

UNIT-IV – NOTES

MEANING OF MARKETING:

Marketing is the process of identifying, anticipating, and satisfying customer needs and wants through the creation, promotion, distribution, and exchange of products and services. It involves a series of strategic activities and techniques aimed at attracting and retaining customers by delivering value and building strong customer relationships.

(or)

Marketing refers to the process of promoting and selling products, services, or ideas to potential customers. It involves understanding the needs and wants of the target audience and creating a message that resonates with them. The goal of marketing is to drive sales, revenue, and growth by:

1. Identifying and segmenting the target audience
2. Developing a unique value proposition (UVP)
3. Creating awareness and interest through various channels (advertising, social media, content marketing, etc.)
4. Building brand awareness and loyalty
5. Generating leads and conversions
6. Measuring and optimizing marketing efforts

DEFINE THE TERM MARKETING

The American Association of Marketing defines marketing as: 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 defined as "a human activity aimed at satisfying needs and desires through an exchange process." - **Philip Kotler**

FEATURES/CHARACTERISTICS OF MARKETING:

Marketing encompasses several key features that make it a vital function for businesses aiming to succeed in competitive environments. Here are some important features of marketing:

1. **Customer Focus:** Understanding and meeting the needs and preferences of customers is central to marketing. This involves market research, customer feedback, and personalized marketing strategies.
2. **Value Creation:** Marketing aims to create value for customers by offering products and services that fulfil their needs and deliver benefits that outweigh the costs.
3. **Exchange Process:** Marketing facilitates the exchange of goods and services between the seller and the buyer. This involves transactions where both parties receive value.
4. **Market Research:** Gathering and analysing data about consumer behaviour, market trends, and competitive landscape to make informed marketing decisions.
5. **Product Development:** Creating and improving products and services based on market needs and feedback to ensure they remain relevant and appealing to customers.
6. **Promotion:** Communicating the benefits and features of products and services to the target audience through advertising, public relations, sales promotions, and other marketing communications.
7. **Pricing:** Setting prices that reflect the value of the product or service, are competitive, and meet the company's financial objectives.
8. **Distribution:** Ensuring that products and services are available to customers at the right place and time, involving logistics, supply chain management, and distribution channels.
9. **Branding:** Building and maintaining a strong brand identity that differentiates the company and its offerings from competitors, fostering brand loyalty.
10. **Customer Relationship Management (CRM):** Building and maintaining long-term relationships with customers to enhance satisfaction, loyalty, and repeat business.

11. **Digital Marketing:** Leveraging digital channels such as social media, email, search engines, and websites to reach and engage with customers.
12. **Sustainability and Ethics:** Incorporating ethical practices and sustainability into marketing strategies to meet the growing consumer demand for socially responsible businesses.
13. **Segmentation, Targeting, and Positioning (STP):** Dividing the market into segments, targeting specific segments, and positioning the product or service to meet the needs of those segments effectively.
14. **Innovation:** Continuously seeking new and creative ways to meet customer needs, stay ahead of competitors, and adapt to changing market conditions.

These features collectively enable businesses to connect with their customers, deliver value, and achieve their marketing and business objectives.

OBJECTIVES OF MARKETING:

1. **Creating Awareness:** To make potential customers aware of a product or service. This involves advertising, public relations, and other promotional activities to inform the market about the offerings.
2. **Generating Interest:** To build interest and curiosity among potential customers. This can be achieved through engaging content, special offers, or events that highlight the benefits and features of the product or service.
3. **Stimulating Demand:** To create a desire or need for the product or service. Marketing campaigns, persuasive advertising, and highlighting unique selling points can stimulate demand.
4. **Facilitating Purchase:** To make it easy for customers to buy the product or service. This involves ensuring product availability, offering multiple payment options, and providing a smooth purchasing process.
5. **Creating Value:** To deliver value to customers that meets or exceeds their expectations. This involves understanding customer needs and preferences and ensuring that the product or service delivers on its promises.

