

1. INTRODUCTION TO MARKETING

Contents

Introduction, Meaning and Definition, Features or Nature of Marketing, Scope, Importance, Core Concepts, Traditional & Modern Concepts, Modern Concepts, Summary, Exercise

What is marketing?

Marketing is an important management function. It includes all those business activities involved in the flow of goods and services from the point production to the points of consumption. Some of the important definitions of marketing are :

(1) According to Tousley Clerk and Clerk :

“Marketing consists of those efforts which affect transfer of ownership of goods and services and which provide for their physical distribution.”

(2) In the words of Converse, Hugesy and Mitchell:

“Marketing includes all activities involved in the creation of place, time and possession utilities.”

(3) According to Paul Mazur:

“Marketing is the delivery of a standard of living to Society.”

(4) Institute of Marketing U.K. :

“Marketing is the management function, which organizes and directs all those business activities involved in assessing and converting customer purchasing power into effective demand for a specific product or service and moving the product or service to final consumer or user so as to achieve the profit target or other objectives set by a company.”

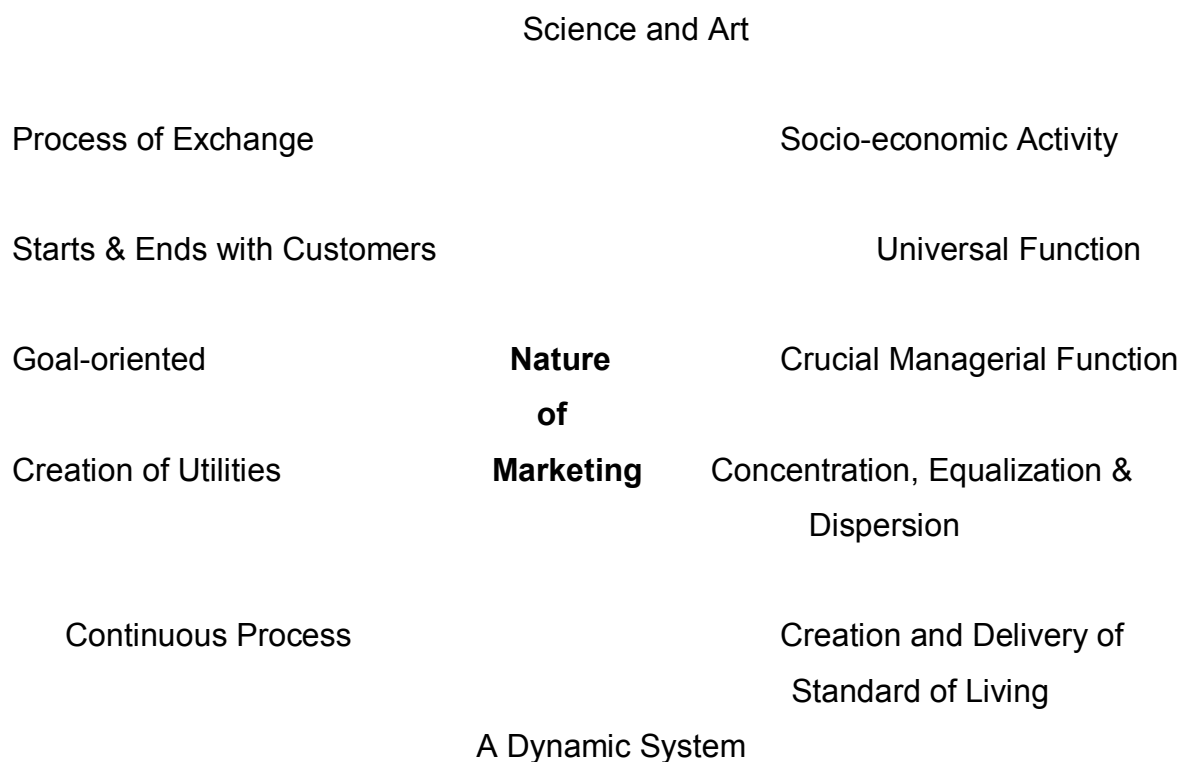
Thus, marketing is a phase of business activity through which human wants are satisfied by the exchange of goods and services for some valuable consideration. It is an integrated system of activities that creates value in goods by providing those goods to the consumers in proper form at proper place and proper time. It includes all such

activities. Which are essential in the movement of goods from the point of production to the points of consumption.

