



UNIT V

ELEMENTS OF MARKETING



14 CHAPTER

MARKETING AND MARKETING MIX

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குறள் 675



COUPLET

Do an act after a due consideration of the (following) five, viz.
money, means, time, execution and place.



Learning Objectives

To enable the students to understand the

- Introduction to marketing
- Evolution of marketing
- Marketing concept
- Definition of marketing
- Objectives of marketing
- Importance of marketing to the society
- Importance of marketing to the individual firms
- Functions of marketing
- Meaning and definition of marketing mix
- Elements of marketing mix
- Marketing mix matrix

Chapter Synopsis

- 14.01. Introduction
- 14.02. Evolution of Marketing
- 14.03. Marketing Concepts
- 14.04. Definition of Marketing
- 14.05. Objectives of Marketing
- 14.06. Importance of Marketing
- 14.07. Functions of Marketing
- 14.08. Meaning and Definition of Marketing Mix
- 14.09. Elements of Marketing Mix
- 14.10. Marketing Mix Matrix

14.01 Introduction

Marketing is one of the business functions that all activities that take place in relation to markets for actualise potential exchanges for the purpose of satisfying human needs and wants. In other words marketing is the performance of buying activities that facilitate to more flow of goods and services from producer to ultimate user. Selling is basically concerned with putting

the goods into the hands of the buyers for a price, but marketing is much wider than selling.

The development of marketing is evolutionary rather than revolutionary. There is no single answer to the question of what is marketing? To understand, it may be explained in brief, as “Marketing is what a marketer does,” But this meaning lacks clarity in understanding the subject. The evolution of

marketing is as old as the Himalayas. It is one of the oldest professions in the world.

Marketing is indeed an ancient art; it has been practiced in one form or the other since the days of Adam and Eve. The word, marketing has been defined differently by authorities in different ways. The traditional objective of marketing had been to make the goods available at places where they are needed. This idea was later on changed by shifting the emphasis from “exchange” to “satisfaction of human wants”. Different authors tried to give suitable definition from their viewpoint. Some are very broad; others are rather too narrow. Some emphasise on the traditional view of producing goods and finding out customers, others emphasise on the modern view that marketing must first find out what customers want and then plan a product to satisfy the wants. As any other subject, it has its own origin, growth and development.

14.02 Evolution of Marketing

i. Barter System: The goods are exchanged against goods, without any other medium of exchange, like money.

ii. Production Orientation: This was a stage where producers, instead of being concerned with the consumer preferences, concentrated on the mass production of goods for the purpose of profit. They cared very little about the customers.

iii. Sales Orientation: The stage witnessed major changes in all the spheres of economic life. The selling became the dominant factor, without any efforts for the satisfaction of the consumer needs.

iv. Marketing Orientation: Customers' importance was realised but only as a means of disposing of goods produced. Competition became more stiff. Aggressive advertising, personal selling, large scale sales promotion etc. are used as tools to boost sales.

v. Consumer Orientation: Under this stage only such products are brought forward to the markets which are capable of satisfying the tastes, preferences and expectations of the consumers-consumer satisfaction.

vi. Management Orientation: The marketing function assumes a managerial role to co-ordinate all interactions of business activities with the objective of planning, promoting and distributing want-satisfying products and services to the present and potential customers.

14.04 Definition of Marketing

“Marketing is concerned with the people and the activities involved in the flow of goods and services from the producer to the consumer”.

–American Marketing Association.

14.03. Marketing Concepts

<p>Marketing Concepts</p>	<p><i>What I can sell?</i> MAKE WHAT YOU CAN SELL, BUT DO NOT TRY TO SELL WHAT YOU CAN MAKE.</p> <p><i>Shall I first create products?</i> NO, FIRST CREATE A CUSTOMER, THEN CREATE PRODUCTS.</p> <p><i>Shall I love my products?</i> NO, LOVE YOUR CUSTOMERS AND NOT THE PRODUCTS.</p> <p><i>Who is supreme in markets?</i> CUSTOMER IS SUPREME OR KING.</p> <p><i>Who will shape my decisions?</i> CUSTOMER'S PREFERENCES SHAPE YOUR DECISIONS.</p>
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14.05. Objectives of Marketing

Baker and Anshen say, “The end of all the marketing activities is the satisfaction of human wants”. Through the satisfaction of human wants, profits are rewarded to the business and the reward is inducement for marketing. Now the time has changed and object of marketing is more than securing profits.