6. **Building Relationships:** To establish and maintain long-term relationships with customers. This can be achieved through excellent customer service, loyalty programs, and personalized communication.
7. **Enhancing Brand Loyalty:** To encourage repeat business and foster customer loyalty. Consistent quality, reliable service, and engaging with customers can help build a loyal customer base.
8. **Increasing Market Share:** To expand the company's share of the market. Competitive pricing, innovative products, and effective promotional strategies can help increase market share.
9. **Maximizing Profitability:** To achieve the highest possible financial return. Effective marketing strategies should aim to increase sales and reduce costs, thereby maximizing profitability.
10. **Gaining Competitive Advantage:** To position the company favourably against competitors. This can be achieved through differentiation, unique value propositions, and superior customer experiences.

These objectives guide marketing strategies and tactics, helping businesses achieve their goals and grow.

BASIC CONCEPTS OF MARKETING:

The basic concepts of marketing are foundational principles that guide the practice and strategies of marketing. Understanding these concepts is essential for effectively developing and implementing marketing plans. Here are the primary concepts:

1. Needs, Wants, and Demands:

- **Needs:** Basic human requirements such as food, clothing, and shelter. These are essential for survival.
- **Wants:** Desires for specific products or services that satisfy needs. Wants are shaped by culture, society, and individual personality.
- **Demands:** Wants backed by purchasing power. When people have the resources and willingness to buy what they want, these wants become demands.

2. Market Offerings:

- **Products:** Physical goods that satisfy customer needs and wants.
- **Services:** Intangible offerings such as banking, education, and healthcare.
- **Experiences:** Personalized or memorable events created for consumers, such as concerts or theme park visits.
- **Ideas:** Concepts or causes marketed to influence customer attitudes or behaviors, such as public health campaigns.

3. Value and Satisfaction:

- **Value:** The perceived benefits of a product or service compared to its cost. Customers choose offerings that provide the greatest value.
- **Satisfaction:** The degree to which a product's performance matches a buyer's expectations. High satisfaction leads to repeat purchases and brand loyalty.

4. Exchange and Transactions:

- **Exchange:** The process of obtaining a desired product from someone by offering something in return. It's the core concept of marketing.
- **Transaction:** A trade between two parties that involves at least two things of value, agreed-upon conditions, a time of agreement, and a place of agreement.

5. Markets:

- **Market:** A group of potential buyers with needs and wants that can be satisfied by products and services. It includes all actual and potential customers.
- **Market Segmentation:** Dividing a market into distinct groups of buyers with different needs, characteristics, or behaviours who might require separate products or marketing strategies.
- **Target Market:** A specific group of customers a company aims to capture within a larger market.

- **Positioning:** Creating a distinct image and identity for a product or service in the minds of the target market.

6. Marketing Mix (4 Ps):

- **Product:** The goods or services offered to the market. This includes quality, design, features, brand name, and packaging.
- **Price:** The amount of money customers must pay to obtain the product. Pricing strategies can influence customer perceptions and demand.
- **Place (Distribution):** The locations and methods used to make the product available to customers. This includes distribution channels, inventory, and logistics.
- **Promotion:** The activities that communicate the product's benefits and persuade customers to buy. This includes advertising, sales promotion, public relations, and personal selling.

7. Customer Relationship Management (CRM):

- Building and maintaining profitable customer relationships by delivering superior value and satisfaction.
- **Goals:** Customer acquisition, retention, and enhancement of customer loyalty.

8. Marketing Environment:

- **Micro environment:** Includes factors close to the company that affect its ability to serve its customers, such as the company itself, suppliers, marketing intermediaries, customer markets, competitors, and publics.
- **Macro environment:** Consists of broader societal forces that affect the microenvironment, such as demographic, economic, natural, technological, political, and cultural factors.

9. Marketing Strategy:

A plan to achieve marketing objectives by using marketing resources effectively. It Components includes identifying target markets, setting marketing goals, and developing a marketing mix to achieve those goals.

