Introduction to Marketing

Concept of Exchange

One of the major functions of marketing is to create an environment for **exchange** or **transaction**. An exchange arises when one person gives something of value, in return for something of value from another person. A marketing transaction is one in which the buyer and the seller, irrespective of the nature of the product, experience mutual satisfaction – the seller on selling the product and making a profit, and the buyer on purchase and subsequent consumption of the product. The conditions necessary for an exchange to take place are:

- At least two parties must be involved.
- Each party must have something that interests the other.
- The parties must involve themselves voluntarily
- Each party must consider the other desirable or at least acceptable to deal with.
- Each party must be in a position to communicate and deliver the product.
- Each party must be free to accept or reject any offer from the other party.

Concept of Need, Want, Demand

From the point of view of business, exchange takes place when the customers have needs and wants and the company has products to fulfil those needs and wants. **Needs** are the basic requirements for the existence of life, whereas a **Want** arises when the basic needs are satisfied. Hunger is need and want is food, which could be different for different culture. Need is the felt deprivation for which one looks for a satisfier. This is where a marketer places his product as a solution in front. For example, when we are hungry we need food, however Bengalis from East India prefer *machher jhol bhat* whereas a Tamilian from South India would go for *dosa & idli* which- is known as their specific wants. Now **Demand** is the want backed by the purchasing power and the willingness to buy. So, one may need to have food when hungry, one may want to dine at 5-star, but if s/he cannot afford to do that, it cannot be termed as demand.

Concept of utility

Marketing lays emphasis on providing the product to customers at the right place, at the right price, at the right time and in the right form. The extent to which a product satisfies customer needs and wants is called utility. Marketers can provide four types of utility to their target customers:

- Form utility is created when raw material is converted into a finished product as per the desired form. **Britannia Industries** converts wheat, sugar and other ingredients into biscuits and cookies.
- Time utility is created the products are provided whenever the customers want them. **Automated Teller Machines (ATMs)** installed by banks provide customers access to cash withdrawal at any time.
- Place utility is provided when a marketer provides the product at locations preferred by the customer. **Amazon.com** provides place utility by allowing customers to place orders from all over the world, and ensuring the delivery of the products at the place desired by them.
- Possession utility allows a buyer to use the product as whatever the way s/he wishes. **Nokia N96 customers can enjoy video & TV entertainment, listen music tracks, discover and explore surroundings with Nokia Maps, take pictures on the go, share moments with others online with up to 3.5G speed**

Concept of Value

Different customers look for different benefits from the same product. Therefore, the value of a product differs from one customer to other. Value to a customer refers to the difference between the benefits s/he derives from the good or service and the cost of acquiring the product. The cost of acquiring the product involves not only the price of the product but also other economic and non-economic costs. The value of a rose may be Rs. 5 for the seller but to a man who would buy it gift it to the love of his life would be beyond calculation. When you are doing your MBA you are not only paying the fees but spending on books, stationery etc. as well. You are investing your time as well behind the course. So you will be judging the benefits against all these factors which are your cost.

Definition of Marketing

The American Marketing Association (AMA) defines marketing as ***"the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organisational objectives***."

According to UK Chartered Institute of Marketing, "Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably".

Philip Kotler defined marketing management as the ***art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value***.

The definition of modern marketing from the UK Chartered Institute of Marketing states that "***Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably***."

In short, marketing is analysing customers, competitors, and a company, an understanding of what segments exist, choosing the most profitable segment to target, positioning your products, and then doing what's necessary to deliver on that positioning.

