
UNIT 1 **MARKETING: AN OVERVIEW**

Objectives

This introductory unit is aimed to help the learner to understand:

- the meaning of marketing and concept of marketing
- the basic marketing concepts
- orientation of the firm towards its customers
- in developing a marketing mix for the firm and elements of marketing mix
- the framework in relations to 4Ps
- scope and misconceptions of marketing

Structure

- 1.1 Introduction
- 1.2 What does the term Marketing Mean?
- 1.3 Definition and Concept of Marketing
- 1.4 Needs wants and Demands
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- 1.6 What is marketing?
- 1.7 Firm Orientation towards to its Customers
- 1.8 Concept of Marketing Mix
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- 1.10 Elements of Marketing Mix (4ps)
- 1.11 4As Frame Work in Relation To 4Ps of Marketing Mix
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1.1 INTRODUCTION

We welcome you to this course. Different people with different objectives would opt to learn marketing. However, marketing, as you will soon perceive and study its importance whether you are working in the marketing department or any other department of an organisation.

Marketing is a very exciting and highly challenging field. It requires individual interest with a flair for creativity for success. Congratulations! You have embarked on the study of an exciting subject, which will boost your creativity and imagination in every given marketing situation in your career down the line.

Marketing is everywhere most of the tasks we do and most of the things we handle are linked to marketing. Marketing is an activity. Marketing activities and strategies result in making products available that satisfy customers while making profits for the companies that offer the products. Your morning tea, the newspaper, your breakfast, the dress you put on for the day, the vehicle you drive, the mobile in your pocket, the quick lunch you have at the fast food joint, the PC at your desk, your internet service provider, your e-mail ID almost everything that you use and everything that is around you, has been touched by marketing. Marketing has its imprint on them all depending on the product and the context/experience the imprint may be visible or subtle. But it is very much there. Marketing permeates most of your daily activities. Marketing is an omnipresent entity.

The field of marketing cannot be studied in isolation as it combines with a range of other areas/disciplines such as economics, psychology, sociology, political science, statistics, and information technology etc. In the light of its alliance with the above disciplines you must be wondering to witness the far-reaching changes that are taking place both within the firm and the Indian society at large. In addition, you will also witness similar shifts in the global scenario and the likely impact on the performance of your firm in terms of marketing activities and decision making.

This course has been designed primarily to develop your awareness of the marketing orientation. It is assumed that such knowledge about marketing decisions and processes will not only improve your personal competence but will also help in attaining your organizations' goals.

1.2 WHAT DOES THE TERM MARKETING MEAN?

Marketing refers to the process of ascertaining consumer needs, converting them into products and services, and then moving the product or service to the final consumer segment with emphasis on profitability and customer satisfaction, and ensuring the optimum use of the resources available to the organization.

Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individuals and organizational objectives.

According to Philip Kotler, marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others. The author has considered marketing as a social process where interaction of people is an essential component of it. Through this interaction the persuasion for selling the products or services begins. Thus marketing is purely purchase decision of the customer but through continuous marketing initiatives at different stages. Marketing starts before the production of the goods and continues even after the selling of the products. Thus it is assumed marketing is a continuous process. While the activities pertaining to identification of the needs, wants and demands of the customer, then designing of a suitable product to meet the needs, giving name to the product and converting it to a brand by communicating it to the customers.

1.3 DEFINATION AND CONCEPT OF MARKETING

The American Marketing Association defines marketing as follows:

“Marketing is the performance of business activities that directs the flow of goods and services from producer to consumer or user”.

Activity 1

Do you agree with the above definition? If yes or no offer your reasons. Select any ten products and service offerings of your choice that are being currently marketed.

Later on the American Marketing Association revised its definition of marketing as

“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.” This definition attempted to highlight the importance of exchange processes that occur between the seller and the buyer. As we move on to discuss about the subject matter of marketing, we would understand the meaning of this definition better

Exchange Process: Let’s first look into the meaning and importance in marketing management.

Primarily the term exchange means “giving or receiving something in return for something else” i.e. in marketing parlance an individual or a customer will simply obtain the firm’s product or service offering to satisfy his need or want in exchange of money thus leading to exchange process between two entities.

For example if a person hires a Uber service for his travel from destination **X to Y** and the money paid as fare in lieu of the trip is an exchange process. This exchange process can extend into strong relationship marketing and we enter into exchange relationships all the time. Through relationship marketing we build a long-term association with the customer. In the above example of Uber, if the customer is satisfied by the service then we may plan to use the same services in future as well and intend to become a loyal customer with Uber. While Uber by way of delivering value to customers, a relationship with customers is developed. Thus marketing is earning profit by building relationship with

customer through satisfying their needs and wants. The same explanation is applicable for a product as well.

We can see that marketing, as per this definition, starts with a 'Product'. This is very common idea among many people, for example, in advertising agencies, as they normally are required to advertise to sell a product, which already exists. Similarly, salesmen are also given 'products' and asked to sell them. Therefore, to them marketing often, starts with a product. However, this is only a narrow view of the concept of marketing.

On the contrary knowingly or unknowingly we as individuals and organisations involve in a variety of activities which we call them as marketing.

- ... A TV anchor would try to impress upon the audience by 'marketing' her show.
- ... In college campus placements, the final semester students of a postgraduate programme in business administration would try to be successful in 'marketing' their candidature to prospective employers.
- ... Matrimonial firms trying to get a better response for the grooms 'marketed' by them from potential brides is also considered an example of marketing.
- ... An officer of the Health and Family welfare department is trying to create awareness in a remote district about the need for immunization.

Now let's look at the definition of Marketing in the words of **Philip Kotler**. According to him, marketing management is:

The art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.

The definition focuses "superior customer value." Customer Value primarily is the incremental benefit which a customer derives from consuming a product after paying in return. The term value signifies the benefit that a customer gets from a product. It is the difference between the benefits (sum of tangible and intangible benefits) and the cost. Customer value is dependent on the three factors – Quality, Service and Price. The value of a product increases with its quality and service, as the benefits increase. On the other hand, the value decreases with increase in price because of the increase in costs increase in this case.

As “superior customer value” is the created when customers are willing to pay more for your product or service than competitor or when they prefer your version of a product or service to all others because it meets their needs better and maybe even exceeds their expectations.