10. Societal Marketing Concept: Balancing Company profits, consumer desires, and societal interests. It focuses on long-term societal well-being, emphasizing sustainable and ethical practices.

These basic concepts provide a framework for understanding the role and processes of marketing in creating value and satisfying customer needs.

CLASSIFICATION OF MARKETING:

Marketing can be classified in various ways based on different criteria such as the target market, the nature of the product, the marketing strategy, and the medium used. Here are some common classifications of marketing:

1. BASED ON TARGET MARKET:

a. Consumer Marketing (B2C): Marketing of products or services to individual consumers for personal use.

Examples: Retail products, household goods, personal electronics.

b. Business - to - Business Marketing (B2B): Marketing of products or services to other businesses or organizations.

Examples: Industrial machinery, office supplies, software solutions for enterprises.

c. Industrial Marketing: Marketing of goods and services from one business to another, typically involving large quantities and complex buying processes.

Examples: Raw materials, heavy machinery, components for manufacturing.

d. Government Marketing: Marketing products and services to government entities.

Examples: Defence equipment, public infrastructure projects, and educational materials.

2. BASED ON MARKETING STRATEGY:

a. Direct Marketing: Communicating directly with target customers to generate a response or transaction. **Examples:** Email marketing, telemarketing, direct mail.

b. Indirect Marketing: Using intermediaries to reach the target customers.

Examples: Wholesale distributors, retail stores.

c. Digital Marketing: Using digital channels and technologies to reach customers.

Examples: Social media marketing, search engine optimization (SEO), online advertising.

d. Traditional Marketing: Using conventional methods to promote products and services.

Examples: Television ads, radio ads, print media.

3. BASED ON MEDIUM:

a. Online Marketing: Marketing activities conducted over the internet.

Examples: Email campaigns, social media ads, content marketing.

b. Offline Marketing: Marketing activities conducted through non-digital channels.

Examples: Billboards, flyers, TV commercials.

c. Social Media Marketing: Using social media platforms to promote products and engage with customers. **Examples:** Facebook ads, Instagram promotions, LinkedIn marketing.

d. Content Marketing: Creating and distributing valuable, relevant content to attract and engage a target audience. **Examples:** Blog posts, videos, info graphics.

4. BASED ON PRODUCT TYPE:

a. Product Marketing: Promoting tangible goods.

Examples: Electronics, clothing, food products.

b. Service Marketing: Promoting intangible services.

Examples: Financial services, healthcare services, consulting.

c. Industrial Goods Marketing: Marketing goods used in production processes.

Examples: Machinery, raw materials, components.

d. Consumer Goods Marketing: Marketing goods for personal consumption.

Examples: Packaged foods, personal care products, household items.

5. BASED ON INTERACTION LEVEL:

a. **Personal Selling:** Direct interaction between a sales representative and a potential customer to make a sale. **Examples:** In-store demonstrations, sales calls.

b. **Mass Marketing:** Promoting products to a large audience using broad-reaching media.

Examples: National TV commercials, newspaper ads.

c. **Relationship Marketing:** Focusing on building long-term relationships with customers.

Examples: Loyalty programs, personalized communication.

6. BASED ON SCOPE:

a. **Local Marketing:** Targeting customers in a specific geographic area.

Examples: Community events, local newspaper ads.

b. **Regional Marketing:** Targeting customers in a larger but defined geographic region.

Examples: Regional TV and radio ads, regional sponsorships.

c. **National Marketing:** Targeting customers across an entire country.

Examples: National TV campaigns, national online ads.

d. **International Marketing:** Marketing products or services in multiple countries.

Examples: Global advertising campaigns, international trade shows.

7. BASED ON MARKETING ORIENTATION:

a. **Product - Oriented Marketing:** Focusing on product quality and innovation.

Examples: Tech companies emphasizing new features and technologies.

b. **Sales - Oriented Marketing:** Emphasizing aggressive sales techniques.

