MARKETING

Marketing is the process associated with promoting for sale goods or services. It is considered a "social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and values with others." It is an integrated process through which companies create value for customers and build strong customer relationships in order to capture value from customers in return.

Marketing is used to create the customer, to keep the customer and to satisfy the customer. With the customer as the focus of its activities, it can be concluded that marketing management is one of the major components of business management. The evolution of marketing was caused due to mature markets and overcapacities in the last decades. Companies then shifted the focus from production more to the customer in order to stay profitable.

The term marketing concept holds that achieving organisational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions. It proposes that in order to satisfy its organizational objectives, an organization should anticipate the needs and wants of consumers and satisfy these more effectively than competitors.

Further definitions

Marketing is defined by the American Marketing Association [AMA] 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.” The term developed from the original meaning which referred literally to going to a market to buy or sell goods or services. Seen from a systems point of view, sales process engineering views marketing as "a set of processes that are interconnected and interdependent with other functions, whose methods can be improved using a variety of relatively new approaches."

The Chartered Institute of Marketing defines marketing as "the management process responsible for identifying, anticipating and satisfying customer requirements profitably.“ A different concept is the value-based marketing which states the role of marketing to contribute to increasing shareholder value. In this context, marketing is defined as "the management process that seeks to maximise returns to shareholders by developing relationships with valued customers and creating a competitive advantage.“

Marketing practice tended to be seen as a creative industry in the past, which included advertising, distribution and selling. However, because the academic study of marketing makes extensive use of social sciences, psychology, sociology, mathematics, economics, anthropology and neuroscience, the profession is now widely recognized as a science, allowing numerous universities to offer Master-of-Science (MSc) programmes. The overall process starts with marketing research and goes through market segmentation, business planning and execution, ending with pre and post-sales promotional activities. It is also related to many of the creative arts. The marketing literature is also adept at re-inventing itself and its vocabulary according to the times and the culture.

Marketing orientations

An orientation, in the marketing context, relates to a perception or attitude a firm holds towards its product or service, essentially concerning consumers and end-users.

Earlier approaches

History of marketing

The marketing orientation evolved from earlier orientations namely the production orientation, the product orientation and the selling orientation.

Orientation	*Profit driver*	*Western European timeframe*	*Description*
Production[7]	Production methods	until the 1950s	A firm focusing on a production orientation specializes in producing as much as possible of a given product or service. Thus, this signifies a firm exploiting economies of scale, until the minimum efficient scale is reached. A production orientation may be deployed when a high demand for a product or service exists, coupled with a good certainty that consumer tastes do not rapidly alter (similar to the sales orientation).
Product[7]	Quality of the product	until the 1960s	A firm employing a product orientation is chiefly concerned with the quality of its own product. A firm would also assume that as long as its product was of a high standard, people would buy and consume the product.
Selling[7]	Selling methods	1950s and 1960s	A firm using a sales orientation focuses primarily on the selling/promotion of a particular product, and not determining new consumer desires as such. Consequently, this entails simply selling an already existing product, and using promotion techniques to attain the highest sales possible. Such an orientation may suit scenarios in which a firm holds dead stock, or otherwise sells a product that is in high demand, with little likelihood of changes in consumer tastes diminishing demand.
Marketing[7]	Needs and wants of customers	1970 to present day	The *marketing orientation* is perhaps the most common orientation used in contemporary marketing. It involves a firm essentially basing its marketing plans around the marketing concept, and thus supplying products to suit new consumer tastes. As an example, a firm would employ market research to gauge consumer desires, use R&D to develop a product attuned to the revealed information, and then utilize promotion techniques to ensure persons know the product exists.

Product Innovation

In a product innovation approach, the company pursues product innovation, then tries to develop a market for the product. Product innovation drives the process and marketing research is conducted primarily to ensure that profitable market segment(s) exist for the innovation. The rationale is that customers may not know what options will be available to them in the future so we should not expect them to tell us what they will buy in the future. However, marketers can aggressively over-pursue product innovation and try to overcapitalize on a niche. When pursuing a product innovation approach, marketers must ensure that they have a varied and multi-tiered approach to product innovation. It is claimed that if Thomas Edison depended on marketing research he would have produced larger candles rather than inventing light bulbs. Many firms, such as research and development focused companies, successfully focus on product innovation. Many purists doubt whether this is really a form of marketing orientation at all, because of the ex post status of consumer research. Some even question whether it is marketing.

