Lesson - 1

PRINCIPLES OF MARKETING
Overview of Course:

This subject/course is designed to teach the basic principles of Marketing to diverse audience/students, including those who are studying this as a supporting subject for their bachelor degree program. This course is designed to provide you the foundations of Marketing whether you intend to work in field of the marketing or not. Marketing is part of all of our lives and touches us in some way every day. To be successful each company that deals with customers on a daily basis must not only be customer-driven, but customer-obsessed. The best way to achieve this objective is to develop a sound marketing function within the organization. To be understandable and lively means that we need to communicate you. We start every chapter with learning objectives. The most important thing you will get out of this course is the basic skills required to succeed in today’s competitive environment. Marketing is defined as 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. Marketing is a key factor to business success. The marketing function not only deals with the production and distribution of products and services, but it also is concerned with the ethical and social responsibility functions found in the domestic and global environment.

Introduction of Marketing

What image comes to mind when you hear the word “marketing”? Some people think of advertisements or brochures, while others think of public relations (for instance, arranging for clients to appear on TV talk shows). The truth is, all of these—and many more things—make up the field of marketing. The Knowledge Exchange Business Encyclopedia defines marketing as “planning and executing the strategy involved in moving a good or service from producer to consumer.”

With this definition in mind, it’s apparent that marketing and many other business activities are related in some ways. In simplified terms, marketers and others help move goods and services through the creation and production process; at that point, marketers help move the goods and services to consumers. But the connection goes even further: Marketing can have a significant impact on all areas of the business and vice versa.

Understanding Marketing:

Marketing: It is the process of creating consumer value in the form of goods, services, or ideas that can improve the consumer's life. Marketing is the organizational function charged with defining customer targets and the best way to satisfy needs and wants competitively and profitably. Since consumers and business buyers face an abundance of suppliers seeking to satisfy their everyday need, companies and nonprofit organizations cannot survive today by simply doing a good job. They must do an excellent job if they are to remain in the increasingly competitive global marketplace. This is what we say that survival of the fittest. Many studies have demonstrated that the key to profitable performance is to know and satisfy target customers with competitively superior...
offers. This process takes place today in an increasingly global, technical, and competitive environment.

**What is Marketing?**
Marketing is not only restricted to selling and advertising as is perceived but is more than it identifies and satisfies customers' needs. It functions revolve around a wide variety and range of tasks and activities mostly termed as functions related to 4Ps i.e. Product, price, place and promotion. Marketing is:

a. Creating customer value and satisfaction are at the very heart of modern marketing thinking and practice.

b. A very simple definition of marketing is that it is the delivery of customer satisfaction at a profit.

c. Sound marketing is critical to the success of every organization.

Marketing can also be defined as process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.

**Simple Marketing System**
The concept of Marketing System brings one full circle to the concept of marketing.

Simple marketing system comprises of different actors and factors like producer/seller, product/service something valuable to exchange in return of product/service (money), consumer/customer, communication process to have two way communication like to provide information about product or service to customer or consumer and to have feedback in same regard from the customer. Fig presents an example of a very simple marketing system. Marketing system has following basic activities:
1) Sellers must search for buyers, identify their needs, design good products and services, set prices for them, promote them, and store and deliver them.

2) A modern marketing system includes all of the elements necessary to bring buyers and sellers together. This might include such activities as product development, research, communication, distribution, pricing, and service.

3) Each of the major actors in a marketing system adds value for the next level of the system. There is often critical interdependency among network members.

To learn more about marketing first we should learn about some basics that are sometime termed as 4ps(Product, price, place, promotion) and some times even 6 or 7ps (Product, price, place promotion, position, personal relations, people and profit) lets have some definitions in this regard:

- **Product**—what are you selling? (It might be a product or a service.)
- **Price**—what is your pricing strategy?
- **Place** or distribution—how are you distributing your product to get it into the marketplace?
- **Promotion**—how are you telling consumers in your target group about your product?
- **Positioning**—what place do you want your product to hold in the consumer’s mind?
- **Personal relationships**—how are you building relationships with your target consumers?
- **People**: public who can have impact on organization or can be affected by organization.
- **Profits**: the basic objective of organization that to have something valuable in return of product or service mostly it is in form of money.

Marketing assumes that it will proceed in accordance with ethical actives. It Identifies the 4 marketing variables i.e. product, price, promotion, and distribution it also states that the public, the customer, and the client determine the marketing program. Marketing mainly emphasizes on creating and maintaining relationships and applies for both non-profit organizations and profit-oriented businesses. Major activities that are performed in marketing process include:

- Personal selling
- Advertising
- Making products available in stores and maintaining inventories.

Any thing like goods, services, experiences, events, persons, places, organizations, information and ideas can be marketed to the customers in return of something of value.

**How Does an Organization Create a Customer?**

Organizations (producer/ seller) can create the customers by Identifying customer needs, designing goods and services that meet those needs than communicating.

![Diagram of 4ps (Product, Price, Place, Promotion)]

<table>
<thead>
<tr>
<th>Costs</th>
<th>Careers</th>
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<tr>
<td>About 50% of total product costs are marketing costs</td>
<td>About 25 to 33% of the work force hold marketing positions.</td>
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**Contributions to Individual Organizations**
Critical to the success of a firm

**Contributions to Society**
Marketing decisions affect the lives of individual consumers and society as a whole.

**Why Study Marketing?**
information about those goods and services to prospective buyers. Making the goods or services available at times and places that meet customers’ needs. Pricing goods and services to reflect costs, competition, and customers’ ability to buy and finally providing for the necessary service and follow-up to ensure customer satisfaction after the purchase.

**How is Marketing Done?**

According to Peter F. Drucker, If we want to know what a business is, we have to start with its purpose. And its purpose must lie outside the business itself. In fact, it must lie in society since a business enterprise is an organ of society. There is one valid definition of business purpose: to create a customer.

**Reasons for Studying Marketing:**

Marketing is part of all of our lives and touches us in some way every day. To be successful each company that deals with customers on a daily basis must not only be customer-driven, but customer-obsessed. The best way to achieve this objective is to develop a sound marketing function within the organization. Major reason to study marketing is:

- Marketing plays an important role in society
- It is Vital to business
- Marketing offers outstanding career opportunities
- Marketing effects your life every day

**What do Marketers think about?**

To have clearer concept in this regard let’s consider an example of Opening a Book Shop on campus. To do so we have to answer different questions like:

1. Is there a need? (Of having book shop)
2. What is my target market? (Who will be buying products from your book shop)
3. What is my product? (Basic items to be sold)
4. How can I produce and deliver a “product” better than my competitors?
5. How shall I promote my product?
6. How can I insure customer loyalty?

Mostly before starting any activity of above-mentioned type marketer performs an analysis termed as SWOT (Strength, Weakness, Opportunity and Threat). Marketing is a process of getting the right products to the right people at the right price and at the right place and time with the right promotion. But this requires solution to certain simple question: like

**Simple Questions, Hard Answers**

1. Who are our customers? (Target Market)
2. What important & unique benefits do we provide? (Product/service)
3. Are these benefits sustainable? (Long-term competitive advantage)

These questions are apparently very simple but are very difficult to be answered these questions like it is really difficult to define basic characteristics to be produced in product and services as per demands and requirements of the customers; and then to precisely define your target market and to have long-term competitive advantage through customer satisfaction.