Purpose of Marketing

In today's competitive environment, a strong focus on customer satisfaction is essential to the success of any organization. Susan Fournier and David Glen Mick pointed out that customer satisfaction is an active, dynamic process that evolves over time and should not be construed only from the perspective of a single transaction. The satisfaction or dissatisfaction level of the members of the family or some other informal or formal groups also influences the satisfaction or dissatisfaction level of the individual and the whole consumption process. The benefits of customer satisfaction include:

- Lowers costs of attracting new customers
- Encourages repeat patronage and loyalty
- Enhances and promotes positive word-of-mouth

- Reduce failure costs
- Creates sustainable competitive advantage
- Insulates customers form competitive products

With rapid globalization companies are now competing in global markets and they are realizing that profit will only be achieved through the use of marketing. This is because Marketing is the business function that focuses on satisfying the needs and wants of customers through exchange processes. It is the only revenue-producing activity for the organization. Peter Drucker says, "Because its purpose is to create a customer, the business has two - and only two - functions: marketing and innovation. Marketing and innovation create value, all the rest are costs." Thus, sound marketing is critical to the success of the organization, whether for-profit or not-for-profit, foreign or domestic. The idea that profit is not the primary goal of business is not a new. In 1954, Peter Drucker made the point in his book, *The Practice of Management*. "Profit is not the explanation, cause or rationale of business behavior and business decisions, but the test of their validity." Profits are an essential result of business success. Again, the true purpose is the creation of customers: the efficient provision of goods and services, which people want to buy. Satisfy customers and profit will follow.

Many people think that marketing is just selling and advertising. Peter Drucker explains marketing this way: "The aim of marketing is to make selling superfluous. The aim is to know and understand the customer so well that the product or service fits him or her and sells itself." It is not that selling and advertising are unimportant, rather that they are part of a larger "marketing mix" that must be orchestrated for maximum impact on the marketplace. Hooley and Lynch concluded that the high performing organizations are characterized by a significantly greater market orientation, strategic direction and concern with product quality and design than the 'also runs'. Nerver and Slater identified that the highest degree of marketing orientation was manifested by managers of the most profitable companies. Kohli and Jaworski discovered a high degree of managerial understanding of the 3 key component parts of the marketing concept viz. customer orientation, co-ordination and profitability and that the perceived benefits of the marketing philosophy included better overall performance, benefits for employees and more positive customer attitudes. Wong and Saunders demonstrated that organization classified as 'innovators', 'quality marketers' and 'mature marketers' are significantly more successful in terms of profits, sales and market share than those classified as 'price promoters', 'product makers' and 'aggressive pushers'.

Brown focuses upon 4 stages of marketing acceptance.

- Realization: It is characterized by general acceptance that the marketing concept is sound, but that there is often a problem with its implementation; the most common manifestation of this would be that of getting senior management to accept and embrace the concept. The result of this is a preoccupation with making marketing work through a heightened understanding of organizational politics and inter-functional rivalry along with a program of internal marketing designed to ensure that organizational transformation takes place.
- Retrenchment: There are some circumstances in which marketing is considered to be inappropriate or of little immediate relevance in case of high-tech industries, commodity markets, public administration and poorly developed markets in which either there is significant imbalance between demand and supply and/or an almost complete absence of infrastructure.
- Rearrangement: It demands for more fundamental reappraisal of marketing so that it can more easily and readily come to terms with the very different realities of today's markets. Webster has argued that instead of a myopic preoccupation with market share, competitor activity etc., marketing should return to its roots of true customer focus. Christopher pursued a broadly similar line by highlighting the fundamental importance of marketing relationships rather than one-off transactions.
- Reappraisal: It is to be understood that the marketing concept has not succeeded whereas selling has not become redundant as few products can actually sell themselves. Companies in countries where the marketing message has not been received loud and clear such as Japan and Germany continue to outperform their Anglo-American counterparts.