As a marketer you should view marketing both from social and managerial dimensions. The social aspect of marketing was put forth by **Paul Mazur**. He defined marketing as *the creation and delivery of a standard of living to society*. The standard of living suggests the level of wealth, comfort, material goods, and necessities available to a certain socio-economic class or geographical region. Thus the products and services offered by organisations (both commercial, and non-commercial) have a direct or indirect bearing on people’s standard of living. We are also aware of the fact how products/services such as sanitary napkins, electric bulbs, telephone, cars, tractors, aero planes, cinema, antibiotics, anesthesia, and birth control pill enriched human life over the period of time in terms of improved standard of living.

Let us discuss about Jaipur Foot as a brief case study and how it has been transforming the lives of hundred thousands of amputees all over the world by providing them with mobility and dignity.

Jaipur Foot was hailed by the Times magazine as among the greatest inventions of the 20th century. C.K. Prahalad rated BMVSS (a non-profit organisation located in Jaipur, Rajasthan) in his classical book, Fortune at the Bottom of the Pyramid as the world’s largest organisation for artificial limbs.

The Jaipur Center was founded by Devendra Raj Mehta in 1975. Since its inception, the organisation has outfitted more than 1.50 million amputees (by 2016) around the world with a prosthetic that has become known as the JaipurFoot. BMVSS held more than 50 on-the-spot, limb-fitment camps in 27 countries across the globe. The organisation has become so successful that it has forged agreements for continuing R&D with Stanford University, the MIT, the ISRO, and the IIT, among others.

Now each year about 65,000 people all over the world benefit from the Jaipur Foot. It rehabilitated amputee’s quality of life economically as well as socially.

Activity 2

Identify any five products or services introduced by Indian firms in the 21st century which have/had a tremendous impact in improving the standard of living among the people of India?

Product/Service	How Standard of Living Improved?
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- a. _____
- b. _____
- c. _____
- d. _____
- e. _____

Philip Kotler whose seminal text *Marketing Management* was first published in 1967 beautifully described the meaning of marketing in three words as “**meeting needs profitably.**”

Thus the most fundamental concept, which must be realised as being the basis of all marketing activities, is the existence of human needs. It is these human needs which form the starting point for all marketing activities.

Today, if you look around, Start-ups are the order of the day. The young and progressive entrepreneurs are jumping on to this bandwagon by every passing day. You must remember that if you are an entrepreneur who wants to start a new business, you should have a product or an idea in your mind. In fact you have to decide what product/service you should manufacture and sell. How do you decide this? The answer to this question lies with you i.e. the entrepreneur has to first decide what product he should select. This is possible only if one can identify the needs, and wants which require satisfaction among human beings. Once he has identified the need of a group of human beings (called market segment), he can determine the product, which can help to satisfy that need. This is a part of the modern philosophy of marketing or the marketing concept.

1.4 NEEDS WANTS AND DEMANDS

Lets us now try to understand Marketing Concepts that are a part of the definitions: Need(s), Want(s) and Demand(s)

Need(s) Needs are the state of being deprived of something. Needs can be grouped into five categories as detailed below. Needs are not invented by marketer rather the widely known academic model of

needs was proposed by psychologist Abraham Maslow. Although this model is predominantly used in motivational studies but is also applied for studying customers' needs.

The Maslow's theory of hierarchy categorises human needs into five levels. Abraham Maslow pursued to explain why people are driven by particular need at a particular time. According to his theory, human needs are arranged in a hierarchy from most to least pressing. These include physiological needs, safety needs, social needs, esteem needs, and self-actualisation needs. Marketers need to know which specific need their brand is targeted to. Let us illustrate with some of the brands that are targeting these five levels of customer needs:

- a) **Physiological needs:** Food, water, shelter – All food items from liquids to solids etc. Amul, Aashirvaad atta, Britannia, Vimal, State housing board properties fall under the purview of this category.
- b) **Safety needs:** Security, protection - Insurance, Banking products, sanitizer, OTC products Vaccination and Immunization programs by the state.
- c) **Social needs:** Sense of belonging, love - Bharat Matrimony, Social media, Netflix India etc. fall under this category.
- d) **Esteem needs:** Self-esteem, recognition, status – Premium niche brands of all product categories and services, Allen Solly, iPhone, Dior, Jaguar Cars, International travel and recreation.etc.
- e) **Self-actualisation:** Self-development and realisation - Teach for India, Azim Premji Foundation etc.

From the customer perspective consumer's needs can be categorized as follows:

1. **Stated needs:** Here the customer explicitly states what they want. For example, Ms Divya wants to open a bank account.
2. **Real needs:** This is more specific. Ms Divya wants to open a Savings Bank account with a nearby public sector bank in her residential locality.
3. **Unstated needs:** Ms Divya anticipates the bank to give her an International Debit Card along with a cheque book facility.
4. **Delight needs:** Ms Divya like the premises of the bank for its upkeep and neatness where the employees and fellow customers exhibit the most appropriate and decent behaviors.
5. **Secret needs:** Ms Divya is reluctant to confess that she has a negative attitude towards Netbanking facility.

Activity 3

From your recent experience of a purchase, try to clarify your stated needs, real needs, unstated needs, delight needs, and secret needs.

Product/Brand Name: _____

Stated needs: _____

Real needs: _____

Unstated needs: _____

Delight needs: _____

Secret needs: _____

Smart marketers should not just confine to knowing only the stated need of the customers. It is important to get deeper information to know the other needs of customers.

Want(s)

Wants are the form taken by human needs as they are shaped by culture and individual personality. These are essentially dependent upon needs. For example, a person in North India would satisfy his hunger with rajma and chawal while a person from South India would like to have fish curry and rice. This clearly explains their want(s) backed by culture and their social environment.

Demand(s)

You may want to watch the final IPL match being played abroad. The big question is do you have money and time to travel abroad to watch the match? If yes, then it's a demand. Wants backed by willingness and purchasing power is known as demand.

By and large all marketing companies from FMCG, consumer durables, to service firms firstly do try to recognize the needs and want of customers, conduct market research, obtain regular feedback and market intelligence with the help of the sales force in ascertaining the unmet customer needs and then only it will be possible to fulfill needs so identified. For example the floor managers at Big Bazaar retail outlets do mingle and interact regularly with customers to try and keep them happy.

Activity 4

The best way to understand the difference between needs and wants is to pause and reflect when you try to make your next purchase by visiting a nearby departmental store or a mall for shopping. Ask yourself the following questions while attempting to buy a specific product from the store:

- a. Do I really need this?
- b. What would happen if I didn't buy this?
- c. What would happen if I bought a cheaper version instead?