Nature of Marketing:

The nature of marketing can be understood by the study of following characteristics of marketing:

- (1) Marketing is a process of exchange:** Marketing is a process of exchange of goods and services between buyers and sellers. Selling organizations transfer the ownership in goods to buyer in return for the purchase price paid by the buyers. Even market information is exchanged between buyers and sellers.



(2) Marketing starts and ends with customers: All the activities of marketing are aimed at earning the profits through satisfaction of consumer needs in the most effective and efficient manner. Hence, consumer is at the focal point (dsanzfcanw) of the marketing process. Efforts are made to understand consumer behaviour, his needs, wants, tastes, fashions, likes and dislikes and product and policies of business are framed in order to ensure maximum satisfaction of consumers. This helps business to maximize its profits through satisfaction of consumer needs.

(3) Marketing is good oriented process: Increase in sales volume, increase in profit and expansion of business are the main goals of every organisation. Marketing process enables the organisation to attain these goals through maximisation of consumer satisfaction. Therefore, marketing is a goal oriented process.

(4) Marketing involves creation of utilities: Marketing creates value in goods by making them available to consumers at proper time and proper place and through proper person. Thus, it creates time, place and possession utility. Time utility is created if the goods are provided at a time when they are needed. Place utility is created by making the goods at a place where they are needed. Utility of possession is created when the goods are made available to proper person.

(5) Marketing is a continuous process: Marketing can also be viewed as a continuous process involving various function to be performed in a sequence. These functions are analysing marketing opportunities, conducting a research to select target markets, designing marketing strategies, planning marketing programs, organising, implementing and controlling marketing efforts. This process should be flexible. It is influenced by various environmental factors.

(6) Marketing is a dynamic system: Marketing can also be viewed as an ongoing or dynamic system involving a set interacting and interrelated activities of various organisations to reach the customers. It receives inputs from the business environment in the form of valuable market information. Using this information, the business organisations supply the desired goods and services to the society to satisfy the consumer needs and thereby they earn profit.

(7) Marketing is a creation and delivery of standard of living: The standard of living of people in a society is determined by the quality and quantity of goods and services

used by them. When we say that the standard of living of people in U.S.A. is better than that of people in India, we mean that an average American uses better quality goods and services in abundant quantity. The marketing process creates a desire and need for such better quality goods and services among the potential customers and arranges to provide those in the effective and efficient manner - in order to provide those in the effective and efficient manner - in order to satisfy them. Thus marketing is instrumental in creation and delivery of standard of living of the people where it operates.

(8) Marketing involves concentration, equalisation and dispersion: Marketing process is concerned with continuous flow of goods from production point to the points of ultimate consumption. It involves three phases in a sequence, namely (i) Concentration, (ii) Equalisation and (iii) Dispersion.



Fig. 1.2

Concentration refers to the collection or assembling of goods at a central point from different producers, manufactures, traders. The need of concentration arises due to

heterogeneity of manufacturers. Small scale of production of some firms, farmers, artisans and diverse needs of consumers.

Equalisation consists of adjustment of supply to demand on the basis of time, quality and quantity. It takes place through marketing functions of buying and selling, transportation, storage, warehousing, standardisation and grading. Equalisation process becomes essential because of seasonal productions, but seasonal consumption, differing quantity needs of consumers and brand variation of manufacturers to suit the needs of consumers.

Dispersion refers to the distribution of goods from the central points to places of consumption through proper distribution channel. The need of dispersal arises due to large number of buyers scattered over large area and need of continual flow of goods to the places of buyers.

(9) Marketing is a crucial managerial function: Marketing is an important function of management of modern business. Production, finance, marketing, human resource development are considered to be the main functions of management. However, the success of other functions is governed by the success in marketing function. Hence, marketing is a crucial of all managerial functions.

(10) Marketing is a universal function: Marketing is the essential function of all kinds of organization irrespective of their size, nature and place. Commercial organizations use it for creation of demand for their goods and services so as to maximize the profit. Even the governmental and noncommercial organizations like educational institutions, charitable trusts, clubs and associations use the marketing function to improve the efficiency of their operation.

(11) Marketing is a socio-economic activity: According to some experts like **Philip Kotler, Fieldman L.P.** and **R.R.Gist**, marketing is a socio-economic activity. It is a philosophy, media of raising the standard of living, a means of sub-serving the social goals and tool to bring about prosperity through speedier economic development. It creates and satisfies demand, brings boom in market, provides wide range of goods and services to people, generates employment, develops trade, industry, commerce and agriculture of a nation.