Kashani identified the challenges that marketing managers were facing, how these might best be met and what the implications for marketing might be. His findings suggested that the principal challenges were seen to be:

- High and rising levels of competition across virtually all markets
- Far higher levels of price competition
- An increasing emphasis upon and need for customer service
- A demand for higher levels of product quality

- Higher rates of product innovation
- Changing and less predictable customer needs
- Emergence of new market segments
- Growing power of distribution channels
- Growing environmental concerns
- Increase in government regulations
- Increase in advertising and promotional costs

As part of the study, Kashani also asked managers about the sorts of changes that were most likely to affect their markets in the future. The 3 most significant of these proved to be:

- The consolidation of competition as fewer but larger players emerge
- Changing customers and their demands
- The globalization of the markets and competition

Functions of Marketing

The delivery of goods and services from producers to their ultimate consumers or users includes many different activities. These different activities are known as marketing functions. Different scholars have described different functions of marketing. The most commonly considered concept of functions of marketing has been given by Cundiff and Still who have divided the functions of marketing into three categories as follows:

Merchandising Functions	**Physical Distribution Functions**	**Auxiliary Functions**
1.Product Planning and Developments 2. Standardization and Gradation 3. Purchases and Collection 4. Sales	1. Storage 2. Transportation	1. Arrangement of Finance 2. Risk-Bearing 3. Collection of Market Information

1. Merchandising Functions

Merchandising functions of marketing include all those functions of marketing which are performed in relation to creating a demand for a product and to make it available in a specific-market having some specific needs. Following are the functions included in this group:

i) Product planning and development: A producer has to produce the goods and services according to the needs of his customers so that the object of customer satisfaction may be achieved. He has to make the design, size, weight, price and packing of his product according to the changing needs and tastes of his customers. Therefore, marketing begins with planning a product and developing it so that it may satisfy the expectations of customers.

ii) Standardising and grading: Standardising and grading-are two very important aspects of marketing today, because with the help of these two aspects, marketing functions become easy, production becomes uniform, prices become equal and marketing becomes extensive.

iii) Buying and assembling: Buying here means the acquisition of goods and services by the seller or industrial user for the purpose of resale. Assembling means the collection of different types of goods and services by mediators for the purpose of resale.

iv) Selling: Selling is the major objective of any marketing activity in the world because marketing completes with the real sale of goods and services which is the only source of revenue to any business.

Here we must remember that marketing does not mean to sell the goods and services only. It includes the discovery of tastes and wants of the customers, production of goods and services according to their tastes, creation of demand, real selling and after sale services. For the achievement of this purpose, it becomes essential for the marketing personnel to establish effective co-ordination among the activities of advertisement, personnel selling, sales promotion and after sale service.

2. Physical Distribution Functions

Once the goods and services are manufactured and packaged, ready to be sold, they need to be distributed to their real-consumer. This is done by Physical distribution functions. These functions include all the functions related to the transportation of goods and services from the place of producer or seller to the place of buyer. It includes following two functions:

i) Storage: Storage is considered to be a main activity of marketing these days. In case of production or consumption being parental or seasonal, the goods are to be stored in good condition from the time of production till the time of consumption. Storage aims at meeting different objects such as - reading the time between production and consumption, to get the expected appreciation in prices, to capture the market etc. In fact now a days when we are buying a lot from e commerce portals like Jabong or Myntra or Flipkart and wondering how are they able to give such attractive discounts, storage has a big role to play. There is huge cost reduction by manufacturers in terms of physical store retailing expenses.

ii) Transportation: Transportation refers to the real distribution of goods from the place of production to the place of consumption.

3. Auxiliary Functions

The functions, which make the process of marketing easy and convenient, are called Auxiliary functions. These are the support functions without which doing marketing will be next to impossible. It includes the following functions:

i) Marketing finance: This is the arrangement of adequate finance for the distributing the goods and services to their real consumers.

ii) Risk bearing: Marketing involves many large risks. Some of the risks can be insured, which include flood, fire, theft, robbery, loot, etc. On the other hand, some of the risks, which cannot be insured, include fall in the prices, changes in the demand, changes in the fashion, changes in the tastes of consumers etc. These risks can never be eliminated, however, these can be minimised through effective system of sales forecasting, market research, advertisement, sales promotion, product diversification etc.