1.5 BASIC MARKETING CONCEPTS

As a student of marketing you should have an overall and complete understanding of all the basic and fundamental concepts in marketing. It's very much essential to have a sound knowledge of these very basic concepts for the success of the business. We have already discussed in the above section about needs, wants and the demand aspects for your understanding.

Let's now move ahead with the rest of the basic marketing concepts

Marketers:

A marketer seeks a positive response from the present and prospective customers. The response is not necessarily in terms of a purchase of a good or service offered by a marketer; it might be paying attention to the features of a product, bringing out an expected change in behaviour (for example

wearing a mask during the current times due to pandemic, wearing a helmet while driving a two-wheeler.

Customers: A firm's offerings are intended for a well identified target segment of people or organisations that we call as customers. However, there are many synonymous terms such as users, buyers, consumers, clients, purchaser, shopper, patron etc. which are used interchangeably based on the nature of the product and the service offering being adopted in marketing literature. User is a passive word that means "a person who uses something." Customer is a person who purchases something. Some firms have users who are also customers for example we use electricity and we pay for it. While some firms have users but not customers for example we use WhatsApp, but we do not pay any subscription or fee for it. There are firms that have two separate groups of users and customers. To cite an example, media firms like TV free channels which serve the audience (viewers) and advertisers (customers or clients).

Now let's see the difference between a consumer and a customer. A customer is the one who buys a product. A consumer is someone who consumes a product or service. As a customer you buy vegetables for your family till the time you buy it, you remain as a customer and the moment they are cooked and consumed by you and your family then all of you individually or collectively are consumers. Clients are persons or organisations who use services rendered by professional marketers such as advocates and chartered accountants. Similarly other terms mentioned above are used in different context and situations.

Customer Value:

When we buy a product, aren't we thinking of the benefits that a product offers to us? Yes, certainly we do imagine while buying an iPod, we buy an iPod because it not only gives good music output (benefit) but also the cool fashion statement associated with it. So it's not just the benefit it is rather the bundle of benefits associated with the product in the form of product quality, after-sales services, warranty, repairs costs, free home delivery, user friendliness etc. Customers are rational enough and would evaluate and weigh the pros and cons of acquiring a product in terms of the price they are paying for those benefits. Customer value is the difference between the value benefits the customer gains from owning a product and cost of obtaining the product. The cost of product is not limited to price but also time and energy spent on shopping. Customer value can be shown as an equation as below:

Customer Value = Total Customer Benefits – Total Customer Costs

Thus the marketer's role is to add more value to product in terms of benefits so that customer prefers the product in relation to competitor's product.

Customer Satisfaction:

Customer satisfaction is reflected in the difference between the actual performances of the product perceived by a customer vs. the expectation of the customer. Hence it's the match between customer expectations of the product and the product's actual performance.

Customer satisfaction differs from person to person it's an experience which is different for different individuals. A proper evaluation of a product or service can only be done by experiencing it. Therefore customer satisfaction is a post- purchase phenomenon. Satisfaction can only be measured by comparing pre-purchase expectation and post-purchase experience. Customer satisfaction is also the measure of success of an organization.

The equation used to determine the level of a customer's satisfaction is

$$\text{Customer Satisfaction} = \text{Experience} - \text{Expectation}$$

Markets: It's a matter of common observation that people narrowly perceive the market as a physical place where goods are purchased or sold. There is a difference between the views of an economist and a marketer. Economists consider a market as a group of buyers and sellers who handle over a specific product or product category (for instance, a paddy market or a cloth market). While Marketers view markets as people with needs to satisfy, money to spend and their willingness to spend that money. In other words, markets constitute people with the above-mentioned three characteristics.

1.6 WHAT IS A MARKET?

The term Market originates from Latin word 'MARCUTUS' which means a **place where buyer and sellers meet for business**. Traditionally, buyer and seller gathered at a specific place called 'haats' or 'melas'. But with passage of time buyers and sellers need not meet face to face for transaction; they can meet virtually through e-commerce platforms. On the basis of end use market can be of different types: Consumer Markets (FMCG-Fast moving consumer goods, consumer durables, soft goods), industrial

markets (finished goods, components and services), intermediate markets (wholesale and retail markets), geographical location (local, national, global/international markets, rural and urban market), and Non-profit and Governmental Markets (companies selling to non-profit organizations with limited purchasing power need to be price careful).

Broadly, there are four types of markets: consumer markets, business markets, global markets, and non-profit markets.

Consumer markets consist of customers of large-scale goods and services such as essential commodities, toothpastes, detergents, clothes, furniture, smart phones, banking and insurance etc.

Business markets are composed of business customers who purchase goods and services to be resold or used to make other items or services for sale.

Global markets deal with those products and services which have demand across the globe. Nike, Coca-Cola, Apple, and Colgate, to cite a few examples, have a strong presence in many countries.

While the **Non-profit markets** consist of those organisations such as religious bodies, public libraries, educational institutes and government agencies that demand a specific type of products and services. The Union government's policy of purchasing its requirements through the GeM (Government e-Marketplace) portal gives an idea of the government market.

1.7 FIRM ORIENTATION TOWARD ITS CUSTOMERS

With changing times businesses have evolved significantly and markets have transformed in line with businesses all over the world. The firms have also changed the way they deal with the market, evolving through different phases of progress. The change in the attitude and perception of people, the rapidly changing tastes and preferences and the way they live and work. In line with this change, the marketing function has come into being.

Therefore the purpose of a marketing philosophy is to identify needs and fulfill them. Therefore a marketing philosophy is a fundamental idea that guides a company's efforts to satisfy customers and achieve organizational goals. Each of these philosophies considers the interests of organizations, customers, and society at large.

Business firm's conduct their marketing activity around five marketing philosophies is as follows:

- 1. Production Concept**
- 2. Product Concept**
- 3. Selling Concept**
- 4. Marketing Concept**
- 5. Holistic Marketing Concept**

The Production Concept:

Production concept lays emphasis on affordability and availability of products. Affordability is possible by reducing cost of production by producing large quantities and achieving mass production and mass consumption by reducing the prices. Availability is possible by mass distribution by making the product widely available. This philosophy states that any amount of goods produced will sell if it is available and affordable to customers.

The production concept is almost extinct now with companies paying more and more attention to the customer as the basic ideology here is customers will choose products and services that are widely available and are of economical.

Let us recall for a moment the acute shortage of beds in hospitals in many countries when Coronavirus was at its worst form. Though the production concept was considered one of the oldest and extinct philosophies, we come across some firms that follow it even now. The hospitals found it extremely difficult to meet the growing demand from COVID patients as the situation was characterized by excessive demand for healthcare facilities and services.