(12) Other features of marketing: In the past, Marketing was considered as a business function concerned with getting the goods and services into the hands of customers. But today, marketing is much more than this. It is considered as a science as well as an art. It is a function integrating various marketing activities aimed at provision of goods and services to consumers with utmost efficiency. It is a dynamic activity and an economic process.

Scope of Marketing

Scope of marketing can be discussed under the following captions.

(1) Change in the marketing concept: Traditionally, marketing was treated as a distributive activity aimed at pushing the product to consumer with the object of maximizing profit. However, this concept of marketing has changed in the recent years. According to the modern concept, marketing is a comprehensive activity focused on consumer satisfaction. It tries to (i) study consumer behavior, (ii) identify consumer needs, likes and dislikes, (iii) design and improve the products and policies of the organization so as to match their needs, (iv) sell and distribute the goods and services to consumers, (v) provide the after-sale services, if any, (vi) ensure their total satisfaction, and (vii) derive the profit there-from. As a result of this change in the concept, the functions of marketing have increased largely.

(2) Expansion of markets: Increase in the scale of production due to development in the technology, in transport and telecommunication and liberal trade policy of different nations have led to the expansion of markets from local level to global level. Several multinational companies have entered the markets of developing countries. Every nation is striving to increase its share in international trade. This has led to the expansion of markets, widening the scope of marketing activities.

(3) Growth in marketing activities: With the change in the marketing concept and geographical expansion of markets, there has been enormous increase in the scope of marketing. The role of ever increasing intermediaries in the marketing field is becoming more significant. Such intermediaries are traders, agents, transporters, warehouses, banks and insurance companies. Marketing operations have become diverse and complex. They are backed by market and marketing research.

(4) Outsourcing of marketing operations: In the recent years, the trend of outsourcing of several marketing operations has been emerging. Several companies are outsourcing most of their marketing processes such as customer care, market research, advertising and publicity, etc. This helps the companies to concentrate well on their core activities and make optimum utilisation of resources. It also helps them to avail the expert marketing services of specialist organisations at competitive rates.

Marketing Functions

Modern marketing is considered to be a wide term that includes several important business functions. The functions covered by the marketing system can be classified as under:

Marketing Functions		
Physical Movement Functions	Ownership Transfer Functions	Market Management Functions
(1) Transportation	(1) Analysis of demand	(1) Framing policies
(2) Storage	(2) Creation of demand	(2) Financing
(3) Packing	(3) Market segmentation	(3) Organising
(4) Distribution	(4) Buying & Selling	(4) Control
(5) Grading & Branding	(5) Advertising	(5) Accounting
(6) Collection of orders	(6) Market information	(6) Market research
		(7) Risk taking

Importance of Marketing

The concept of marketing existed even in ancient times. But, as a discipline of management, its origin is recent one. With the development of new methods of production after industrial revolution and with the growing competition in the post-world war era and the recent process of globalisation, marketing is considered as the most important function among the other functions of business. It is obvious that the success of production, finance, human resource development and other functions of modern business depend upon successful performance of marketing function.

According to **Peter Drucker**, an eminent management consultant and scholar, *the neglect of marketing is one of the main factors, which keeps an economy under-developed*. He argues that, *“Marketing by itself might go far towards changing the entire*

economic tone of the existing system without any change in the methods of production, distribution of population or of income.” The importance of marketing in the present days can be described as under.

Importance of Marketing		
For Business	For Consumers	For Economy & Society
(1) Increased Turnover & Profit	(1) Provision of goods & services	(1) Creation of employment
(2) Expansion of markets	(2) Wide range of goods	(2) Stimulation to Production
(3) Achieving goals	(3) Continuous, adequate & timely supply	(3) Reduction in cost
(4) Success in competition	(4) Quality goods at low price	(4) Standard of living
(5) Enhancement of goodwill	(5) Standard of living	(5) Economic development
(6) Stability and development	(6) Consumer education	
(7) Market information		
(8) Production in anticipation		
(9) Facilitates large production		

(I) Importance of Marketing to the Business Firm

Following benefits are enjoyed by individual business firms through efficient marketing:

(1) Increased Turnover and Profit: The major concern of the top management of every business firm is to increase the turnover, improve the market share and enhance the return on investment in the business. Efficient marketing function enables the top management to fulfill these responsibilities.