iii) Market information: Market information plays a very wide role in the success of an enterprise. A businessman has to collect different types of market information so that he can chalk out his market programme and policy according to this information. Market information includes the collection of data regarding trend of market, government policy, price policy of different business enterprises, tastes of consumers, change in fashion, scientific development, channels of distribution, media of advertisement etc. No business effort can be successful in the absence of this information. This information is collected by different business enterprises, specialised agencies, government, and research scholars at different times.

iv) Pricing: Pricing is perhaps the most important decision taken by a businessman. It is the decision upon which the success or failure of an enterprise depends to a large extent because pricing is the source of bread and butter for any organisation. Therefore, price must be determined only after taking all the relevant factors into consideration. While determining pricing policy, the factors to be considered are - cost of production, severity of competition, prices of competitors, marketing policy, government policy, the buying capacity of consumers etc.

An analytical study of all the functions of marketing discussed above makes it clear that marketing is a very wide term including all the activities from the discovery of needs and wants of consumers to their ultimate satisfaction.

Importance of Marketing

Marketing has acquired an important place in the economic development of the whole country. It has also become a necessity for attaining the object of social welfare. As a result of it, marketing is considered to be the most important activity in a business enterprise while at the early stage of development it was considered to be the last activity. For convenience, the importance of marketing may be explained as under:

i) Delivery of standard of living to the society: A society is a mixture of diverse people with diverse tastes and preferences. Modern marketing always aims for customer satisfaction. So, main liability of marketing is to produce goods and services for the society according to their needs and tastes at reasonable price. Marketing discovers needs and wants of society, produces the goods and services according to these needs creates demand for these goods and services. They go ahead and promote the goods making people aware about them and creating a demand for the goods, encouraging customers to use them. Thus, it improves the standard of living of the society.

ii) Decrease in distribution cost: Second important liability of marketing is control the cost of distribution. Through effective marketing the companies can reduce their distribution costs to a great extent. Decrease in cost of distribution directly affects the prices of products because the cost of distribution is an important part of the total price of the product. Marketing through internet is a live example which has actually made some high end brands affordable for the masses by saving on the distribution cost.

iii) Increasing employment opportunities: Marketing comprises of advertising, sales, distribution, branding and many more activities. So the development of marketing automatically gives rise to a need for people to work in several areas of marketing. Thus the employment opportunities are born. Also successful operation marketing activities requires the services of different enterprises and organisation such as wholesalers, retailers, transportation, storage, finance, insurance and advertising. These services provide employment to a number of people.

iv) Protection against business slump: Business slump cause unemployment, slackness in the success of business and great loss to economy. Marketing helps in protecting society against all these problems.

v) Increase in national income: Successful operation of marketing activities creates, maintains and increases the demand for goods and services in society. To meet this increased demand the companies need to increase the level of production in turn raising their income. This increase, in turn, increases the national income. Further effective marketing leads to exports adding to the national income. This is beneficial to the whole society.

Types of Market Structure

A market consists of groups of buyers and sellers. The most common feature among all buyers and all sellers is that they are very different. Though they share some common characteristics they can be divided into some distinct groups, which are different among themselves in terms of nature and size of market, nature and size of purchase, purpose of purchase etc. We can study four different types of Markets. They are:

- Consumer market
- Business market
- Government market
- Institutional market

Each market exhibits a distinct set of characteristics, which should be known to the marketer. This knowledge helps him in designing suitable marketing strategies to different markets.

1. Consumer Markets

Consumer market is a very wide market. It consists of the all the people who have some unsatisfied demand. The number of buyers is large in number. But since the purchases done by them are for the personal consumption and not to utilise it for selling or further production, individuals buy in small quantities. Because of the large number of consumers there is no close relationship between them and the manufacturer. Along with the large numbers the buyers as widely distributed also. The entire world is consumer market. As there is large number of buyers and as these buyers are geographically widespread, there are a large number of middlemen the distribution channel. The purchase is small in quantity and the consumers have many alternatives to choose from. So they are very sensitive to price change. The demand in the consumer market is price elastic.