The following are the objectives of marketing:

- i. Intelligent and capable application of modern marketing policies.
- ii. To develop the marketing field.
- iii. To develop guiding policies and their implementation for a good result.
- iv. To suggest solutions by studying the problems relating to marketing.
- v. To find sources for further information concerning the market problems.
- vi. To revive existing marketing function, if shortcomings are found.
- vii. To take appropriate actions in the course of action.

14.06. Importance of Marketing

a) To the Society

- i. Marketing is a connecting link between the consumer and the producer.
- ii. Marketing helps in increasing the living standard of people.
- iii. Marketing helps to increase the nation's income.
- iv. Marketing process increases employment opportunities.
- v. Marketing creates modern cultivators.
- vi. Marketing removes the imbalances of supply by transferring the surplus to deficit areas, through better transport facilities.

- vii. Marketing helps to maintain economic stability and rapid development in underdeveloped or developing countries.
- viii. Marketing includes all activities in the creation of utilities-form, place, time and possession.
- ix. A reduction in the cost of marketing is a direct benefit to society.
- x. Marketing adds value of goods by changing their ownership and by changing their time and place of consumption.

b) To the Individual Firms

- i. Marketing generates revenue to firms.
- ii. Marketing section of a firm is the source of information to the top management for taking overall decisions on production.
- iii. Marketing and innovation are the two basic functions of all businesses. The world is dynamic.
- iv. Marketing facilitates the development of business and creates employment opportunities for people.

14.07. Functions of Marketing

Some of the most important functions of marketing are as follows:

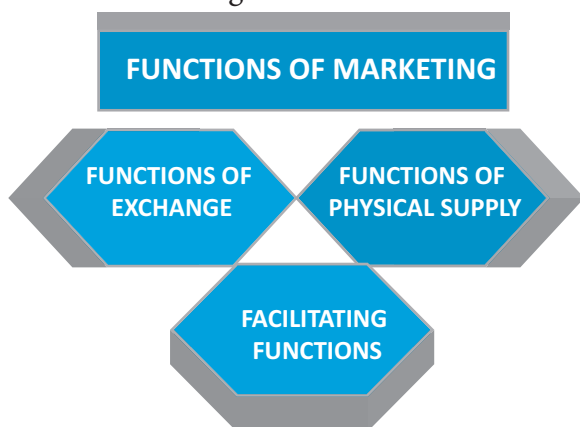
The delivery of goods and services from producers to their ultimate consumers or users includes many different activities. These different activities are known as marketing functions. Different scholars have described different functions of marketing as under:

G.B. Giles described seven functions of marketing:

- i. Marketing research
- ii. Marketing planning
- iii. Product development
- iv. Advertisement and sales promotion
- v. Selling and distribution
- vi. After sale services
- vii. Public relations.

Another classification of marketing functions is given by professors Clark and Clark, which is widely accepted by one and all. Functions of marketing are classified into three types.

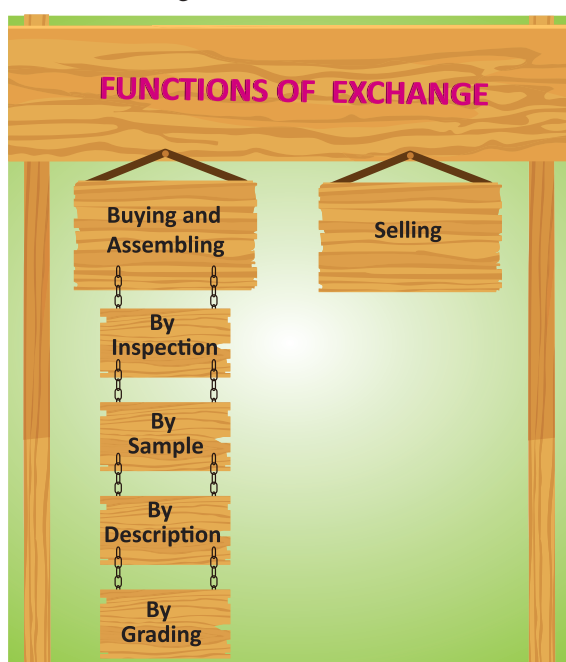
1. Functions of Exchange
2. Functions of Physical Supply
3. Facilitating Functions.