Contemporary approaches

Recent approaches in marketing is the relationship marketing with focus on the customer, the business marketing or industrial marketing with focus on an organization or institution and the social marketing with focus on benefits to the society. New forms of marketing also uses the internet and are therefore called internet marketing or more generally e-marketing, online marketing, desktop advertising or affiliate marketing. It tries to perfect the segmentation strategy used in traditional marketing. It targets its audience more precisely, and is sometimes called personalized marketing or one-to-one marketing.

Orientation	*Profit driver*	*Western European timeframe*	*Description*
Relationship marketing / Relationship management[8]	Building and keeping good customer relations	1960s to present day	Emphasis is placed on the whole relationship between suppliers and customers. The aim is to give the best possible attention, customer services and therefore build customer loyalty.
Business marketing / Industrial marketing	Building and keeping relationships between organizations	1980s to present day	In this context marketing takes place between businesses or organizations. The product focus lies on industrial goods or capital goods than consumer products or end products. A different form of marketing activities like promotion, advertising and communication to the customer is used.
Social marketing[8]	Benefit to society	1990s to present day	Similar characteristics as marketing orientation but with the added proviso that there will be a curtailment on any harmful activities to society, in either product, production, or selling methods.

Customer orientation

A firm in the market economy survives by producing goods that persons are willing and able to buy. Consequently, ascertaining consumer demand is vital for a firm's future viability and even existence as a going concern. Many companies today have a customer focus (or market orientation). This implies that the company focuses its activities and products on consumer demands. Generally there are three ways of doing this: the customer-driven approach, the sense of identifying market changes and the product innovation approach.

In the consumer-driven approach, consumer wants are the drivers of all strategic marketing decisions. No strategy is pursued until it passes the test of consumer research. Every aspect of a market offering, including the nature of the product itself, is driven by the needs of potential consumers. The starting point is always the consumer. The rationale for this approach is that there is no point spending R&D funds developing products that people will not buy. History attests to many products that were commercial failures in spite of being technological breakthroughs.

A formal approach to this customer-focused marketing is known as SIVA (Solution, Information, Value, Access). This system is basically the four Ps renamed and reworded to provide a customer focus. The SIVA Model provides a demand/customer centric version alternative to the well-known 4Ps supply side model (product, price, place, promotion) of marketing management.

Product	→	Solution
Promotion	→	Information
Price	→	Value
Placement	→	Access

Organizational orientation

In this sense, a firm's marketing department is often seen as of prime importance within the functional level of an organization. Information from an organization's marketing department would be used to guide the actions of other departments within the firm. As an example, a marketing department could ascertain (via marketing research) that consumers desired a new type of product, or a new usage for an existing product. With this in mind, the marketing department would inform the R&D department to create a prototype of a product/service based on consumers' new desires.

The production department would then start to manufacture the product, while the marketing department would focus on the promotion, distribution, pricing, etc. of the product. Additionally, a firm's finance department would be consulted, with respect to securing appropriate funding for the development, production and promotion of the product. Inter-departmental conflicts may occur, should a firm adhere to the marketing orientation. Production may oppose the installation, support and servicing of new capital stock, which may be needed to manufacture a new product. Finance may oppose the required capital expenditure, since it could undermine a healthy cash flow for the organization.

Mutually beneficial exchange

A further marketing orientation is the focus on a mutually beneficial exchange. In a transaction in the market economy, a firm gains revenue, which thus leads to more profits/market share/sales. A consumer on the other hand gains the satisfaction of a need/want, utility, reliability and value for money from the purchase of a product or service. As no one has to buy goods from any one supplier in the market economy, firms must entice consumers to buy goods with contemporary marketing ideals.

Further orientations

- An emerging area of study and practice concerns internal marketing, or how employees are trained and managed to deliver the brand in a way that positively impacts the acquisition and retention of customers, see also employer branding.

- Diffusion of innovations research explores how and why people adopt new products, services and ideas.

- With consumers' eroding attention span and willingness to give time to advertising messages, marketers are turning to forms of permission marketing such as branded content, custom media and reality marketing.