Another instance in many developing nations, the demand for electricity, petrol, diesel and LPG gas exceeds supply leading to shortages. So the marketers try to improve their production capacity and distribution efficiency in order to meet the under-satisfied market demand. They also try to opt for mass production which implies lowering production costs to make products or services affordable to the customers. Therefore, the firms try to maximise their output, achieve a lower unit cost and sell at a lower price. However, this concept is not the most appropriate business philosophy for an enterprise in the long run.

The Product Concept:

During production concept supply increased over demand. Therefore the low cost and availability couldn't ensure increase in sales and survival along with growth of the firm. The firm had to innovate products and offer more choices to customers which lead to product concept. This concept is based on the philosophy that consumers will prefer products that have better quality, performance and innovative features.

However, firms having this approach suffer from short-sightedness and inward-looking as they fail to understand their business in terms of the basic customer need in other words, such firms define their business from the product angle. **Theodore Levitt** called it **marketing myopia** in his classic article published in *Harvard Business Review* in 1960. Marketing myopia is a short-sighted and inward-looking approach that focuses on sales than consumers needs. Such businesses often overestimate their product features, and in the process, they fail to recognize or understand the needs of the customers. Successful companies focus on customer needs rather than their own products and their features. Since the focus of the companies is on producing quality products, they lose out on customers that seek inexpensive products or are influenced by availability and usability of the product.

The following are some of the examples of the companies that suffered from marketing myopia:

- 1) Kodak lost much of its share to Sony cameras when digital cameras became popular
- 2) Nokia keypad phones affected due to iPhone and Samsung
- 3) Bollywood focused only on movies when the television market boomed
- 4) Google flourished and Yahoo declined
- 5) BSNL suffered as it was thinking of being in the land-phone business rather than in the communication business.

Activity 5

Spot five businesses/brands which have lost or are in the process of losing their ground in the marketplace due to their myopic view of the purpose of their existence in business.

Businesses/Brands

Myopic View

- 1-----
- 2-----
- 3-----
- 4-----
- 5-----

The Selling Concept:

The drastic environmental changes the rising competition with passage of time and offering innovative product thus making it available to the customers is no longer working for the firm. There was something more required then just a quality product for the survival and growth of the companies. A large number of sellers forayed into the market and started manufacturing quality product. Something more was required to persuade the customers now. Business philosophy has changed it was believed that customer would not buy or would not buy enough until or unless they are convinced and influenced to do so. Therefore, they rely heavily on selling and promotion of their offering to achieve marketing success. This approach is mostly followed in the case of unsought goods such as insurance, dictionaries, fire extinguishers and cemetery plots. Unsought goods are those the customers do not know about or do not normally think of buying. The selling concept breeds the false impression that marketing is all about selling. Just by aggressively promoting a product or with heavy price discounts, the companies may not enjoy the best of customer patronage.

The Marketing Concept:

By now customers were fed up of too much influence and interference of the salesman during purchase of products which led to unnecessary purchase that did meet customer's needs and wants. The marketing concept proposes that the success of the firm depends on how well it understands the needs and wants of the customers and how successfully it converts these needs in to products and services that will satisfy the customer's requirements.

Marketing starts before the product; service or solution is ready and continues even after the sale has been made. The company makes honest effort towards retaining the customers and also attracting new ones. Customer satisfaction is the strongest pillar of marketing where company assures that customers

are satisfied after buying a product or service. In marketing concept customer satisfaction is the focal point and all decision making based is on this premise. Accordingly all the four elements of marketing mix are intelligently developed, formulated and blended keeping the customer at the core of the business. For example if customer is in need of a pen, pencil and eraser all in one Linc pens have met that need of customers. If customers want triple door in refrigerators LG, Godrej, Hitachi companies offered them to satisfy their needs and wants. These companies spend a lot on research to understand and meet customers' requirements.

In short Selling transforms the goods into cash, while marketing aids in the process of serving and satisfying the customer needs. The differences between selling and marketing are summarised in Table 1

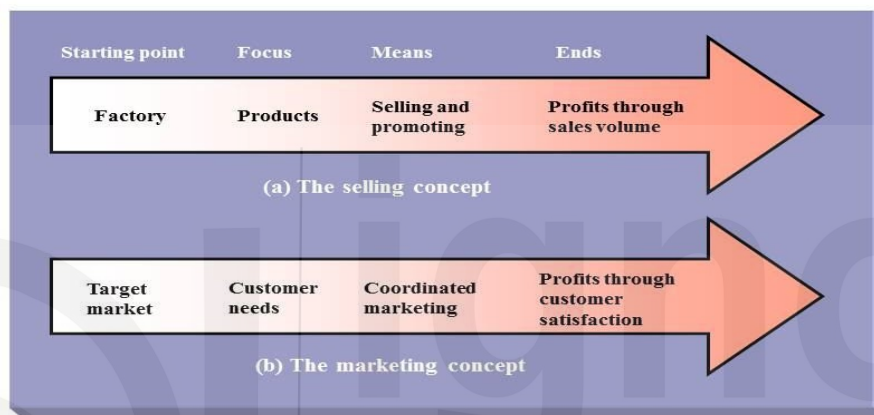
Table 1: Difference between Selling and Marketing

Selling	Marketing
Emphasis is on the product	Emphasis on consumer needs and wants
The company manufactures the product first and then decides to sell it.	The company first determines customers' needs and wants, and then decides on how to deliver a product to satisfy these wants.
Management is sales volume-oriented.	Management is profit-oriented.
Planning is short-run oriented in terms of today's products and markets.	Planning is long-run oriented in terms of new products, tomorrow's markets and future growth.
Stresses on the needs of the seller.	Stresses on the needs and wants of buyers.
Emphasis is on staying with existing technology and reducing costs.	Emphasis is on innovation in every sphere, on providing better value to the customer by adopting superior technology.
Views business as a goods-producing process.	Views business as consumer satisfying process
Different departments work in highly separate watertight compartments.	All departments of the business operate in an integrated manner, the sole purpose being the generation of consumer satisfaction.

Cost determines the price.	The consumer determines price; price determines the cost.
Selling views customers as the last link in business.	Marketing views the customer as the very purpose of business.

Source: Tapan K. Panda, *Marketing Management: Text and Cases, Indian Context*, second edition, Excel Books, New Delhi, India, 2007.

