

UNIT-1

INTRODUCTION TO MARKETING

B.COM HONS-III SEMESTER

PRINCIPLES OF MARKETING

Meaning

- Emphasizes the determination of the requirements of present and potential customers and supplying products to satisfy their requirements.

Evolving Concepts of Marketing

- The Production Concept
- The Product Concept
- The Selling concept
- The Marketing Concept
- The Societal Marketing Concept
- Holistic Marketing Concept

The Production Concept

- It holds that consumer will prefer products that are widely available and inexpensive
- Managers of Production Oriented businesses concentrate on achieving high production efficiency, low cost and mass distribution
- They assume that consumers are primarily interested in product availability and low prices.
- This orientation makes sense in developing countries, where consumers are more interested in obtaining the product than in its features.

Example

Example : Henry Ford



One of the best examples of the production concept is Henry Ford's Model T. Henry Ford is the father of the production line. By developing an efficient assembly line, Ford was able to bring the cost of the Model T down from around \$800 to just under \$300, putting affordable transportation into the hands of average consumers in the United States. The

biggest secret to Ford's assembly line is that he built one car —the Model T. There were very few variations on the basic structure and functionality of this automobile. One of the best known slogans of the time, which Ford himself coined, was "You can have any color you want as long as it is black." Clearly, this slogan embodied the fundamental business philosophy — the production concept — practiced by Ford at the time.

Henry Ford was very successful with the production concept for a period of time, Video One. He amassed quite a fortune by practicing the production concept. However, Ford forgot to track changing conditions in the market, and that eventually got him into trouble. After the automobile had been on the market for a period of time, consumer wants and needs with respect to cars changed dramatically. Consumers no longer wanted just basic transportation at an affordable price. The car became a major status symbol. It filled ego and social-communications needs for consumers. This translated into consumer demand for more body styles, different colors, different features, and a variety of new services.

The Product concept

- This orientation holds that consumers will favor those products that offer the most quality, performance, or innovative features.
- Managers focusing on this concept concentrate on making superior products and improving them over time.
- They assume that buyers admire well-made products and can appraise quality and performance.
- However, these managers are sometimes caught up in a love affair with their product and do not realize what the market needs.

Example

Example :

Robin Blue used to be a household name, but the brand introduced the liquid variant only after Ujala introduced its offering. Colgate introduced its herbal variant long after herbal awareness on consumer products demanded it. Brands like Bru, Nestle and Coke are expanding their vending machine operations so that the product in its 'ready-to-consume' form would be available to more consumers, who may be on the move more frequently than they were a few years back. The product-centric approach also calls for the right kind of innovation which is timely and adds value to consumers. Television companies promote several kinds of features and innovative aspects as a result of technology, but the need of the hour, to gain a competitive advantage, might be to view how value-addition could be brought around (with innovative features of the TV) that will enhance value to specific segments. Could there be brands which work with cable operators to customize programs for specific segments? For example, programs intended for the youth are very different from those required for the housewives; and even this mix for each segment would differ from one geographical area to another depending on the lifestyle differences. Besides brand building, advertising revenue is also likely to build up as

The Selling Concept

- The **Selling Concept** proposes that customers, be individual or organizations will not buy enough of the organization's products unless they are persuaded to do so through **selling** effort.
- So organizations should undertake **selling** and promotion of their products for marketing success.
- Goods are not bought but they have to be sold
- Focuses on Selling products, seller's needs and educating and attracting customers
- Profitability through sales volume

Example

2.8

The five most important points of the selling concept of the marketing are describe here under: -

1. This concept is typically practiced with unsought goods (those that buyers do not normally think of buying e.g. insurance policies).
2. The selling concept takes an "inside-out" perspective (focuses on existing products and uses heavy promotion and selling efforts).
3. To be successful with this concept, the organization must be good at attracting the interested buyer and selling them on product benefits.
4. Industries that use this concept usually have overcapacity. Their aim is to sell what they make rather than make what will sell in the market.
5. There are not only high risks with this approach but low satisfaction by customers.