(2) Expansion of Markets: Efficient marketing converts latent demand into effective demand. It tries to understand consumer needs and behaviour and improves its products and policies to suit the requirements of customers. As a result, there is intensive and extensive coverage of market and expansion of markets from local to national and international.

(3) Achievement of Business Goals: Maximisation of profit and wealth through increased turnover, expansion of market, maximisation of consumer satisfaction are the goals of every business. Marketing serves as an effective tool for the accomplishment of these business goals.

(4) Success in Competition: For the success in the cut-throat global competition in the modern market, it becomes essential for the business to perform its marketing activities in the most scientific manner. There is a need to analyse marketing opportunities, conducting research to select target markets, adopt proper marketing strategies and planning, organizing as well as controlling of marketing activities.

(5) Enhancement of Goodwill: Efficient marketing enables the business to identify and cater the needs of its customers. It does the extensive coverage of markets and enhances the goodwill of business and develops customer loyalty.

(6) Stability and Development: Performance of marketing function enables the business to analyse market conditions, adopt proper marketing strategies and policies, withstand the competition, broadening consumer base and stabilising as well as developing business.

(7) Provision of market information: Research function of marketing provides valuable information about various trends in the market and business environment. This enables the top management of business to make rational decisions and policies to improve the efficiency and performance of business.

(8) Production in anticipation of demand: Before industrial revolution, the production was done by rural artisans on small scale as per the orders from the customers. However, with the advancement of technology after industrial revolution, the huge production is done in large factories in anticipation of demand. To clear up this production and to keep the wheels of industry rotating, modern business should be backed up by efficient marketing wing.

(9) Facilitates large scale production: Revolution in technology has enabled the large scale production of various goods and services by modern business houses. Efficient marketing facilitates such large scale production by creating, maintaining and expanding market demand for it. Such large scale production brings several economies to business.

(II) Importance of Marketing to Customers

(1) Provision of goods and services: Marketing brings new varieties of useful and quality goods and services to the consumers scattered over wide geographical area. Consumers can enjoy different goods and services produced across the world or different parts of his own country. For example, tea from Assam, apples from Kashmir, cloth from Gujarat, computers from USA, cars from Germany, a cycle from China and so on.

(2) Wide range of goods and services: A well-developed marketing system makes different varieties of each kind of commodity or service to customers. Consumer can have a choice from the wide range of goods in different sizes, colours and other specifications. He can use and enjoy different varieties for a change and derive maximum satisfaction from them. For example, cars of different models are available from car manufacturing companies, such as Maruti-800, Alto, Wagnar, Zen, Omni, Suzuki, Santro, Santro-Zing, Honda City, Scorpio, Tata-Safari, Indica, Opal Astra, Esteem, Ascent, Sonata, Benz, Mercedes, etc. In the same way, tooth paste, shampoos, two-wheelers, soaps and detergents, etc. are available in wide range.

(3) Continuous, adequate and timely supply: A well-developed marketing system makes uninterrupted, adequate and timely supply of goods and services to satisfy consumer needs.

(4) Quality goods at low price: Development in marketing results in competition. Each firm tries to identify the exact needs of consumers and fulfill them through the supply of quality goods at competitive price. As a result, consumers are benefitted. In absence of the development in marketing. Consumers in remote areas would have suffered lots of hardship in obtaining these goods and services.

(5) Improvement in the standard of living: Marketing helps to achieve, maintain and raise the standard of living of the community Marketing provides a wide range of

quality goods and services to consumers in continuous manner and improves their standard of living. That is why, **Prof. Malcolm McNair** rightly says, *“Marketing is the creation and delivery of standard of living to society.”*

(6) Consumer education: Marketing provides useful information about the features, utility, instruction for use, repair and maintenance of goods and services to consumers. This educates the consumer and adds to their knowledge.

(III) Importance of Marketing to Economy

(1) Creation of employment: Marketing generates gainful employment opportunities. Effective and continuous employment in production of goods depends upon equally continuous marketing of the product. Development of marketing leads to the development in the fields of trade, communication, transport, advertising, publicity, banking and insurance. Large employment opportunities are created in all these areas.