The Selling and Marketing Concepts



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The Holistic Marketing Concept:

The new marketing realities confronting the marketers at the turn of two decades of the 21st century are diverse and challenging. The pace of technological changes, the impact of the global economy, ever-growing economic inequalities, climate change, environmental deterioration, public unrest, and crony capitalism became new realities of the world. The outbreak of COVID-19 at the beginning of 2020 compelled the organisations to look at the marketplace from a different perspective in an effort to reorient their strategic thinking.

Against this backdrop the holistic marketing concept developed by **Philip Kotler et al.** assumed significance. The holistic marketing concept is based on the development, design, and implementation of marketing programmes, processes, and activities that acknowledge a broad and integrated

perspective. **Figure 1** provides an overview of four broad components of holistic marketing: Relationship marketing, Integrated marketing, Internal marketing and performance marketing.

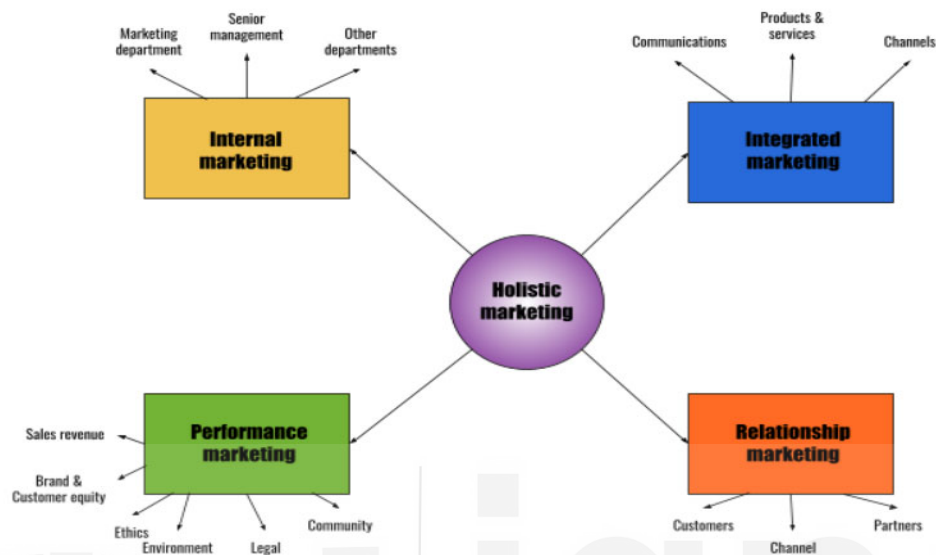


Fig. 1. Holistic Marketing Dimensions

Source: Philip Kotler et al. *Marketing Management*, 15th edition, Pearson, Noida, India, p.19.

Relationship marketing: The purpose of Relationship marketing is to develop mutually satisfying long-term relationships with the main stakeholders namely customers, employees, marketing partners (such as suppliers, distributors, and agencies), and members of the financial community (such as shareholders and investors). All such enduring relationships would create a distinctive asset for the company known as a ‘marketing network’ consisting of the above-mentioned key stakeholders. It is based on a simple operating principle: build an effective marketing network of long-term relationships with key constituents, and profits will follow. For example, the Swedish furniture maker Ikea has a worldwide base of loyal customers. When the company changed the font in their ubiquitous catalogue, Ikea lovers took to the Internet to air their unhappiness. Rather than alienate their customers for a trivial reason, Ikea changed the font back in the next catalogue.

Integrated marketing: Integrated marketing aims at mixing and matching marketing activities to maximise their individual and collective efforts. David Packard of Hewlett-Packard (hp) once observed that “Marketing is too important to be left to the marketing people.” Organisations, for-profit as well as not-for-profit, achieve marketing success only when each of the departments works together to achieve customer goals.

It means designing the right product by R&D, providing the right amount of funding by the finance department, procuring the right materials by purchases, making the right product by the operations department, and measuring profitability in the right way by accounting people.

Peter Drucker long ago made a profound observation:

Because the purpose of business is to create a customer, the business enterprise has two – and only two – basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs. Marketing is the distinguishing, unique function of the business.

Uber, the ridesharing app is, for example, redefining urban mobility across the world. When Uber entered India it launched an integrated marketing campaign with the idea of Apnapan (means affinity) as its core theme. The campaign aimed to build everyday brand relevance and reframe personal mobility. Uber's communication strategy was co-created with the help of amazing stories of heart-warming experiences of riders and driver-partners that took place across the country.

Integrated marketing also involves developing an integrated channel strategy. Each channel option should be assessed in terms of its impact on sales and brand equity.

Internal marketing: Marketing organisations pursue an internal marketing approach in an effort to put their employees first. The better a company treats its employees, the better it will perform in providing excellent service to customers. In this sense, the employees are treated as 'internal customers' of a company. External marketing focuses the company's strategy on the customer in marketplace; internal marketing is aimed at the internal customer (that is, employees) within the company. Thus as an element of holistic marketing, internal marketing is aimed at the task of hiring, training, and motivating able employees who want to serve customers well.

Performance marketing: Companies need to understand the broader role played by their marketing activities or strategy in generating financial and non-financial returns to business and society at large. In addition to sales revenue, market share, customer satisfaction, quality leadership parameters of performance, the company's marketing performance is often measured from the perspective of the legal, ethical, social, and environmental dimensions.

1.8 CONCEPT OF MARKETING MIX

Marketing is the process of identifying, anticipating, and satisfying customers' requirements with the purpose of making profits. This process involves the marketer to consider various marketing decisions to make the operations profitable. It is essential to identify that the required combination of marketing policies and procedures so as to adopt and bring about desired behaviour of trade and consumers at a minimal cost. They have to decide how elements of marketing, advertising, personal selling, pricing, packaging, channels, warehousing etc. be combined to make marketing operations profitable.

More specifically, they have to decide a marketing mix - a decision making method in relation with the product, price, promotion, and place.

Definitions of Marketing Mix

According to Philip Kotler, “ Marketing mix is the combination of four elements called the 4P’s- Product, Price, Promotion and Place that every company has the option of adding, subtracting or modifying in order to create a desired marketing strategy”.

According to Kotler and Armstrong, “Marketing mix is the set of tactical marketing tools that the firm blends to produce the response it wants in the target market”.