Examples: Telemarketing campaigns, door-to-door sales.

c. **Market - Oriented Marketing:** Focusing on understanding and meeting customer needs and wants. **Examples:** Customer surveys, market research.

d. Societal Marketing: Considering the well-being of society in marketing decisions.

Examples: Eco-friendly products, socially responsible advertising.

Each classification highlights different aspects of marketing strategies and approaches, allowing businesses to tailor their efforts to specific markets, products, and goals.

FUNCTIONS OF MARKETING:

Marketing encompasses a range of functions that collectively aim to meet customer needs, promote products and services, and achieve business objectives. Here are the primary functions of marketing:

1. Market Research: Gathering, analysing, and interpreting information about the market, customers, and competitors. The purpose of the market research is to understand the market trends, customer preferences, and competitive dynamics. Activities like Surveys, focus groups, interviews, data analysis are examples of market research.

2. Product Development: Designing and creating new products or improving existing ones to meet customer needs. To ensure the product offerings remain relevant and competitive, the activities like Concept development, prototyping, testing, and refinement can be used.

3. Promotion: Communicating the benefits and features of products or services to the target audience and to inform, persuade, and remind potential customers about the product. For this activities, advertising, sales promotions, public relations, and social media marketing can be done.

4. Sales: It involves activities related to selling products and services to customers, to generate revenue and build customer relationships. Activities viz., direct selling, personal selling, sales presentations, and negotiations can be used.

5. Distribution (Place): Ensuring products are available to customers at the right time and place. The purpose is to make products accessible and convenient for customers to purchase. Activities like Inventory management, warehousing, transportation, and logistics can be utilized.

6. Pricing: Setting the price for products or services, to determine the value exchange and to achieve financial objectives such as profitability and market share. **Activities:** Pricing strategy development, price adjustments, discount offers are included.

7. Customer Relationship Management (CRM): Managing interactions with current and potential customers. The purpose of this CRM is to build and maintain long-term relationships, enhance customer satisfaction, and encourage loyalty. Activities such as Customer support, loyalty programs, and personalized communication are some of the examples of CRM.

8. Market Segmentation: Dividing a market into distinct groups of buyers with different needs or characteristics. And the purpose is to target specific segments more effectively and tailor marketing strategies accordingly. **For E.g.:** Identifying segments, analysing segment potential, and selecting target markets.

9. Branding: Creating a unique identity and image for a product or service, to differentiate from competitors and build brand equity. The activities like Brand name selection, logo design, brand messaging, and positioning can be carried out.

10. Market Planning: Developing strategies and plans to achieve marketing objective and the purpose is to provide direction and allocate resources effectively. **For E.g.:** SWOT analysis, goal setting, strategy formulation, and action planning.

11. Marketing Information Management: Collecting and managing data related to marketing activities. The Purpose is to support decision-making and improve marketing effectiveness. **Activities:** Data collection, database management, analytics, and reporting.

12. Product Lifecycle Management: Managing a product through its entire lifecycle, from introduction to decline and the purpose is to maximize product success and profitability at each stage. **For Eg:** Launch planning, growth strategies, maturity adjustments, and end-of-life decisions.

13. Customer Service: Providing assistance and support to customers before, during, and after a purchase, to enhance customer satisfaction and resolve issues promptly. **For Eg:** Helpdesk support, after-sales service, returns management.

14. Demand Forecasting: Predicting future customer demand for products or services. The purpose is to plan for production, inventory, and marketing strategies effectively. Activities like Trend analysis, statistical modelling, and sales data analysis are some of the examples.

15. Marketing Control: Monitoring and evaluating the effectiveness of marketing activities. The purpose is to ensure marketing goals are met and to make necessary adjustments. **Activities:** Performance metrics, marketing audits, corrective actions.

These functions are interrelated and work together to ensure that marketing efforts are efficient, effective, and aligned with the overall business strategy.