2. Business Markets

Very different from the consumer market is the Business market. The business market consists of all the organisations that acquire goods and services used in the production of other products or services that are sold, rented, or supplied to others. Thus the business market do not purchase for personal consumption. These can be of two types:

a) *Industrial markets:* Here, the major criterion is keeping production satisfied in order to that materials and components are available for incorporation in production process. The ultimate objective is to satisfy the needs of the company's customers, be they intermediate manufacturers further down the production chain or end customers.

b) *Resale markets:* This is the case where the principal criterion is the mark-up percentage that can be added to goods that are purchased from manufacturers and wholesalers in bulk and then resold to individual customers.

The major industries making up the business market are agriculture, forestry, fisheries, mining, manufacturing, construction, transportation, communication, public utilities, banking, finance, insurance distribution and services. The features of business markets are distinctly different from the customer markets. Unlike the consumer market the business marketer normally deals with far fewer buyers. A few large buyers do most of the purchasing in such industries as aircraft engines and defence weapons. Because of the smaller customer base and the importance and power of the larger customers, suppliers are frequently expected to customise their offerings to individual business customer needs. The total demand for many business goods and services is inelastic, i.e. not much affected by price change. For instance, shoe manufacturers are not going to buy much more leather if the price of leather falls nor are they going to buy much less leather if the price rises unless they can find satisfactory substitutes. Demand is especially inelastic in the short run because producers cannot make quick changes in production methods. Demand is also inelastic for business goods that represent a small percentage of the item's total cost. Again the demand for business goods and services tends to be more volatile than the demand for consumer goods and services.

3. Government Markets

In most countries, government organisations are a major buyer of goods and services. Especially in the developing country like India, where the major infrastructural projects and production are government undertakings, government markets have become a very important part. Government organisations typically require suppliers to submit bids and normally they award the contract to the lowest bidder. In some cases, the government unit will make allowance for suppliers' superior quality or reputation for completing contracts on time. They tend to favour domestic suppliers over foreign suppliers. Often, there is a delay in decision-making due to:

- Excessive paper work and bureaucracy
- Too many regulations to be followed
- Frequent shift in procurement personnel

They purchase in large quantities. Cost or price plays a very major role. Product differentiation, advertising and personal selling have less consequence in winning bids.

4. Institutional Markets

Institutional market consists of schools, hospitals, nursing homes, prisons and other institutions that must provide goods and services to people in their care. Many of these organisations are characterised by low budgets and captive clienteles. Here, the principal criterion is to keep spending within predetermined budget limits that have been set as part of previously agreed operational spending limits.

For example hospitals have to decide what quality of food to buy the patients. The buying objective here is not profit, because the food is provided to the patients as part of the total service package; nor could cost minimisation be the sale objective because poor food will cause patients to complain and hurt the hospital's reputation. The hospital's purchasing agent has to search for institutional food vendors whose quality meets or exceeds a certain minimum standard and whose prices are low. In fact, many food vendors set up a separate division to sell to institutional buyers.

Evolution of Marketing Concept

The marketing theories and practices have travelled a lot before it came to modern age. The perceptions and the orientations towards market place are different for different firms. This has led to the emergence of many types of marketing concepts as discussed below.

1. Exchange concept

The exchange of a product between the seller and the buyer is the central idea of marketing and this is called exchange concept of marketing. The exchange does form a significant part of marketing. But we should not view marketing as a mere exchange process. This would be undermining of the essence of marketing. A proper scrutiny of the marketing process would readily reveal that marketing is much broader than exchange. The distribution aspect and the price mechanism involved in marketing are taken care by this concept. But the other important aspects of marketing, such as concern for the customer, generation of value satisfactions, creative selling and integrated action for serving the customer, are not discussed here.

