

# AN INTRODUCTION TO MARKETING

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## MEANING AND DEFINITION

Marketing is a form of communication between a business house and its customers with the goal of selling its products or services to them. Goods are not complete products until they are in the hands of customers. Marketing is that management process through which goods and services move from concept to the customer. Marketing has less to do with getting customers to pay for a product as it does with developing a demand for that product and fulfilling the customer's needs.

According to the **American Marketing Association (AMA) Board of Directors**, 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.

**Dr. Philip Kotler** defines marketing as “the science and art of exploring, creating and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires. It defines, measures and quantifies the size of the identified market and the profit potential. It pinpoints which segments the company is capable of serving best and it designs and promotes the appropriate products and services.”

Thus, marketing refers to all the activities involved in the creation of place, time, possession and awareness utilities and beyond.

## MARKETING CONCEPTS- TRADITIONAL AND MODERN

Concept is a philosophy, attitude, a line of thinking, an idea or notion to relating any aspects of divine and human creations. The philosophy of an organization in the dynamic creation of marketing is referred to as a marketing concept. Thus, marketing concept is a way of life in which the resources of an organization are mobilized to create, stimulate and satisfy the consumer at a profit.

### TRADITIONAL/ CLASSICAL CONCEPT

According to this concept, marketing consists of those activities which are concerned with the transfer of ownership of goods from producers to consumers. Here, the role of physical distribution and marketing channels is over emphasized. It refers to marketing as the process by

which goods are made available to ultimate consumers from their place of origin. The emphasis of marketing is on sale of goods and services. Consumer satisfaction is overlooked.

### MODERN CONCEPT

According to this concept, marketing is concerned with the creation of consumers. According to the modern thinker **Peter Drucker**, Marketing is so basic that it cannot be considered as a separate function. It is the whole business seen from the customers' point of view...business success is not determined by the producer but the customer.

Thus, the modern concept lays greater emphasis on customers and considers them as kings. Marketing is not merely a physical process but is something beyond that. It is the managerial philosophy which centres around the wants and desires of customers.

### TRADITIONAL CONCEPT vs. MODERN CONCEPT

1. Traditional marketing starts from production and ends with sale but modern marketing includes planning, product, price, promotion, place, people, after sale service etc.
2. Traditional marketing concentrate on favorable products, but modern marketing concentrates on customer needs, wants and satisfaction.
3. In traditional marketing, only those products are sold which the producer produces. No focus is laid on consumer preference. On the other hand, modern marketing indulge in production only after analyzing consumer demands.
4. Traditional marketing is product and production oriented while modern marketing is consumer oriented.
5. The target of traditional marketers was to earn maximum profit by maximizing sales. But, the main motive of modern marketers is to earn profits through satisfaction of consumer needs.
6. The principle of traditional market was "caveat emptor" i.e., "let the buyer beware". Whereas, the principle followed by modern market is "caveat venditor" i.e., "let the vendor beware".

### SELLING vs. MARKETING

It is a common error committed when people say they are going for marketing when they actually go to the market to purchase goods/ services. Well, it is simply buying from consumers' end and selling from the sellers' end. Marketing is a wider term than selling. Let us now see how selling differs from marketing.

MARKETING	SELLING
<ol style="list-style-type: none"> <li>1. It begins before sale and continues after sale.</li> <li>2. It focuses on consumer needs.</li> <li>3. It has long term perspective aiming for growth and stability.</li> <li>4. It is a philosophy of business.</li> <li>5. Here, customer comes first, then product.</li> <li>6. It has wider scope.</li> </ol>	<ol style="list-style-type: none"> <li>1. It begins after production and ends with the sale.</li> <li>2. It focuses on seller's needs.</li> <li>3. It has short-term perspective.</li> <li>4. It is a routine day to day physical process.</li> <li>5. Here, product comes first, then customers.</li> <li>6. Its scope is narrower as compared to marketing.</li> </ol>

Thus, from the above table the distinction of marketing from selling can be understood.