ROLE OF MARKETING IN ECONOMIC DEVELOPMENT:

Marketing plays a vital role in economic development by:

1. Stimulating Economic Growth: Marketing drives demand, increases sales, and revenue, contributing to GDP growth.

2. Creating Jobs: Marketing efforts lead to increased production, distribution, and sales, resulting in job creation.

3. Encouraging Innovation: Marketing promotes innovation by identifying consumer needs and driving product development.

4. Enhancing Competitiveness: Effective marketing helps businesses compete locally and globally, boosting exports and attracting foreign investment.

5. Improving Standard of Living: Marketing enables access to goods and services, improving the standard of living and quality of life.

6. Facilitating Exchange: Marketing facilitates exchange between producers and consumers, enabling economic transactions.

7. Encouraging Entrepreneurship: Marketing supports entrepreneurship by identifying opportunities and creating new businesses.

8. Building Brands: Marketing creates strong brands, enhancing national reputation and attracting investment.

9. Promoting Tourism: Marketing promotes tourism, generating revenue and stimulating local economies.

10. Supporting Sustainable Development: Marketing promotes sustainable practices, supporting environmental and social responsibility.

By performing these roles, marketing contributes significantly to economic development, growth, and prosperity.

SELLING AND MARKETING:

Selling and marketing are critical components of business strategy, each playing a distinct role in driving sales and building a brand.

Selling - Definition: Selling is the process of persuading potential customers to purchase a product or service. It involves direct interaction with customers, focusing on closing sales and generating revenue.

Key Aspects:

- **Sales Techniques:** Strategies like consultative selling, solution selling, and relationship selling.
- **Sales Process:** Steps include prospecting, approach, presentation, handling objections, closing the sale, and follow-up.
- **Sales Channels:** Direct sales, online sales, retail, wholesale, and telemarketing.
- **Sales Tools:** CRM software, sales scripts, and sales analytics tools.

Marketing - Definition: Marketing is the broader process of creating value for customers and building strong customer relationships. It involves research, promotion, distribution, and customer service to drive demand for a product or service.

Key Aspects:

- **Market Research:** Understanding consumer needs, market trends, and competitive landscape.
- **Marketing Strategy:** Defining target markets, positioning, and value proposition.

- **Marketing Mix (4 Ps):** Product, Price, Place, and Promotion.
- **Digital Marketing:** SEO, content marketing, social media marketing, email marketing, and PPC advertising.
- **Branding:** Creating a unique identity and image for a product or company.
- **Customer Relationship Management (CRM):** Strategies to manage and analyze customer interactions and data.

Integration of Selling and Marketing

- **Alignment:** Sales and marketing teams need to be aligned to ensure consistent messaging and strategies.
- **Lead Generation:** Marketing generates leads through various campaigns, which are then nurtured and converted by the sales team.
- **Feedback Loop:** Sales teams provide feedback to marketing about customer preferences and market conditions, helping refine marketing strategies.
- **Technology:** Tools like CRM systems and marketing automation platforms help integrate sales and marketing efforts.

Examples of Selling and Marketing Integration

- **Inbound Marketing:** Attracting customers through valuable content and converting them into leads that the sales team can pursue.
- **Account-Based Marketing (ABM):** A focused approach where marketing and sales collaborate to target high-value accounts.
- **Social Selling:** Using social media platforms to find and engage with prospects, blending marketing content with direct sales efforts.

Understanding the nuances and interplay between selling and marketing is crucial for businesses to effectively reach and engage customers, ultimately driving growth and profitability.

Key differences between selling and marketing:

- Selling is a transactional activity, while marketing is a relational process.
- Selling focuses on the product, while marketing focuses on the customer.
- Selling is often short-term oriented, while marketing is long-term focused.

Effective selling and marketing strategies require a deep understanding of customer needs, preferences, and behaviours. By aligning selling and marketing efforts, businesses can create a powerful engine for growth and success.