Marketing research

Marketing research involves conducting research to support marketing activities, and the statistical interpretation of data into information. This information is then used by managers to plan marketing activities, gauge the nature of a firm's marketing environment and attain information from suppliers. Marketing researchers use statistical methods such as quantitative research, qualitative research, hypothesis tests, Chi-squared tests, linear regression, correlations, frequency distributions, poisson distributions, binomial distributions, etc. to interpret their findings and convert data into information. The marketing research process spans a number of stages including the definition of a problem, development of a research plan, collecting and interpretation of data and disseminating information formally in form of a report. The task of marketing research is to provide management with relevant, accurate, reliable, valid, and current information.

A distinction should be made between marketing research and market research. Market research pertains to research in a given market. As an example, a firm may conduct research in a target market, after selecting a suitable market segment. In contrast, marketing research relates to all research conducted within marketing. Thus, market research is a subset of marketing research.

Marketing environment

The term marketing environment relates to all of the factors (whether internal, external, direct or indirect) that affect a firm's marketing decision-making or planning and is subject of the marketing research. A firm's marketing environment consists of two main areas, which are:

Macro environment

On the macro environment a firm holds only little control. It consists of a variety of external factors that manifest on a large (or macro) scale. These are typically economic, social, political or technological phenomena. A common method of assessing a firm's macro-environment is via a PESTLE (Political, Economic, Social, Technological, Legal, Ecological) analysis. Within a PESTLE analysis, a firm would analyze national political issues, culture and climate, key macroeconomic conditions, health and indicators (such as economic growth, inflation, unemployment, etc.), social trends/attitudes, and the nature of technology's impact on its society and the business processes within the society.

Micro environment

A firm holds a greater amount (though not necessarily total) control of the micro environment. It comprises factors pertinent to the firm itself, or stakeholders closely connected with the firm or company. A firm's micro environment typically spans:

- Customers/consumers
- Employees
- Suppliers
- The Media

By contrast to the macro environment, an organization holds a greater degree of control over these factors.

Market segmentation

Market segmentation pertains to the division of a market of consumers into persons with similar needs and wants. As an example, if using Kellogg's cereals in this instance, Frosties are marketed to children. Crunchy Nut Cornflakes are marketed to adults. Both goods aforementioned denote two products which are marketed to two distinct groups of persons, both with like needs, traits, and wants.

The purpose for market segmentation is conducted for two main issues. First, a segmentation allows a better allocation of a firm's finite resources. A firm only possesses a certain amount of resources. Accordingly, it must make choices (and appreciate the related costs) in servicing specific groups of consumers. Furthermore the diversified tastes of the contemporary Western consumers can be served better. With more diversity in the tastes of modern consumers, firms are taking noting the benefit of servicing a multiplicity of new markets.

Market segmentation can be defined in terms of the STP acronym, meaning Segment, Target and Position.

Segment

Segmentation involves the initial splitting up of consumers into persons of like needs/wants/tastes. Four commonly used criteria are used for segmentation, which include:

- Geographical (e.g. country, region, city, town, etc.)
- Psychographic (i.e. personality traits or character traits which influence consumer behaviour)
- Demographic (e.g. age, gender, socio-economic class, etc.)
- Behavioural (e.g. brand loyalty, usage rate, etc.)

__Target__

Once a segment has been identified, a firm must ascertain whether the segment is beneficial for them to service. The DAMP acronym, meaning Discernible, Accessible, Measurable and Profitable, are used as criteria to gauge the viability of a target market. DAMP is explained in further detail below:

- Discernable - How a segment can be differentiated from other segments.
- Accessible - How a segment can be accessed via Marketing Communications produced by a firm.
- Measurable - Can the segment be quantified and its size determined?
- Profitable - Can a sufficient return on investment be attained from a segment's servicing?

The next step in the targeting process is the level of differentiation involved in a segment serving. Three modes of differentiation exist, which are commonly applied by firms. These are:

- Undifferentiated - Where a company produces a like product for all of a market segment.
- Differentiated - In which a firm produced slight modifications of a product within a segment.
- Niche - In which an organisation forges a product to satisfy a specialised target market.

__Position__

Positioning concerns how to position a product in the minds of consumers. A firm often performs this by producing a perceptual map, which denotes products produced in its industry according to how consumers perceive their price and quality. From a product's placing on the map, a firm would tailor its marketing communications to suit meld with the product's perception among consumers.