According to W. J. Stanton, “Marketing mix is the term used to describe the combination of the four inputs which constitute the core of a company’s marketing system: the product, the price structure, the promotional activities and the distribution system”

1.9 DEVELOPING A MARKETING MIX

Intuition and creative thinking are key requirements in developing a marketing mix. But relying only on these qualities is incorrect and can lead to inaccurate assumptions that may not provide the desired mix. To ensure that marketing mix is based on research and combines facts with innovation, a manager should go through the following steps:

Step 1

The first step on the marketing manager's list is to define the unique feature, the product offers, the customer surveys or focus groups and identify the importance of unique feature to consumers and whether they can increase the sales of the product.

Step 2

The second step is to understand the consumer that would purchase the product, what they need, what value they associate. All the other elements of the marketing mix will be designed in accordance with the customer. This understanding will enable the product offered be relevant and targeted.

Step 3

The next step is to understand the competition. The prices and related benefits such as discounts, warranties and special offers need to be assessed. An understanding of the subjective value of the product and a comparison with its actual manufacturing distribution cost will help set an ideal price point.

Step 4

At this point the marketing manager needs to evaluate the options of place to understand where the customer is most likely to make a purchase and the costs associated with using this channel. Multiple channels may help target a wider customer base and ensure easy access. A product which serves a niche market would concentrate distribution to a specific area or channel; hence value of the product is closely related with availability of the product.

Step 5

Based on the target audience and the price identified the communication strategy can be developed. The promotional methods need to appeal to the customers and ensure that the key features and benefits of the product are clearly communicated and understood.

Step 6

A last step needs to be taken at this point to see how all the elements identified and planned relate to each other. All marketing mix variables are interdependent and rely on each other for a strong strategy.

It has to be seen whether the selling channels strengthen the perceived value of the product or the promotional material supports the selected distribution channels.

1.10 ELEMENTS OF MARKETING MIX (4Ps)

McCarthy classified different marketing activities of a firm into four elements way back during the sixties which are popularly known as the Four Ps of marketing-mix namely Product, Pricing, Placing, and Promotion.

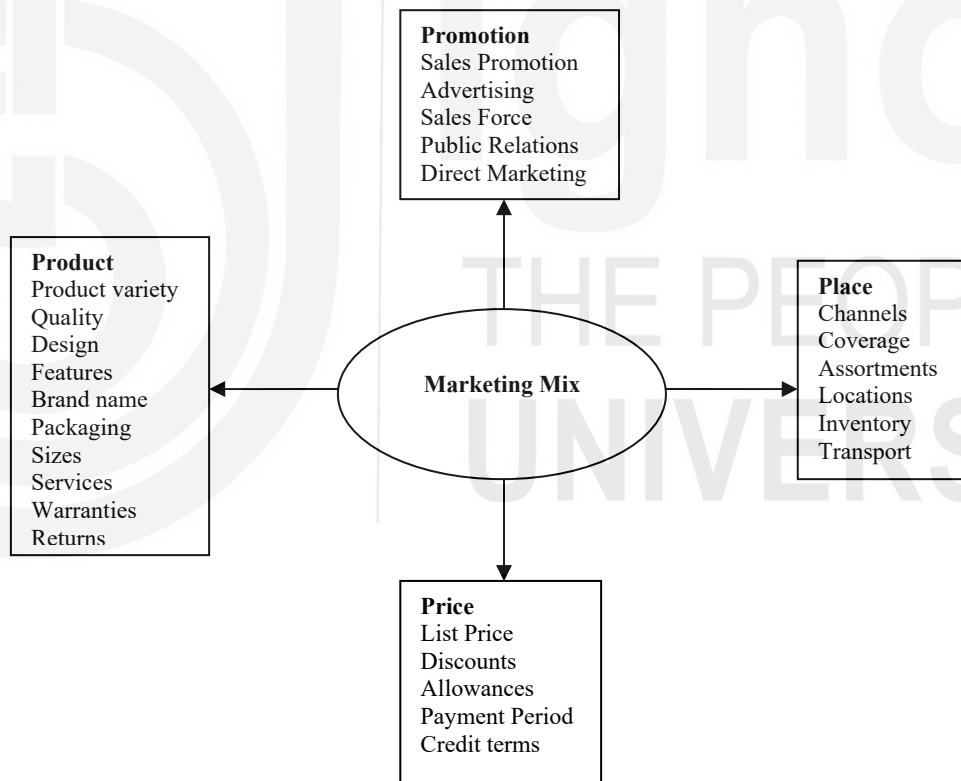
Product is the first and most important element of the marketing mix. The word product stands for goods or services offered by the company. Once the needs are identified, it is necessary to plan the product and after that keep analysing whether the product still satisfies the needs which were originally planned for, and if not, to determine the necessary changes. You will learn this in greater detail when we talk about product decisions. Product decisions involve making coordinated decisions on product mixes, product lines, branding and packaging. Products are of different types namely Non-durable, durable, and services. Companies often sell more than one brand. Brands can be differentiated on the basis of product form, features, performance, style and design, and also service dimensions such as ease of ordering, delivery, and after-sale service. The product life cycle concept enables marketers in planning, controlling, forecasting, and responding to the challenges posed by different stages of the life cycle.

Pricing is a critical element of marketing. Pricing decisions are complex and difficult decisions to make. Marketers consider many factors while making pricing decisions: the company, the customers, the competition, and the marketing environment. Pricing policy should be consistent with the firm's marketing strategy, target customers and brand positioning. Firms should follow a systematic procedure in setting pricing policies. Firms should change their prices based on the need, and they must carefully manage customer perceptions while doing so. They must predict price changes to be initiated by competitors and prepare appropriate responses.

Placing involves ascertaining the right design and combination of marketing channels and managing these integrated marketing channels. Most companies do not carry out direct marketing. Between companies and final customers stand intermediaries or middlemen such as wholesalers and retailers. Some of the important functions performed by intermediaries are information, promotion, negotiation,

ordering, financing, risk-taking, physical possession, payment, and the title. While deciding the types of channels to be used, the marketers analyse customer needs, establish channel objectives, and identify and evaluate the major alternatives. The advent of E-commerce has grown in importance and many companies nowadays adopted “brick-and-click” channel systems in addition to their brick and mortar being in place so as to capitalise on the strengths of online and offline marketing.

Promotion deals with designing and formulating an integrated marketing communication model for the business in order to communicate with present and potential stakeholders. The marketers integrate mass, non-personal communications (advertising, sales promotion, events and experiences, and public relations and publicity); and personal communications (direct and interactive marketing, word-of-mouth marketing, and personal selling). Today, interactive marketing is growing at a faster pace through the company’s Websites, search ads, and e-mails.



Marketing variables under each P.