Example :

A political party may campaign aggressively to win an election. Heavy advertising, numerous speeches and door to door visits may be used to promote its candidate while hiding their flaws, after winning; the party may take a sales oriented view by trying to get its citizen to accept its policies rather than to find out what voters really want.

Marketing

- The **marketing concept** is the philosophy that firms should analyze the needs of their customers and then make decisions to satisfy those needs, better than the competition.

Example :

Apple. Apple (AAPL) stands as the one technology company that truly gets marketing. It defines the next big thing and creates game-changers in existing markets before people themselves even know what they want. It doesn't use focus groups or research; Apple is its own focus group. It controls its channel and message better than any company on earth. Not to mention the 1984 Super Bowl, Think Different, and iPod silhouette ad campaigns.

| Marketing | Selling |
|--|--|
| Marketing starts with the buyer and focuses constantly on buyer's needs. | Selling starts with the seller and is preoccupied all the time with the seller's needs |
| Seeks to convert "customer needs" into 'products'. | Seeks to convert 'products' into "Cash". |
| Views business as a customer satisfying process. | Views business as a goods producing process. |
| Marketing effort leads to the products that the customers actually want to buy in their own interest | The company makes the product first and then figures out how to sell it and make a profit. |
| Consumers determine the price; price determines cost | Cost determines the price. |

| Marketing | Selling |
|---|---|
| Marketing views the customer as the very purpose of the business. | Selling views the customer as the last link in the business. |
| ‘Customer satisfaction’ is the primary motive. | ‘Sales’ is the primary motive. |
| It is a broad composite and worldwide concept, more so in this era of globalization | It is a narrow concept related to product, seller and sales activity |
| Marketing is more ‘pull’ than ‘push’. | Selling involves ‘push’ strategy. |
| Marketing begins much before the production of goods and services, i.e. with identification of customers’ needs. It continues even after the sale to ensure customer satisfaction through after sales | Selling comes after production and ends with the delivery of the product and collection of payment. |
| The main job is to find the right products for your customers | The main job is to find the customers for your product. |

Societal Marketing Concept

- **Societal marketing** is a **marketing concept** that holds that a company should make **marketing** decisions not only by considering consumers' wants, the company's requirements, but also society's long-term interests.
- It creates a big public image of the company in its customer's minds by this, increases sales. **It holds the companies responsibility to look upon society's welfare.**
- In the modern world, **the government bans those companies whose actions are against society's wellbeing.**

Example

Example :

Society certainly is questioning the continued marketing of tobacco products and alcoholic beverages. It may not be long before the manufacturers of these products are literally forced

to remove them from the market place. As a minimum, these products probably will be promoted much differently in the future. For example, beer producers are now sponsoring ads that promote more responsible use by targeted customer groups — “don’t drive if you drink,” “drink in moderation,” “use a designated driver,” etc. In addition, some products are aggressively being “de-marketed”.