(2) Stimulation to production: Marketing converts latent demand into effective demand and produces variety of goods and services to fulfill the growing demand. This stimulates the production and accelerates the capital formation in the economy.

(3) Reduction in cost: Development in marketing leads to expansion of markets and large scale production. It results in a lower cost of production and distribution, lower prices to consumers and final benefit to the society.

(4) Improvement in the standard of living: Marketing system of a nation provides a wide range of goods and services to the people in adequate quantities. It stimulates production and improves the quality of production. It converts production and purchasing power into consumption. That is why Prof. Malcolm McNair rightly says, *“Marketing is the creating and delivery of standard of living to the society.”*

(5) Accelerates economic development: Ordinarily, there cannot be high level of economic activity without a highly developed marketing system. Marketing system provides channels of ideas information producers the specific needs and preferences of consumers. It also informs consumers about the products that are offered by the manufacturers. It also makes the goods produced by the producers to the consumers at right time and right place whenever they are needed. Thus, marketing helps to maintain and develop the economic activities.

Hence, **Peter Drucker** rightly remarks, “*Marketing can convert latent demand into effective demand it cannot by itself, create purchasing power. But it can uncover and channel all purchasing power that exists. It can, therefore, create rapidly the conditions for a much higher level of economic activity than existed before, can create the opportunities for entrepreneur. It then can create the stimulus for the development of modern, responsible professional management by creating opportunity for the producer, who knows how to plan, how to organise, how to lead people and how to innovate.*”

Marketing Core Concepts

Marketing is human activity directed at satisfying needs and wants through exchange. For proper understanding of marketing, we should have a perfect knowledge of certain core concepts of marketing, such as needs, wants, demand, value, satisfaction, exchange and transactions. These core concepts can be explained as under:

(A) Needs: According to the modern philosophy, human needs and wants is the starting point of marketing efforts. Mankind needs food, air, water, clothing and shelter for the survival. In addition to these primary needs, he also has the needs of recreation, education, medicines and several other goods and services.

According to **Philip Kotler**, a *need is a state of felt deprivation of some generic satisfaction arising out of human condition*. Thus, a need is physiological or psychological requirement. It stimulates the individual to behave in a particular way for its satisfaction. These needs exist in the very texture of human biology and human condition. They are influenced by social and cultural norm. According to **Abraham Maslow**, an eminent American psychologist, human needs can be classified as - (i) *Physiological needs* : such as food, water, air, clothing, shelter, sleep and sex arising out of biology of life. (ii) *Security needs* : for physical security, economic security and social security, (iii) *Social needs* : arising out of need of companionship such as need for love and affection, (iv) *Esteem needs* : such as social status and self-respect and (v) *Self Actualization needs* : such as need for knowledge and self-expression and exploring of potential. Marketers do not create needs; needs pre-exist marketers. Marketers influence wants. They only suggest to consumer a particular commodity would efficiently satisfy the person’s need for self-esteem or a need for security.

(B) Wants: Wants are desires for specific satisfiers of the deeper needs. A person needs food and wants to eat *Masala Dosa*. He needs clothing and wants to buy a Jean or Full-suit of Raymonds. Wants are the human needs that are shaped by culture and individual personality. Symbolically,

Wants = Needs + Individuality + Culture

Thus, a South Indian may eat rice and *rassam* or *Idli* and *Dosa* to satisfy his need for food, while a North Indian may eat *Paratha* and *Alu-Mutter* or *Chapati* and *Paneer*; a Chinese may eat *noodles* or *manchurian* or *fried rice*.

While people's needs are few, their wants are many. Human wants are continually shaped and reshaped by social forces and institutions, as well as personal preferences.

(C) Demand: Demand refers to a want for a specific product, which is backed by ability to buy and willingness to buy it. It is a measure of consumer willingness to buy it. It is a measure of consumer willingness to buy the product. It is also described as a measure of the product's utility for an individual consumer or for an entire market. The marketing manager is continuously in search for the reasons as to why consumers purchase his product and how he can affect their future behaviour through sales promotion, advertising, pricing, product development and innovation. His ultimate success depends on the consumer demand analysis and understanding.

(D) Customer Value: Customer value is the difference between the benefits customer gets from owning and using a product and the costs of obtaining the product. All the consumers are guided by consumer value consideration, while making a product choice. In the modern market, several kinds of products are available to satisfy a particular need. A consumer makes value analysis of these alternate products to make a choice. He compares the gains of possessing a product against the cost of getting it. These gains may be monetary or physical or psychological. These gains may be utility based as well as emotion based or status based. The costs against which the gains are compared, are in terms of money or non-monetary.