Functions of Exchange:

Exchange refers to transfer of goods and services for money's worth. This process can be divided into:

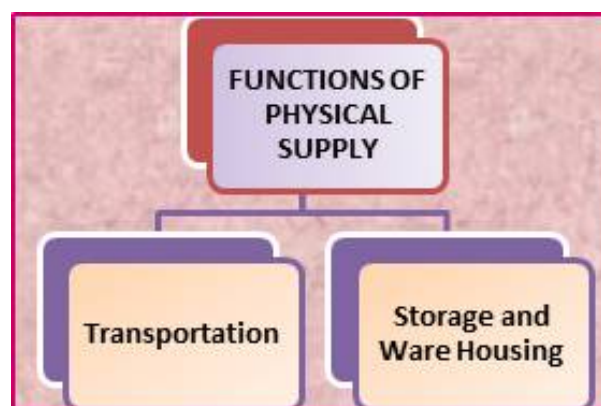
- (a) Buying and assembling
- (b) selling



Functions of Physical Supply

There are two important functions under this classification:

- i. Transportation
- ii. Storage and ware housing.



i. Transportation:

Transport means carrying of goods, materials and men from one place to another. It plays an important role in the marketing. It creates place utility by moving goods from the place where they are available in plenty, to places where they are needed. Various types of transport are used for carrying goods like

- a. Land transport
- b. Water transport
- c. Air transport.

ii. Storage and Warehousing:

a. Storage

Storage is another function of marketing process and it involves the holding and preservation of goods from the time they are produced to the time they are consumed. Generally, there is a time gap between the production and consumption of goods. Therefore, there is need for storing so as to make the goods available to the consumers and when they are required.

b. Warehousing

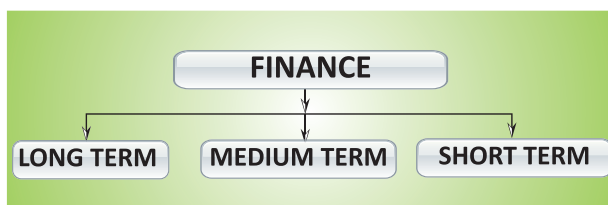
Warehouses create time utility by storing the goods throughout the year and releasing them as and when they are needed. Several types of warehouses are used for storage of goods.

Facilitating Functions

There are the functions which help or facilitate in the transfer of goods and services from the producer to the consumer. They are not directly connected with the transfer of goods. Under this category the following functions are included.



i. Financing:



- a. Long-term finance
- b. Medium-term finance
- c. Short-term finance

ii. Risk Bearing:



- a. Time risk
- b. Place risk
- c. Competition risk
- d. Risk of change in demand
- e. Risk arising from natural calamities
- f. Human risks
- g. Political risks

iii. Market Information:

According to Clark and Clark market information means "all the facts, estimates, opinions and other information used in marketing of goods".

iv. Standardization:

Standardization means establishment of certain standards based on intrinsic qualities of a commodity. The quality may be determined on the basis of various factors like size, colors, taste, appearance etc.

v. Grading:

Grading means classification of standardized products in to certain well defined classes.

vi. Branding:

Branding means giving a name or symbol to a product in order to differentiate it from competitive products.

vii. Packing:

Packing means wrapping and crating of goods before distribution. Goods are packed in packages or containers in order to protect them against breakage, leakage, spoilage and damage of any kind.

viii. 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. Therefore, price must be determined only after taking all the relevant factors into consideration.

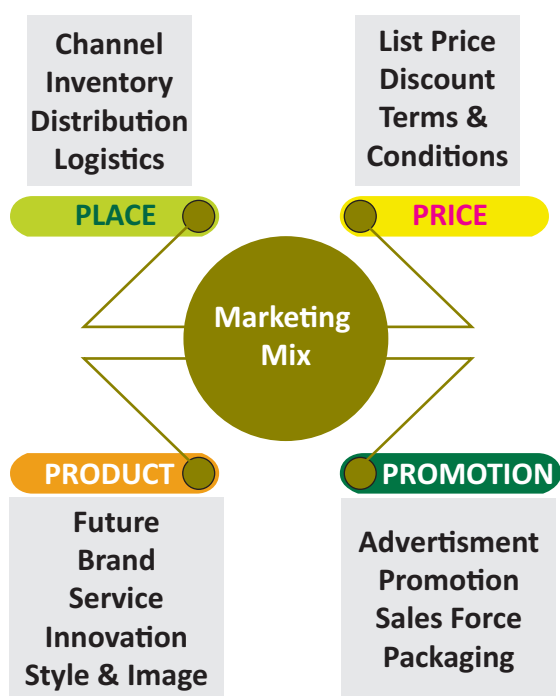
14.08. Definition of Marketing Mix

"Marketing mix is a pack of four sets of variables namely product variable, price variable, promotion variable, and place variable".

Mr. Jerome McCarthy

In simple words marketing mix means a marketing programme that is offered by a firm to its target consumers to earn profits through satisfaction of their wants. Such a marketing programme is a mixture of four ingredients, namely Product mix, Price mix, Place (Distribution)mix and Promotion mix.

