UNIT I: CONCEPTUAL FRAMEWORK OF MARKETING

Topic 1.1: Meaning, Definition, Nature, Scope, and Importance of Marketing

A. Meaning

Marketing is an organizational function and a set of processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. In simple terms, marketing is the process of discovering customer needs, converting those needs into products or services, and delivering value to satisfy those needs at a profit.

B. Definitions

American Marketing Association (AMA, 2013):

"Marketing is 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."

Explanation: Marketing is not a single department activity; it encompasses institutional processes designed to manage customer value creation and stakeholder relationships.

Philip Kotler (Management Thinker & Author):

"Marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others."

Explanation: Focuses on human needs and wants, emphasizing exchange mechanisms where both buyer and seller derive measurable value.

E. Jerome McCarthy (Academic & Creator of the 4 Ps Framework):

"Marketing is the performance of business activities that direct the flow of goods and services from producer to consumer or user in order to satisfy customers and accomplish the firm's objectives."

Explanation: Links organizational goals directly with consumer satisfaction through channel and delivery management.

C. Concept & Explanation

At its core, marketing revolves around three fundamental elements: **Needs, Wants, and Demands**.

- **Needs:** Basic human requirements (e.g., food, water, clothing, shelter, safety).
- **Wants:** Human needs directed toward specific objects that might satisfy those needs, shaped by culture and individual personality (e.g., needing food, but wanting a McDonald's burger).
- **Demands:** Wants for specific products backed by an ability and willingness to buy them.

D. Nature of Marketing

- **Customer-Centric:** All business decisions originate from customer needs and end with customer satisfaction.
- **Dynamic & Adaptive:** Operates in a constantly changing macro and micro environment (technological, legal, economic).

- **Pervasive & Universal:** Applies to commercial firms, non-profits, governmental bodies, services, and individuals.
- **Both Art and Science:** Combines creative communication/branding (art) with analytical data, market research, and buyer behavior analytics (science).
- **Continuous Process:** Starts long before product creation (market research) and continues long after product delivery (after-sales service and relationship management).

E. Scope of Marketing

Marketing applies to 10 broad categories of entities:

1. **Goods:** Physical items (e.g., cars, smartphones, clothing).
2. **Services:** Intangible activities or benefits (e.g., banking, airlines, hospitality).
3. **Events:** Time-based occurrences (e.g., IPL, Olympics, trade expos).
4. **Experiences:** Orchestrating multiple services and goods (e.g., Walt Disney World, theme parks).
5. **Persons:** Personal branding of celebrities, politicians, CEOs (e.g., Elon Musk, Narendra Modi).
6. **Places:** Destination marketing to attract tourists, businesses, or residents (e.g., *"Incredible India"*).
7. **Properties:** Intangible rights of ownership in real estate or financial assets (stocks, bonds).
8. **Organizations:** Building corporate identity and goodwill (e.g., *"Tata: Leadership with Trust"*).
9. **Information:** Creation and distribution of data, educational products, or reports.
10. **Ideas:** Social marketing and basic concepts (e.g., road safety awareness, public health drives).

F. Importance of Marketing

To the Business/Organization

- **Revenue Generation:** Directly generates cash flow and sales profit.
- **Brand Building:** Creates brand awareness, recall, equity, and market reputation.
- **Market Expansion:** Helps identify untapped market segments and launch new products.
- **Competitive Advantage:** Differentiates offerings in crowded, mature markets.

To the Consumer

- **Informed Choice:** Educates consumers about availability, usage, and alternative choices.
- **Convenience:** Delivers right products at the right time, place, and price.
- **Standard of Living:** Introduces innovations that improve quality of life.

To Society

- **Employment Opportunities:** Generates direct and indirect employment in retail, logistics, advertising, and research.
- **Optimal Resource Allocation:** Matches societal supply with economic demand, minimizing wastage.

G. Industry Example

- **Company:** Zomato
- **Situation:** Urban consumers faced hassle finding restaurant menus, delivery options, and reliable reviews.

- **Management Concept:** Scope of Marketing (Services, Experiences, Information) and Customer Value Creation.
- **Action Taken:** Built an integrated app platform combining hyper-local restaurant discovery, peer reviews, tracking, and food delivery services.
- **Result/Learning:** Zomato converted a basic functional need (hunger) into a structured service ecosystem, creating high customer value and securing market leadership in Indian food tech.

Topic 1.2: Evolution of Marketing Concepts / Philosophies

Management practice has evolved through five distinct orientations or philosophies over time:

Comparison Table: Evolution of Marketing Orientations

Basis	**Production Concept**	**Product Concept**	**Selling Concept**	**Marketing Concept**	**Societal Marketing Concept**
Era / Period	Industrial Revolution (1880s–1920s)	1920s–1930s	1930s–1950s	1950s–1990s	1990s–Present
Primary Focus	Production efficiency & high volume	Quality, performance, & innovation	Aggressive sales promotion	Customer needs & wants	Customer needs & long-term societal well-being
Core Assumption	Consumers favor widely available & affordable products	Consumers favor superior products with features	Consumers won't buy enough without hard selling	Achieving goals requires satisfying buyer needs better than rivals	Deliver value that maintains consumer and societal well-being
Means	Mass production &	Continuous product improvement	Heavy selling, advertising, &	Integrated marketing (4 Ps)	Integrated marketing + ethical/environmental practices

Basis	Production Concept	Product Concept	Selling Concept	Marketing Concept	Societal Marketing Concept
	distribution		promotions		
Ends / Goal	Profit through economies of scale	Profit through product excellence	Profit through sales volume	Profit through customer satisfaction	Profit through customer & societal welfare

Detailed Breakdown of Orientations

1. Production Concept

- **Focus:** High production efficiency, low costs, and mass distribution.
- **Applicability:** Useful when product demand exceeds supply or when product cost is too high and must be lowered through scale (e.g., early Henry Ford Model T car production).

2. Product Concept

- **Focus:** Continuous product quality improvements, innovations, and feature enhancements.
- **Risk:** Leads to **Marketing Myopia** (focusing on the product itself rather than the underlying customer need).

3. Selling Concept

- **Focus:** Pushing existing inventory using high-pressure sales tactics, advertising, and trade discounts.
- **Risk:** High buyer dissatisfaction; assumes dissatisfied customers won't spread negative word-of-mouth.

4. Marketing Concept

- **Focus:** Identifying target market needs and delivering desired satisfactions more efficiently than competitors.
- **Pillars:** Target Market $\rightarrow$ Customer Needs $\rightarrow$ Integrated Marketing $\rightarrow$ Profitability via Satisfaction.

5. Societal Marketing Concept

- **Focus:** Balancing three core factors in corporate decision-making:

Industry Example: Evolution in the Indian Automobile Industry

- **Production Concept Era (1980s):** Premier Padmini & Ambassador dominated due to limited supply and high waiting periods.
- **Product Concept Era (1990s):** Introduction of Maruti 800 focusing on engineering quality and fuel efficiency.
- **Selling Concept Era (2000s):** Dealers aggressive on discounts, push tactics, and festive schemes.
- **Marketing Concept Era (2010s):** Customization, specialized SUVs, hatchbacks tailored for Indian roads.
- **Societal Concept Era (Present):** Tata Motors focusing on Electric Vehicles (EVs) like Nexon EV to address environmental sustainability, emissions, and rising fuel costs.