(E) Consumer Satisfaction: In simple words, consumer satisfaction means a feeling of fulfillment experienced by a consumer after using a product. It depends on a product's perceived performance in delivering value in relation to buyer's expectation. A buyer, while buying a commodity or service, expects a particular level of utility from it and when

the commodity or service is actually consumed, it offers a particular level of utility. If the level of utility offered matches the level of expectation, then the consumer satisfaction arises. If the level of the utility offered by the product or service falls short of the expected level of utility, the buyer remains dissatisfied. But, if the level of utility offered exceeds the expectations, it results in consumer delight. For example, if you plan to go on a tour through a travel agency, you expect comfortable journey and nice arrangements from the agency. During the course of journey, if you are comfortable and all the arrangements for food and lodging are nice, you will be a satisfied customer at the end of travel. But, if you face lots of discomforts and inconveniences during the tour, you will be a dissatisfied customer. And if all the arrangements made by the travel agency are much more than your expectations, such as organisation of entertainment programs, celebration of birthdays of travelers, excellent accommodation, rich food and some gifts at the end of travel, you will be delighted. **Philip Kotler** pleads that an organisation should strive for customer delight rather than consumer satisfaction.

(F) Exchange: Exchange is interchange of goods for money or money's worth. It is an act of obtaining a desired object from someone by offering something in return. The essentials of exchange are as under:

(1) Two Parties: There should be two parties. One party holding the goods or service, which the other party wants.

(2) Purchasing Power: The party wanting the goods or service should have purchasing power to pay for those.

(3) Communication: The two parties should be capable of communicating with each other in order to negotiate the terms and conditions of exchange.

(4) Freedom: Each party should have the freedom to accept or reject the offer made by the other party.

(5) Mutual Faith: There must be mutual faith and confidence between the parties of exchange. They should believe each other.

On completion of exchange, both the parties derive a benefit or consideration from it. Thus, exchange is value creation process.

(G) Transaction: According to Philip Kotler, "*a transaction consists of a trade of values between two parties*". Buyer and seller are the two parties of a transaction. Both have

expectations from each other in the course of transaction. Buyer, in return of price, expects good quality of a product purchased, reasonable price, timely delivery and steady supply. Seller, in return of his goods and services, expects good price, timely payment of consideration and obedience of terms of sale by the buyer. When these mutual expectations of buyer and seller match, transaction takes place. The marketing based on such transactions is called transaction marketing.

(H) Relationship Marketing: Establishment of long-term value laden relationship with the customers, and other stakeholders, such as distributors, dealers and suppliers in order to ensure continuous sale, is called relationship marketing. Modern business houses strive for relationship marketing by building sound and mutually beneficial relationships with key stakeholders by promising and consistently delivering high quality products, good services at a fair price. This ensures profit and prosperity to the business house.

Traditional and Modern Marketing Concepts

Market concept means the philosophy, belief or attitude of the management that guides the marketing efforts of a business. A correct understanding of evolution of marketing concept is essential for the systematic study of modern marketing management. The concept of marketing has undergone a gradual change since great industrial revolution. Following is a brief explanation of traditional and modern concept of marketing.

(A) Traditional Concept: According to this old concept, marketing is mainly concerned with the tricks and tactics of pushing the products to the consumer and recovering its price. Marketing is a distributive activity, hence, its main job is to ensure efficient distribution of goods at all points of sale in market. It uses several sales promotion measures so as to maximize the profits. Traditional approach gives strong emphasis on selling rather than marketing. It has product orientation instead of consumer orientation. The following figure indicates the traditional concept.