2. Production concept

According to the production concept, the focus of marketing efforts should be on improving production and distribution efficiency. This works well when there is a great deal of unmet demand for a product or when the cost of the product is so high that it needs to be manufactured cheaper in order to get consumers to adopt it. Thus this concept holds that high production efficiency and wide distribution coverage would sell the concept offered to the market. The basic philosophy holds that the customers favour those products with low offered price and easily available products. This philosophy is clearly seen in an anecdote about Henry Ford. When someone asked him why his popular Model T automobile was not available in the variety of colours, he is supposed to have quipped "Customers can have it in any colour they want, as long as it is black!" However, a focus simply on production and distribution efficiency ignores an important factor- the needs of the customers.

3. Product concept

The product concept is a philosophy that focuses on the features of the product. The product concept is somewhat different form the production concept. While the production concept argues for the focus on production and distribution processes and seeks to win markets and profits via high volume of production and low unit costs, the product concept assumes that consumers will buy the product with the best quality, performance and features and seeks to win customers via product excellence in terms of improved products, new product features and ideally designed and engineered products. Ralph Waldo Emerson professed this philosophy when he said, "If a man … makes a better mousetrap … the world will beat a path to his door."

Unfortunately, this is not necessarily true. Customers will buy products that they perceive as providing them with the best value. This is not necessarily the same as the product with the most features. Often the organisations too much concentrating on achieving product excellence do not bother to study the market and the consumer in depth. Theodore Levitt advanced the thesis that market definitions of a business are superior to product definitions of business. Focus on the product rather than the benefit the product offers to consumers can result in what Levitt calls ***MARKETING MYOPIA*** or short-sightedness. It means a coloured or crooked perception of marketing and a short sightedness of giving attention only to production or product aspect at the cost of the consumer and his actual needs creates this myopia. The organisation fails to see the impact of a changing environment on its future. It loses sight of underlying customer needs by only focusing on existing wants.

4. Selling concept

Very amazingly it is believed that customers if left alone would not buy enough of the company's products and hence companies must undertake a large-scale aggressive selling and promotion effort. Now this might become true if companies find themselves with an overabundance of products that they have to sell in order to deplete their inventories. This concept is practised more profoundly in case of unsought goods (that people seldom want to buy) like insurance products, encyclopaedias etc. The seller's aim is to sell what they make rather than make what will sell in the market. The company has to push their products through aggressive personal selling, persuasive advertisement, extensive sales promotions (like heavy use of price discounts), strong publicity and public relations.

5. Marketing concept:

The most accepted philosophy today is that marketing is done solely for the customers. So the customer satisfaction is the ultimate objective and everything else falls in place. Thus the role of a mutually satisfying exchange is central to the marketing concept. The marketing concept holds that the key to achieving its organisational goals consist of the company being more effective than competitors in creating, delivering and communicating customer value to its chosen target markets in order to satisfy the customers at a profit. Three features of the marketing concept are customer orientation, coordinated effort by all departments within the organisation to provide customer satisfaction and emphasis on long-term profit.

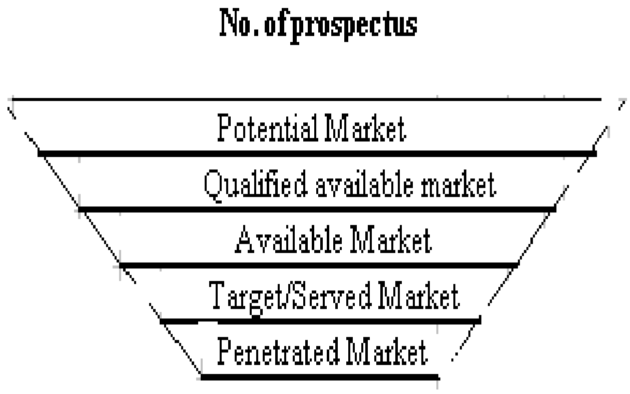
Difference between selling and marketing concepts

Concepts	Starting point	Focus	Means	Objectives
Selling	Factory	Product	Selling and Promotion	Profits through sales volume
Marketing	Target market	Customer needs	Integrated marketing	Profits through customer satisfaction

