the marketing mix which generates revenue for the organisations.

(d) Financing: Financing consumer purchasing has become an important part of modern marketing. The marketing manager plays an important role in the finance department in this regard and the consequences thereto. In the era of global competition when there is fierce competition and so many alternatives are available to a customer, certain finance schemes have become an important device to increase the volume of sales. Since the interest rates have come down significantly, financing facilities have taken the shape of lubricants that facilitates the operation of the marketing machine. In the era when the world economy is passing through a great recession, these facilities help generating revenue for the respective organisations and consequently are helping the economy to revive back and for the consumers those who can afford to realise their dreams of having a colour TV or small car, can fulfill their dreams through these instruments of marketing.

(e) Insurance: When goods and services are exchanged from one hand to another, from one place to another place, a large number of risk factors are involved. Marketing has now spread its arms to cover these risks through insurance activities. National calamities like floods and earthquake or damage of goods and services due to fire, theft or accident, may cause big losses and can hamper the entire business. The various insurance companies provide protection against these risks by getting a nominal amount of premium in return.

(f) Advertising: In this era of a competitive world, advertising has become an important instrument in the hands of marketers. It makes the consumer aware of the product, makes him curious about the product and then forces him for action and thus promotes the sale. According

to American Marketing Association, “Advertising is a paid form of non-personal presentation by an identified sponsor”. It is a non-personnel link between a marketer and the consumer. Through advertising, marketers are able to position their products in the minds of the consumer through various media like newspapers, magazines, television, radio, hoardings, window displays and internet etc.

Apart from the above areas, there are many more business areas where marketing activities have this vast scope but besides business areas, marketing has its scope in the non-business or non-profit sector also. A student who tries to occupy the front seat is also engrossed in marketing. Churches, hospitals, colleges and universities are the other non-profit sector where marketing activities are seriously performed.

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