Traditional Concept of Marketing

Product

Sales

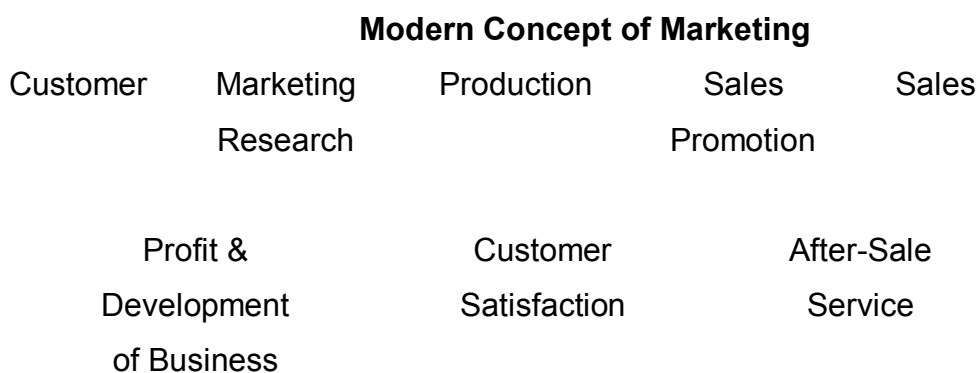
Maximum

Promotion

Profit

As per traditional concept, marketing function begins after production. It is not concerned with knowing the needs and preferences of customers or providing after-sales service. The responsibility of vendor ends immediately after the goods are sold. The principle of 'Caveat emptor' (Buyer beware) applies in marketing. According to this principle, buyers should exercise necessary care and precaution before purchasing the goods and they should buy the goods at their own risk. Complaints, if any, after the purchase shall not be entertained by the seller. Thus, the traditional concept of marketing safeguards the interest of seller and provides no concern for the satisfaction of consumer.

(B) Modern Concept of Marketing: Modern concept of marketing was introduced in marketing philosophy only after 1950s. According to the modern concept, marketing is a consumer-oriented activity and not only the sales oriented activity. Hence, the primary task of a business enterprise is to study needs, wants and preferences of potential consumers and accordingly, the enterprise must produce and offer the goods and services that will provide a complete satisfaction to consumers. All the business operations revolve around customer satisfaction and customer service. Products are designed, improved, marketing plans, policies and programs are formulated to serve efficiently the consumer needs and preferences studied through marketing research. The modern concept of marketing is shown in the figure given below:



Thus, according to the modern concept, marketing begins and ends with consumer satisfaction and well-being. Marketing is a total system, which performs the activities, such as market research, product planning and development, product pricing and promotion, physical distribution and developing favourable customer relation.

Marketing system creates and delivers a standard or living to the society. Profit is a by-product of supplying what customer wants and satisfying him. Guaranteed route to profit is through customer satisfaction.

Concept of Marketing

There are several concepts of marketing, as shown below:

Concepts of Marketing

Traditional Concepts

- (1) The Production Concept
- (2) The Product Concept
- (3) The Selling Concept
- (4) The Marketing Concept
- (5) The Societal Marketing Concept

Modern Concepts

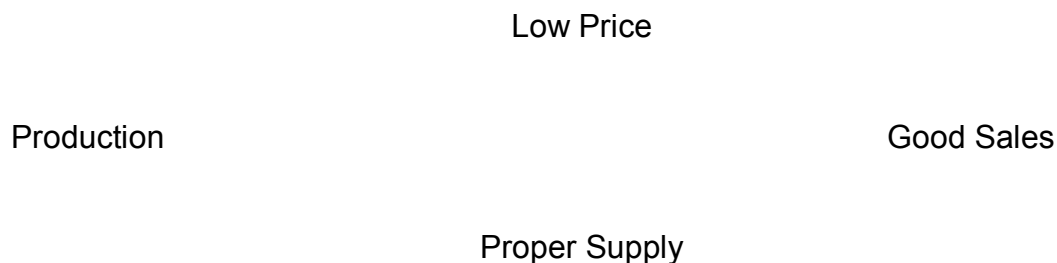
- (1) Consumer Orientation
- (2) Integrated Marketing
- (3) Customer Satisfaction

(I) Traditional Concepts

Traditional concept refers to the old philosophy of marketing. There are five competing traditional concepts under which business organisations conduct their marketing activity. They are-

(1) The Production Concept: The production concept is the oldest concept prevailing among the business houses till 1930s. According to this philosophy, consumer favours those products that are easily available and highly affordable. Hence, management of business houses should concentrate on reducing the production cost and do the distribution of goods with maximum efficiency.

The production concept believes that if the product is really good and the price is reasonable, there is no need for special marketing efforts. The concept can be illustrated as under:



The production concept is an appropriate philosophy in two situations - (1) where demand for product exceeds supply and (2) where the product costs are high. In such situations, management can try to increase the production and reduce the cost to achieve good sales.