Let us explain different factors of marketing:

a) **Target market:** A marketer cannot and should not create and product that everyone will like equally. So s marketer has to define the market to which it will direct its efforts. The specification and identification of market would enable the marketer to design specific marketing strategies. A target market is defined as a set of actual and potential buyers of a product, service or idea. A buyer who has interest in the product, income and willingness to buy can broadly be called as potential buyer. However, it might not be possible for the marketer to target all of them. There might be geographical barriers, unsuitability of product to certain climatic conditions or inability of the marketer to reach certain hilly or remote areas. Thus, a small portion of potential market might become part of the target market. The following figure clarifies the target market and penetrated market.

Concept of target market and penetrated market



b) Customer needs: A company can define its target market but fail to correctly understand the customers' needs. Understanding customer needs and wants is not always simple. Some customers have needs of which they are not conscious or they cannot articulate their needs or they use words that require some interpretation.

There are five types of needs. They are stated needs, real needs, unstated needs, delight needs and secret needs.

Stated needs are those which the customer clearly tells. These are what people say they need and hence are the easiest for marketers to deal with.

Real needs in marketing are the actual needs of the customers which they may not be able to pinpoint/state to the salesperson. Some probing needs to be done by the salesperson in order to find out the exact nature of the stated need.

Example: A customer walks in to a car showroom and says he wants to buy an inexpensive car. Herein the stated need is that the customer wants an inexpensive car. But the real need could be that the customer wants a car which has a low operating/running cost and not a car with a low selling price. Thus the salesperson here will have to do a little bit of probing to understand the exact nature of the stated need of the customer.

Unstated needs are those needs by a customer, which aren't stated, but are expected such as good after sales service, good customer care facilities etc.

Delight needs are the needs when customers get more than what they want and consequently make them happy. For example a stereo free with the car will get the customer delighted.

Secret needs are latent needs which the visionary marketers only could understand and translate into innovative products. Sony and Apple are two great examples which did not follow market trend or customer need; rather created market by introducing products like Walkman, Handycam, iPhone or iPad which shaped customer need.

c) Integrated marketing: When all the departments of a company work together for serving the customers, the result is integrated marketing. Integrated marketing takes place on two levels.

Firstly, the various marketing functions like sales force, advertising, customer service, product management, marketing research must work together.

Secondly, marketing must be embraced by the other departments. They must also think customer. According to David Packard of Hewlett - Packard, "Marketing is far too important to be left only to the marketing department". To foster teamwork among all departments, the company carries out internal marketing as well as external marketing.

d) Profitability: The ultimate purpose of the marketing concept is to help organisations achieve their objectives. In the case of private firms, the major objective is profit. In the case of non-profit and public organisations it is surviving and attracting enough funds to perform useful work. A company makes money by satisfying customer needs better than its competitors.

6. Societal marketing concept

A more recent philosophy is the societal marketing concept, which enlarges the marketing concept by asserting that organisations should determine customers' needs and wants and then deliver superior value to the target market in a way that improves customers' and society's well-being. It requires that an organisation think about the long-run interests of society in satisfying consumers while meeting organisational objectives. Extending the time dimension means that the organisation takes a long-term view of customer satisfaction. It takes into account the need for organisations to act responsibly not only towards their customers, but also towards the environment and other needs of society. Extending the breadth dimension means the organisation recognises that the market includes not only buyers of the organisation's products but also other people affected by the organisation's operations. It has become good business to consider and think of society's interests when the organisation makes marketing decisions.

Overview of Marketing Mix

This marketing mix concept today is widely accepted among marketers. E Jerome McCarthy gives the marketing mix elements as the four Ps (product, price, promotion, and place). Thus, a marketing mix is a specific combination of four strategies (product, price, place or distribution, and promotion or marketing communications) designed to satisfy customers. Thus the marketers aims to combine these elements in such a way that the customer ultimately is happy buying and using the product.