14.09 Elements of Marketing of Mix



Let us discuss these 4 elements of marketing mix in detail.

i. Product

Product is the main element of marketing. Without a product, there can be no marketing.

ii. Price

Price is the value of a product expressed in monetary terms. It is the amount charged for the product.

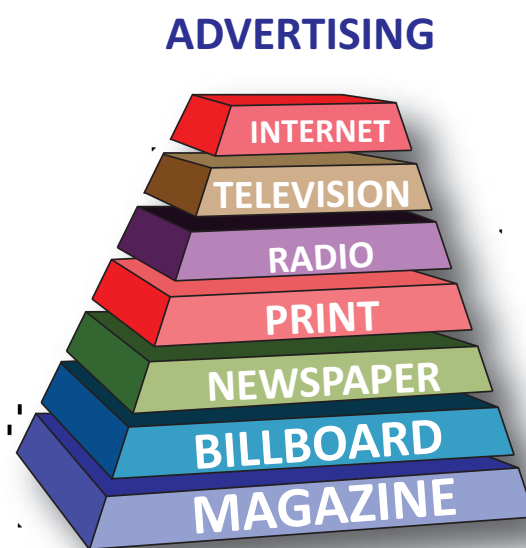
iii. Place (Physical Distribution)

An excellent quality product, with a competitive price structure, backed up by

efficient promotional activities, will be a waste if it is not moved from the place of production to the place of consumption at an appropriate time. The fourth element of product mix, namely place or physical distribution facilitates the movement of products from the place of manufacture to the place of consumption at the right time.

iv. Promotion

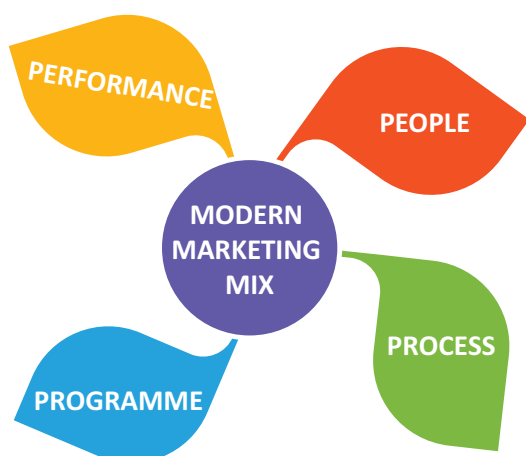
An excellent product with competitive price cannot achieve a desired success and acceptance in market, unless and until its special features and benefits are conveyed effectively to the potential consumers.



Advertisement Media

14.10. Marketing Mix Matrix

The principle of the 4P Matrix is that marketing decisions usually fall into four controllable categories: product, place, price and promotion. Carefully positioning the product in each category will generate a better response from the target market.



Key Words

Assurance	Dominant	Potential
Perishable	Completion	Surplus
determined	consumption	Unique
Grading	Necessity	



- There is a weekly market for Fire wood in Karaikudi
- There is a Annual Market for Horse in Andhiyur in Tamil Nadu.



For Own thinking

- Mention any two man made risks in Marketing
- Mention any two natural risks in Marketing



For Future Learning

- To organise a Model Marketing Practices in your class with some kind of goods and services
- To arrange and invite a marketing practitioner and good speakers for guest lectures about success and failures of market



Exercise



I. Choose the Correct Answers:

- The initial stage of Marketing system is _____
 a) Monopoly system
 b) Exchange to Money
 c) Barter system
 d) Self producing
- Who is supreme in the Market?
 a) Customer
 b) Seller
 c) Wholesaler
 d) Retailer
- In the following variables which one is not the variable of marketing mix?
 a) Place Variable
 b) Product Variable
 c) Program Variable
 d) Price Variable
- Marketing mix means a marketing program that is offered by a firm to its target _____ to earn profits through satisfaction of their wants.
 a) Wholesaler
 b) Retailer
 c) Consumer
 d) Seller



5. Which one is the example of Intangible product?

- a) Education b) Mobiles
c) Garments d) Vehicles

Answers:

1	c	2	a	3	c	4	c	5	a
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II. Very Short Answer Questions:

1. What is Marketing?
2. Define Marketing Mix.
3. What is meant by Grading?

III. Short Answer Questions:

1. What are the objectives of marketing?
2. What are the concept of marketing?
3. What do you mean by marketing mix? Write any two elements.

IV. Long Answer Questions:

1. Discuss about the Evolution of marketing. (any 5)
2. Narrate the Elements of Marketing mix.

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2. Philip Kotler, Principles of Marketing.
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