1.11 4As FRAME WORK IN RELATION TO 4Ps OF MARKETING MIX

The authors Jagdish Sheth and Rajendra Sisodia developed **4As Framework** that relates to the **4 Ps**. Marketers design the Product which mainly influences Acceptability, the Price which mainly influences Affordability, the Place which mainly influences Accessibility, and Promotion which mainly influences Awareness.

Acceptability is the extent to which a firm's total product offering exceeds customer expectations. Acceptability is the dominant component of the Framework. Customer acceptability can be enhanced by boosting the functional aspects of product design, brand image, and positioning.

Affordability is the extent to which customers in the target market are able and willing to pay the product's price. It has two dimensions: economic (ability to pay) and psychological (willingness to pay). Acceptability combined with affordability determines the product's value proposition.

Accessibility is the extent to which customers are able to readily acquire the product. It has two dimensions: availability and convenience. Successful marketers develop innovative ways to deliver both, as a shoe company Bata does online as well as through their retail stores.

Awareness is the extent to which customers are informed regarding the product's characteristics, persuaded to try it, and reminded to repurchase. It has two dimensions: brand awareness and product knowledge.)

1.12 MARKETING STRATEGY

Having now understood the importance of customer-orientation as well as the elements of the marketing mix, it should be remembered that the marketing strategy involves directing a proper marketing mix towards a target group of customers or market segment. Marketing strategy of a firm includes deciding on its Segmentation, Targeting, and Positioning (known as STP). We have already discussed these three important concepts at length in Unit 3 of this course you may kindly refer the same. However, we will confine to know in brief at this juncture for better understanding.

Customers are different in terms of their residence, educational qualifications, occupations, incomes, social class, personality, lifestyle, and their behavioural patterns. Marketers need to understand the

specific needs of the vast number of customers based on the above variables so as to group them into segments. For example, not everyone likes to pursue an MBA programme in a conventional university on a regular mode. A large number would prefer it in distance mode while some want to study in a virtual university in online mode; and still others like to study Executive MBA from any of the leading Management Institutes of the country. In fact, each of these groups of potential students constitutes a different market **Segment**. After identifying such segments, the marketers need to decide which segments provide better opportunities. For such '**Target** markets' firms develop a market offering and try to '**Position**' appropriately in the minds of prospective students to create a specific positive image about the MBA program.

1.13 MARKETING STRATEGY PROCESS

According to **David Cravens and Nigel Piercy**, the strategy process goes through the following stages:

- ✓ **strategic situation analysis**
- ✓ **designing marketing strategy**
- ✓ **implementation and managing strategy**

Strategic situation analysis

This first stage includes product-market analysis, market segmentation, competition analysis, and continuous learning about markets. Such analyses guide the choice of marketing strategy. Defining the market determines the overall competitive arena. Market segmentation identifies possible customer groups for targeting by the marketers. Competitor analysis leads to the evaluation of the strengths, weaknesses, and strategies of main competitors. Continuous learning about markets provides information for analysis and decision making.

Designing marketing strategy

This stage includes market targeting and positioning strategies, building marketing relationships, and developing and introducing new products. We will try to understand it with the help of an example discussed below.

When we think of Fevicol, the two elephants pulling a ball together with a yellow background come straight to our mind. The company's marketing strategy travelled from Bollywood leading actress dancing to the tunes of *Fevicol se* to the Prime Minister defining Indo - Japan friendship in his speech as "fevicolse bhi mazboot jod."

Founded by Balvant Parekh and Sushil Parekh in 1959, Pidilite Industries had successfully taken over the adhesive industry. How did this journey begin? The Parekh brothers snatched a marketing opportunity to develop synthetic glue in place of the natural glue which was used way back during the fifties & sixties. Instead of selling the finished product through stores, they began approaching directly to carpenters for sale. This daring step got them to build trust and outscore against competitors like Movicol which was an international adhesive brand.

Pidilite Industries offers a good example of effective marketing strategy with many successful brands and variants catering to both the domestic and as well as industrial segments. As part of implementing its brilliant marketing strategy, the company used the print and TV advertising in positioning its brands creatively with some iconic ads such as Dum Laga ke Haishaa; Moochwali etc.

The positioning strategy indicates how the firm will position itself against its key competitors in meeting the needs of the buyers in the target market. Specific marketing-mix (marketing programme) strategies for products, pricing, distribution, and promotion must be developed to implement the positioning strategy. The objective is to achieve favourable positioning while allocating financial, human, and production resources to markets, customers, and products as effectively and efficiently as possible.

Implementing and managing market-driven strategy

These activities focus on the marketing organisational design and marketing strategy implementation and control. This is the action phase of marketing strategy.

Thus strategic marketing is a market-driven process of strategy development taking into a constantly changing business environment. The emphasis of strategic management is on organisational performance rather than a primary concern about increasing sales. Marketing strategy seeks to deliver superior customer value. Strategic marketing links the organisation with the environment; it views marketing as a responsibility of the entire business rather than a specialised function.

1.14 SCOPE OF MARKETING

Do you think that the firms while carrying out their marketing efforts involve in offering only the physical products such as toothpaste or a detergent powder? In case your answer is 'yes' that would be a narrow view of the 'offerings' or 'entities' being marketed by them. In fact, organisations offer a wide range of 'products' or entities. They include goods, services, events, experiences, persons, places, properties, organisations, information, and ideas. Let us have a quick glance at each these entities.

Goods: Physical goods include agricultural commodities, fish, eggs, newspapers, chocolates, laptops, televisions and furniture.

Services: Services sector is the largest sector in the world and over 63% of the total global wealth comes from the services sector. This sector accounts for over 53% of India's GVA. Services include tourism, travel, hospitality, healthcare, education, banking and insurance.

Events: Marketers promote time-based events ranging from local events (e.g. Hornbill Festival in Nagaland, and Kerala Boat Festival) to national events (e.g. 150 Years of Celebrating the Mahatma) and international events (e.g. India International Trade Fair, and the Tokyo Olympics 2021).

Experiences: A firm can market personalised or customised experiences such as Ramoji Film City Star Experience, Climbing up the Mount Everest, and a weekend with stalwarts of cricket. Personalisation can be a huge boon for retailers and consumers.

Persons: Many companies are using personal marketing for promoting their brands. Renowned personalities market themselves as well as different products or services. Cristiano Ronaldo, the renowned football player endorsing Clear Shampoo and Nike sports shoes; famous film personalities Aishwarya Rai Bachchan endorsing L'Oreal Shampoo and Salman Khan serving as a brand ambassador of Pepsi are a few examples. Self-branding became an emerging area.