### **FUNCTIONS OF MARKETING**

Marketing functions are those specialized activities that a marketer must perform in order to identify and source potentially successful products for the market place and then promote them by differentiating them from similar products. The important functions of marketing are discussed briefly below:

1. **Research & Development Function-** A marketer has to carry out adequate research to identify the size, behavior, culture, gender, demands etc. of the target market segment, and then develop the products/services accordingly to meet and satisfy the needs of target customers.
2. **Buying Function-** The marketing department has to assist the purchase and supply department by sending specifications of the materials required so as to get timely and quality materials for production.
3. **Standardization & Grading-** Standardization means setting quality standards to achieve uniformity in the product. It provides consistent quality assurance to consumers. Grading means classifying the product on certain accepted benchmarks or bases such as size, quality etc. Through grading, the marketer can get higher price for quality product.
4. **Packaging and Labeling-** Packaging is traditionally done to protect the goods from damage in transit and to facilitate easy transfer of goods to customers. But now it is also used by the manufacturer to establish his brand image as distinct from those of his rivals. Another activity involved with packaging is labeling. It means putting identification marks on the package. Label is that part of a product which contains information about the producer and the product.
5. **Branding-** It is the process of stamping a product with some identification name or mark or a combination of both. Branding means giving a distinct individuality to a product. Some popular brands are Airtel, Sony, Lux, Nirma etc.
6. **Pricing-** Determination of price of a product is an important task of a marketing manager. Price is influenced by cost of product and service offered, profit margin desired, prices fixed by rival firms, government policy, etc.

7. **Promotion Function-** The marketing manager must design adequate strategies to make known to consumers about the availability of products in the market. Without this function, products will remain in the hands of producers and will never reach the consumers. Four important methods of promotion are advertising, personal selling, publicity and sales promotion.
8. **Physical Distribution-** This function involves the activities which are necessary to transfer ownership of goods to customers and also making available goods at the right place and time.
9. **Transportation-** It provides the physical needs which facilitate the movement of persons, goods and services from one place to another.
10. **Warehousing-** To meet the expected demands of consumers, goods are produced or procured well in advance and stored in warehouses till they are transferred to customers. Warehouses protect the goods from any damage which may be caused by any rodents, moisture, sun, theft, etc.
11. **Risk- taking function-** Risks are involved in almost all levels of marketing process. Risk taking in marketing refers to the financial risk that is inherent in producing and handling goods, including the possible loss due to a fall in prices and the losses from spoilage, depreciation, obsolescence, fire and floods etc.
12. **Customer Support Services-** This function relates to developing customer support services such as after sales services, handling customer complaints and adjustments, providing credit facilities, maintenance services, technical services etc. These services provide maximum customer satisfaction and develop brand loyalty for a product.

All the above, and in some situations, more other functions are performed by the marketing manager.

### **MARKETING MIX- THE 7 Ps of MARKETING**

Marketing mix represents a blending of decisions in few areas for the satisfaction of the needs of customers. E.J. McCarthy had formerly given four elements of Marketing Mix. These include: (1) Product, (2) Price, (3) Promotion, and (4) Place or Physical Distribution. These elements are popularly called the “**four Ps of Marketing Mix**”. As marketing became a more sophisticated discipline, one more element was added to these 4 Ps- People. Later on two more Ps were added, especially for the service sector, viz., Process and Physical evidence. . These elements are inter-related because decisions in one area usually affect actions in the others. The blend or mixture of these elements are often referred to as Marketing Mix. It basically concentrates on the target consumers. Let us have a brief discussion of the above mentioned elements-



1. **Product:** It involves planning, developing and producing the right type of products and services to be offered by the firm to the customers. It deals with the product range, design, durability, branding, packaging, color and other features.
2. **Price:** A product is only worth what a customer is willing to pay for it. The marketing manager must determine the price in such a way that it covers the cost of production and distribution of the product and a reasonable margin of profit. Other variables influencing price are the price fixed by competitors, government regulation etc. It is the only element of marketing mix that generates revenue- everything else represents a cost.
3. **Promotion:** It deals with informing the customers about the firm's product and persuading them to purchase the same through personal selling, advertising, publicity and sales promotion.
4. **Place or Physical distribution:** It is concerned with making the product/service available to the customers at the right place, at the right time and in the right quantity. The place where the customers buy a product and the means of distributing the product to that place must be appropriate and convenient to the customers.
5. **People:** It generally refers to the employees of the business organization who deal with the customers.