- **Product**: In any exchange process one thing which is compulsory is the product, without which there is no scope of marketing. In terms of marketing product is that which satisfies the need of a customer or consumer. So a product can be a good, service, idea or other that meets customers' needs and desires. Product further is made of:
    - Physical attributes
    - Psychological attributes
    - Product variety in terms of sizes, colours, flavours, benefits
    - Quality
    - Design, display, styling and features
    - Branding
    - Packaging
    - Product range and line
    - Before and after-sales services
    - Warranties and returns policy

  If you are wondering why all these then the answer is simple. All these make up the product because all these have an important role to play in meeting the needs of the consumer.

- **Price:** The price of the product is the cost that a consumer pays for owning the product. Further this price is the only source of revenue for the company as well. So the price compared to the competitors is a vital part of marketing for any organisation. There are two possible pricing techniques:
    - Market skimming - pricing high knowing that sales will be les but earnings will be high as per unit margin is more.
    - Market penetration - pricing lower to secure a higher volume of sales and earn high even though margin per unit is less.

  Price can be broken down into:

- List price
- Discount structure
- Allowances
- Payment period
- Trade pricing
- Variable pricing
- Credit terms

- **Place**: This part of the marketing mix is all about how the product is distributed. After all while thinking about any purchases every customer is bothered about availing it with least troubles. Place as an element in marketing mix has two implications: firstly, the physical distribution or transportation element that is now extended to include logistics and secondly, the outlets through which the goods are sold. Current trends are towards shortening the chain of distribution. Elements of distribution are:
  - Choice of cannels
  - Depth and breadth of distribution
  - Coverage
  - Inventory
  - Warehousing
  - Transportation
  - Locations
  - Service levels
  - Physical distribution
  - Relationship management

- **Promotion:** The best of the best at the best of the prices may also be useless to customers as long as they do not come to know about it. So promotion or communication to customers about a brand is very necessary to get that brand accepted by the customers. This may take the form of point of sale promotion, advertising, sponsorship or other promotions. Promotion includes following elements:
  - Advertising
  - Sales promotion
  - Publicity and public relations
  - Direct marketing

- Personal selling
- Sponsorships
- Exhibitions and trade fairs

Beyond tangible goods, marketers sell services as well which are intangible and perishable. So or service products, 3 more P's are considered viz. people, process and physical evidence as proposed by Boons and Bitner.

People: People management is an important aspect of service organizations. Service organizations gain a competitive advantage through their service personnel. The personnel in a service organization can have an impact on the service delivered in various ways. Customers often judge the performance of a service organization by associating it with the behaviour and attitude of its service personnel. For example, an unpleasant experience with a rude employee at a restaurant leaves bitter memories of the restaurant in the customer's mind. Hence, service organizations take a lot of care in providing behavioural training to their personnel. They lay emphasis on courteous behaviour and friendliness while dealing with customers. The personnel are also trained on how to handle unruly and unpleasant customers and on the use of proper language and posture, and maintenance of cleanliness and proper appearance. These measures by service firms help them in maintaining a high quality of service delivery.

Process: Marketing of services depends on meeting customer expectations. Over the years, some service organizations have standardized their processes and thus reduced the element of human judgment and error in their service delivery. Labour costs and competition in the service industry have increased tremendously and many service organizations have made customers an integral part of the service delivery process so that labour costs can be reduced and the benefit can be passed on to the customers. Though the expectations of some customers are not met, others are ready to be involved in the service production activity for lower prices. For example, a restaurant offering self-service charges lower price than others. Service organizations identify the customers who do not want to take on the co-production responsibility and are willing to pay higher prices for the service to be delivered to them. For example, customers are even ready to pay an additional amount as commission to portfolio managers for managing their mutual funds.

Physical evidence: With the help of physical evidence, service providers try to attach an element of tangibility to their service offers. Brochures in travel agencies showing the details of a holiday destination and the interiors of a fast-food outlet provide physical evidence to the customers. In other words since service otherwise is intangible, this element of physical evidence is an assurance to the customer about the quality of service.