Places: Nations, regions, states, and cities compete for investments, tourists, and companies. Some of the place marketers are governments, real estate agents, and investors. Singapore's New Asia, India's Incredible India, and Mumbai's City of Dreams are a few examples of how branding is done with logo, slogan and so on.

Properties: They are either real estate or financial assets which are bought and sold. Godrej Properties and Oberoi Realty in the real estate sector, and ICICI Direct and HDFC Securities among Demat service providers are some examples.

Organisations: Museums (e.g. National Museum in New Delhi and Salar Jung Museum in Hyderabad), non-profit organisations (e.g. HelpAge India and Smile Foundation), performing arts organisations (e.g. Inspire India Programme by Shankar Mahadevan Academy, Music awards by Sangeet Natak Akademi), and corporations (e.g. Tata Motors' corporate brand promise – 'Connecting Aspirations') aim for enhancing their organisational image through systematic marketing efforts.

Information: Google became part of everybody's life as we depend on its Search for information. Google's mission is "to organize the world's information and make it universally accessible and useful." There are many such marketers like publishers, educational institutions, and newspapers which offer 'information' as their product.

Ideas: Social marketers are engaged in idea marketing. This is also known as social marketing. It is an approach used to develop activities aimed at changing or maintaining people's behaviour for the benefit of individuals and society as a whole. Swachh Bharat Abhiyan or Clean India mission is a country-wide initiative taken by the Government of India in 2014 to eliminate open defecation and improve solid waste management. The governments and health organisations all over the world tried to convince the people about wearing face masks appropriately, maintaining physical distance, and washing one's hands frequently to combat the Coronavirus is another example.

1.15 MISCONCEPTIONS ABOUT MARKETING

There are many fallacies or misunderstandings about marketing. You need to have clarity about it before proceeding further.

People are of the opinion that marketing means **selling**. Interestingly, selling is not the most important part of marketing or its sole purpose!

Many customers opine that **advertising**, the most visible part of marketing, a waste of money, thereby increases the cost of production. In fact, advertising causes building mass consumption which would ultimately lead to lowering the price of the product.

There is a misconception that marketing will not happen without **middlemen**. The truth is that we have many direct marketing companies now all over the world. For example, in India we have Amway, AVON Beauty Products, and Eureka Forbes.

There is a perception that marketing means incurring of **expenditure**; however, the truth is that marketing enables the firm to generate revenue whereas other departments in the company such as Finance, Production, and HRM are cost factors.

People also assume that marketing is relevant only to **for-profit organisations** offering products and services such as bath soaps, washing machines and insurance policies. Nowadays not-for-profit organisations (e.g. the World Health Organization, and CRY – Child Rights and You) are equally effective in following marketing policies.

1.16 SUMMARY

Marketing is a fascinating subject that combines multiple subjects such as economics, psychology, sociology, and information technology. Marketing involves choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.

Marketers have been involved in marketing different entities: goods, services, events, experiences, persons, places, properties, organisations, information, and ideas. Further, they operate in four different marketplaces: consumer, business, global, and non-profit.

Organisations conduct their marketing activity around five competing concepts: the production concept, the product concept, the selling concept, the marketing concept, and the holistic marketing concept. The holistic marketing philosophy is based on the development, design, and implementation of marketing programmes, processes, and activities that provide a broad perspective of four components. They are: Relationship marketing, Integrated marketing, Internal marketing, and Performance marketing.

The Four Ps of marketing-mix namely Product, Pricing, Placing, and Promotion could be related to Four As: Acceptability, Affordability, Accessibility, and Awareness. However, a more representative set that encompasses modern marketing realities is: People, Processes, Programmes, and Performance. Strategic marketing connects the organisation with the environment. It also considers marketing as a responsibility of the whole organisation rather than a separate function.

1.17 KEY WORDS

Acceptability: It is the extent to which a firm's total product offering exceeds customer expectations.

Accessibility: It is the extent to which customers are able to readily acquire the product.

Affordability: It is the extent to which customers in the target market are able and willing to pay the product's price.

Awareness: It is the extent to which customers are informed regarding the product's characteristics, persuaded to try it, and reminded to repurchase.

Clients: They are persons or organisations who use services rendered by professional marketers.

Consumer: A person who consumes a product or service.

Customer: A person who purchases something.

Customer satisfaction: It is the difference between the actual performance perceived by a customer and the expectation of the customer.

Customer value: It is the difference between the total benefits expected from a product or service and the total costs incurred to obtain the same.

Macro or external environment: It consists of components namely demographic, economic, socio-cultural, natural, technological, and political-legal environment.

Marketer: A marketer seeks a positive response from the present and prospective customers.

Marketing environment: It consists of the task environment (also known as a firm's micro or internal environment) and the broad environment (also known as a firm's macro or external environment).

Marketing management: The art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.

Marketing myopia: It is a short-sighted and inward-looking approach that focuses on sales than consumers' needs.

Marketing strategy: It consists of the analysis, strategy development, and implementation activities in developing a vision about the market(s), of interest to the organisation, selecting market target strategies, setting objectives, and developing, implementing, and managing marketing programme positioning strategies designed to meet the value requirements of the customers in each market target.

Markets: They consist of people with needs to satisfy, money to spend and willingness to spend it.

Micro or internal environment: It consists of the actors such as the company itself, suppliers of inputs, distributors, dealers and target customers.

Needs: These are essential requirements for the survival of human beings.

Supply chain management: It involves procurement of inputs such as raw materials, components, and capital equipment, converting them efficiently into finished products, and delivering them to the final buyers.

Unsought goods: The customers do not know about or do not normally think of buying these goods.

User: A person who uses something.

1.18 SELF-ASSESSMENT TEST

The following questions are given for self-assessment to find out whether you have understood and remembered the concepts presented in this unit. You are, therefore, advised to revise the unit quickly and then, on separate sheets of paper or in a notebook, write your own answers for the following questions and assess them yourself.

1. Companies are compelled to follow sales orientation because the incentives are based on easily measurable results. Do you agree? Illustrate your answer with real-life examples.
2. Though it is said that the entire organisation is responsible for its marketing performance, do you think this is not so in the case of many Indian firms? Discuss based on your experience.
3. Select any company of your choice, and discuss how the four components of holistic marketing are being pursued at it. Illustrate your answer.
4. Apply marketing myopia concept to (a) movies, and (b) print media. Discuss the implications.

1.19 FURTHER READINGS

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