Marketing information system

A marketing information system (MKIS) is an information system that is commonly used by marketing management to analyse and view information pertaining to marketing activities. As the label suggests, an MKIS is a computer-based information system therefore used to input, store, process and output marketing information.[14] An MKIS spans four subset components, which are detailed below:

Marketing intelligence system

This sub-system stores information gathered from a firm's marketing intelligence activities. Marketing intelligence consists of actions a firm would undertake within its own market or industry, geared towards information existing within its markets. This can be obtained via communication with suppliers, consumers or other bodies within a market.

Internal processes system

The internal processes system catalogues all internal marketing processes within a firm.

Marketing research system

This section of the overall system contains data from a firm's marketing research activities.

Analytical system

The analytical system is the only sub-system which does not store data or information. It's function is to analyse and process data from the other three systems, into reliable, timely and relevant information for the perusal and use of marketing management.

Marketing communications

Marketing communications is defined by actions a firm takes to communicate with end-users, consumers and external parties. A simple definition of marketing communication is "the means by which a supplier of goods, services, values and/or ideas represent themselves to their target audience with the goal of stimulating dialog leading to better commercial or other relationships". Marcoms is a frequently used short-form for marketing communications. Marketing communications can be seen as a part of the promotional mix,[citation needed] as the exact nature of how to apply marketing communications depends on the nature of the product in question. Accordingly, a given product would require a unique communications mix, in order to convey successfully information to consumers. Some products may require a stronger emphasis on personal sales, while others may need more focus on advertising.

The process in which the differing modes of marketing communications are complemented and synthesised is called integrated marketing communications (IMC). It is used in order to create a single and coherent marketing communications process. As an example, a firm can advertise the existence of a sales promotion, via a newspaper, magazine, TV, radio, etc. The same promotion can also be communicated via direct marketing, or personal selling. The aim of IMC is to lessen confusion among a product's target market, and to lessen cost for the firm. Several different subsets of marketing communications can be distinguished.

<u>Personal selling</u>

Oral presentation given by a salesperson who approaches individuals or a group of potential customers. Personal selling is often used in business to business (,i.e. "B2B") settings, in addition to business to consumer (,i.e. "B2C") scenarios in which a personal and face to face medium is required for the communication of the product. In B2B situations, personal selling is preferred if the product is technical in nature. Personal selling can compose of the use of presentations, in order to convey the benefits of a firm's good/service. In B2C settings, personal selling is utilised if the product requires to be tailored to the unique needs of an individual. Examples of this include car (and other vehicle) sales, financial services (such as insurance or investment), etc. Personal selling involves the following points:

- Live, interactive relationship
- Personal interest
- Attention and response
- Interesting presentation
- Clear and thorough.

Sales promotion

Short-term incentives to encourage buying of products.

- Instant appeal
- Anxiety to sell

An example is coupons or a sale. People are given an incentive to buy, but this does not build customer loyalty or encourage future repeat buys. A major drawback of sales promotion is that it is easily copied by competition. It cannot be used as a sustainable source of differentiation. Sales promotions are typically used to heighten sales/revenue, especially if a firm holds dead/excess stock, or if the market for a product has matured.

Public relations

Public Relations (or PR, as an acronym) is the use of media tools by a firm in order to promote goodwill from an organization to a target market segment, or other consumers of a firm's good/service. PR stems from the fact that a firm cannot seek to antagonize or inflame its market base, due to incurring a lessened demand for its good/service. Organizations undertake PR in order to assure consumers, and to forestall negative perceptions towards it. PR can span:

Interviews

Speeches/Presentations

Corporate literature, such as financial statements, brochures, etc.

Publicity

Publicity involves attaining space in media, without having to pay directly for such coverage. As an example, an organization may have the launch of a new product covered by a newspaper or TV news segment. This benefits the firm in question since it is making consumers aware of its product, without necessarily paying a newspaper or television station to cover the event.

Advertising

Advertising occurs when a firm directly pays a media channel to publicize its product. Common examples of this include TV and radio adverts, billboards, branding, sponsorship, etc.

Direct marketing

Direct marketing is a process where a firm uses communication channels to attain and retain consumers for its product. It is a comparatively new mode of marketing communications (when compared with forms such as advertising, sales promotions, personal selling, etc.) Direct marketing involves carefully seeking out persons within a target market, and communicating to them about the nature of a product. This process is signified by brochures sent via the mail, e-mails from companies, etc. It can also constitute the use of telemarketing, in order to communicate with a target market.

Marketing strategy

The field of marketing strategy encompasses the strategy involved in the management of a given product.