Holistic Marketing Concept

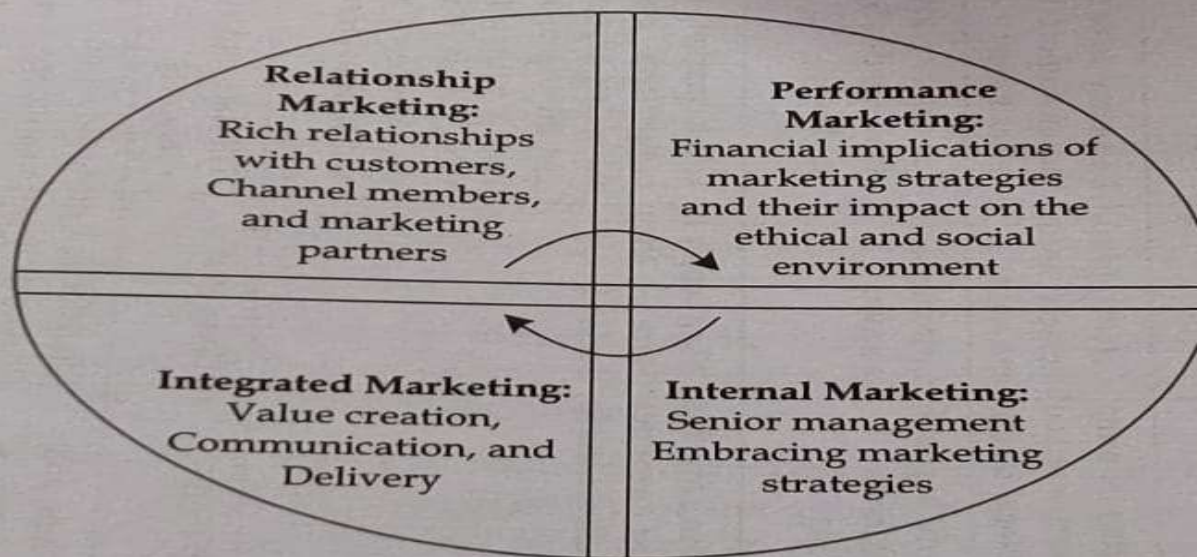
- Relationship Marketing
- Integrated Marketing
- Internal marketing
- Performance Marketing

Example

Example :

Samsung is an excellent example of Holistic marketing where the products are developed keeping the customer in mind, The showrooms are branded in the proper manner, the customer service is polite and the service is fast.

Some key concepts which are important in Holistic marketing are:



1. **Internal marketing:** Marketing between all the departments in an organization.
2. **Relationship marketing:** Building a better relationship with your customers, internal as well as end customers is beneficial for holistic marketing.
3. **Performance marketing:** Driving the sales and revenue growth of an organization holistically by reducing costs and increasing sales.
4. **Integrated marketing:** Products, services and marketing should work hand in hand towards to growth of the organization.

Thus Holistic marketing is a concept which is organization wide and helps the growth of the organization with the right marketing of the product. With the rise in competition

Comparison

| BASIS | PRODUCTION CONCEPT | PRODUCT CONCEPT | SELLING CONCEPT | MARKETING CONCEPT | SOCIETAL MARKETING CONCEPT |
|-------------------------|---|---|------------------------------------|--------------------------------------|--|
| Starting point | Factory | Factory | Factory | Market | Market and Society |
| Focus | Quantity of product to be sold | Quality and performance of product to be sold | Selling existing products | Satisfaction of customer needs | Satisfaction of customer needs and society's welfare |
| Means (Approach) | Availability and affordability of product | Improvement of quality | Selling and promotion | Integrated marketing techniques | Integrated marketing techniques |
| Ends | Profit through large scale production | Profit through quality of product | Profit through higher sales volume | Profit through customer satisfaction | Profit through customer satisfaction and society's welfare |

| BASIS | PRODUCTION CONCEPT | PRODUCT CONCEPT | SELLING CONCEPT | MARKETING CONCEPT | SOCIETAL MARKETING CONCEPT |
|-------------------------------|---------------------------|-----------------------------------|--------------------|---|--|
| Management Orientation | Sales oriented | Sales oriented | Sales oriented | Consumer oriented | Social welfare oriented |
| Main theme | Sell what you can produce | Sell what you can produce | Sell what you have | Produce what you can sell | Produce what you can sell Along with protection of consumer and society's welfare |
| Practice | When $DD > SS$ | When superior product is demanded | When $SS > DD$ | When customer needs and wants are important | When customer satisfaction and social welfare are desired |

| BASIS | PRODUCTION CONCEPT | PRODUCT CONCEPT | SELLING CONCEPT | MARKETING CONCEPT | SOCIETAL MARKETING CONCEPT |
|----------------------|--|-------------------|-------------------|------------------------------------|--|
| Profitability | Short run profits | Short run profits | Short run profits | Long term profitability and growth | Long term profitability, growth and public image |
| Dominant era | Mid 19 th to early 20 th century | Upto 1930s | Upto 1960s | From 1970s onward | From 1990s onward |