(2) The Product Concept: The product concept is the philosophy, which believes that consumers favour only those products that offer good quality, performance and unique features. Hence, the management of a business should concentrate its efforts in continuous product improvements in order to maximize sales and profit. This concept is shown in the following figure:

Good Product Good Sales

Thus, according to product concept, whenever a firm has a good product, it creates its own demand and it needs a little sales promotional efforts.

(3) The Selling Concept: The selling concept is the philosophy, which holds that consumers do not buy the goods in sufficient quantity unless the business organisation undertakes an aggressive sales promotion effort. Mere making available the best products at a reasonable price is not enough unless the producer undertakes effective salesmanship, advertising and public relations. This concept is indicated in a diagram as under:

Product Promotion Sales

The selling concept is useful for promoting the sale of those goods that buyers do not think of buying so easily - such as insurance, consumer durables, cars, scooters, televisions, computers, etc. The assumptions of this philosophy are:

- (1) Produce the best possible product at reasonable price;
- (2) Find the buyers for the product; and
- (3) Use aggressive advertising, salesmanship and sales promotion activities, so as to maximize the turnover and profit.

(4) The Marketing Concept: The marketing concept is a more recent business philosophy. As per this philosophy, the key to achieve organisational goals lies in determining the needs and wants of potential customers and satisfying those more effectively and satisfying those more effectively than the competitors. It can be illustrated as under.

Consumer	Products	Sales	Profits
Needs			

(5) The Societal Marketing Concept : This concept is a further refinement of marketing concept. According to this concept, marketer's job goes beyond understanding the consumer needs and matching the products accordingly. He should also care not only for consumer satisfaction, but also for social welfare through consumer welfare. In other words, the management should discharge the social responsibilities while conducting the business. For example, an automobile company should try to provide not only the fuel efficient but also less pollutant vehicles. The concept is indicated in the following figure.

Customer	Marketing	Research & Production	Sales	Sales
	Research	Development	Promotion	

The features of social orientation philosophy are :

- (1) Produce the products wanted by consumers;
- (2) Discharge social obligations while marketing the goods;
- (3) Meet consumer needs and achieve long-term business goals.

(II) Modern Concepts of Marketing:

According to the modern concept of marketing, all the marketing activities must be organised primarily to determine what the consumer wants and then to satisfy these wants through integrated marketing work so as to achieve organisational goals. Thus,

the modern concept is a consumer orientation backed by integrated marketing aimed at generating consumer satisfaction as the key to satisfy organisational goals.

The main constituents of modern concept of marketing are:

(1) Consumer Orientation: According to Peter Drucker, the purpose of modern business is to create consumer. The marketing function of business should focus all its attention to the consumer. It should attempt to ascertain consumer needs and desires before committing its resources to produce and distribute products and services. Consumer is the King and all the business activities should rotate around the consumer needs and wants. Instead of making the consumer do what suits the interest of business, the business should take interest in understanding what consumer needs and do exactly those things. This is called consumer orientation. Consumer orientation suggests conduct of research to understand needs, wants, preferences and behaviour of consumer as a starting point of every business plan or proposal.

2) Integrated Marketing: The second important concept of modern marketing is integrated marketing. By keeping an eye on consumer needs, all the activities of marketing, such as demand forecasting, sales planning, advertising, selling, distribution, transport, storage, etc. should be properly integrated. Moreover, marketing is a part of managerial functions. The marketing function influences in other functions of business, such as production, finance, personnel etc. and in turn is influenced by these functions. In an integrated marketing set up all the functions of management and aligned and integrated in tune with marketing variables in order to create and retain customers.

3) Customer Satisfaction: The third pillar of modern marketing concept is customer satisfaction. The long-term success of the business depends largely on the amount of customer satisfaction it generates. Hence, the main task of marketing manager is maximisation of consumer satisfaction. The consumer has his own needs, preferences and expectation. These expectations are regarding price, quality, timely supply, after-sale services etc. A good marketing manager must identify and satisfy these consumer expectations in the best possible manner. His success will not be measured by his capacity to pass the products in market, or his capacity to generate profits and build the additional assets for the business. But his success will be judged on the basis of his ability to satisfy consumer needs and expectations. For example, the

success of an educational institution is judged not on the basis of how much of surplus it generates through fees and donations, but on the basis of how many of its total students are placed in his position jobs and are successfully in their lives.