A given firm may hold numerous products in the marketplace, spanning numerous and sometimes wholly unrelated industries. Accordingly, a plan is required in order to manage effectively such products. Such decisions consist of the following decisions:

- *Should we (,i.e. the firm) enter a market/industry?*
- *Should we increase funding for our product(s)?*
- *Should we maintain funding for our product(s)?*
- *Should we divest or cease production of our product(s)?*

Evidently, a company needs to weigh up and ascertain how to utilise effectively its finite resources. As an example, a start-up car manufacturing firm would face little success, should it attempt to rival immediately Toyota, Ford, Nissan or any other large global car maker. Moreover, a product may be reaching the end of its life-cycle. Thus, the issue of divest, or a ceasing of production may be made. With regard to the aforesaid questions, each scenario requires a unique marketing strategy to be employed. Below are listed some prominent marketing strategy models, which seek to propose means to answer the preceding questions.

Ansoff Matrix

The Ansoff Matrix was devised by Igor Ansoff, a Russian-born American pioneer of strategic planning.

Ansoff proposed his Matrix, as a means of identifying how a firm should market its product in differing scenarios. The labels are listed below:

X-axis

- Existing markets
- Existing products

Y-axis

- New markets
- New products

Four quadrants can then be determined, which are:

- Market penetration
- Diversification
- Market development
- Product Development

Each aforesaid category provides a unique marketing scenario, in which Ansoff denoted a given strategy.

Technology and marketing

Marketing management can also note the importance of technology, within the scope of its marketing efforts. The utilisation of technology can span the following points:

Enhanced marketing research practices

Computer-based information systems can be employed, aiding in a better processing and storage of data. Marketing researchers can use such systems to devise better methods of converting data into information, and for the creation of enhanced data gathering methods.

Support for a firm's MKIS (Marketing Information System)

The four elements of a firm's MKIS can be further developed via technology. Information technology can aid in improving an MKIS' software and hardware components, to improve a company's marketing decision-making process.

A greater demand for technologically developed products

In recent years, the netbook personal computer has gained significant market share among laptops, largely due to its more user-friendly size and portability. Information technology typically progress at a fast rate, leading to marketing managers being cognizant of the latest technological developments. Moreover, the launch of smartphones into the cellphone market is commonly derived from a demand among consumers for more technologically advanced products. A firm can lose out to competitors, should it refrain from noting the latest technological occurrences in its industry.

The global nature of technology

Technological advancements can facilitate lesser barriers between countries and regions. Via using the World Wide Web, firms can quickly dispatch information from one country to another, without much restriction. Prior to the mass usage of the Internet, such transfers of information would have taken longer to send, especially if via snail mail, telex, etc.

Green marketing

Green marketing can be defined as the marketing of products which are environmentally sound[24]. The notion of green marketing is a comparatively new one within general marketing thought, as it has chiefly grown in acceptance since the 1990s. Nonetheless, as a contemporary branch of marketing thought, it can be seen as one of the fastest growing areas of marketing principles.

The rationale for the devising and emergence of green marketing is thus:

- ✔ A higher quantity of persons willing and able to buy green products.
- ✔ Heightened awareness among consumers, concerning the potentially negative aspects of global climate change.

Green marketers thus target persons who are more environmentally conscious. The segmentation and market research processes of numerous firms denote that the target market for green products has grown widely in numerous years. Accordingly, green marketers are willing to supply what persons are willing and able to buy.

It can also be stated that green products are often more expensive than "non-green" products, due perhaps to higher production costs. Nevertheless, green consumers are typically willing to pay higher prices, as a means of doing their part to safeguard the environment of the planet Earth.

Some drawbacks of green marketing are thus:

- ✔ The ideal of "green washing"
- ✔ Disputes and contention surrounding the exact meaning of a green product

Green washing pertains to when a firm misleadingly produces a product, with ostensible green characteristics, which is not actually environmentally sound. In addition to evident ethical issues concerning deceit, such conduct can undermine an organisation's drive to be deemed a "green" company. Accordingly, a firm must be sincere in its efforts to be environmentally sound, regarding its environmental practices and policies.

Moreover, the extent and nature of a green product can be a moot point. To some, a product must be wholly green to be viewed as green. To others, a product may only possess a reduction in environmentally harmful inputs to be worthy of being labelled green. Nonetheless, a firm can enhance its green marketing efforts if it persuades consumers that the purchase of green products can enhance environmental protection.

by Malashenok E.I.

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