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Question no 01

What do you mean by marketing? Briefly explain the five marketing concept.

Answer no 01

"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. " —Official definition from the American Marketing Association, approved 2017.

Marketing is the process of promoting, selling, and distributing a product or service to potential customers. It involves understanding customer needs, creating value, and building strong relationships to achieve organizational goals.

Marketing concept

The marketing concept means whenever a company plans and implements to maximize profit by boosting sales, meeting customers' needs, and surpassing competitors. The goal is to devise a situation that serves both parties; the customer and the company.

The idea behind the marketing concept is to predict and satisfy the needs and wants of customers better than the competitors. The marketing concepts were first derived from the book of Adam Smith, Wealth of Nations. However, it remained unexplored to the world till the 21st century.

To fully appreciate the marketing concept, first, we to understand needs, wants, and demands;

- **Needs** – it is something inevitable for the existence of life; many adverse things can occur without it. The worst-case situation would be death. Needs cover many things, like food, shelter, self-development, security, social belonging, self-esteem, and respect.
- **Wants** – wants are our desires and wishes in life; our social setup and culture mould our wants.
- **Demands** – when our desires, needs, and wants are backed by our ability to pay, they become demands.

<u>Here are the five core marketing concepts:</u>

Production Concept: This concept focuses on improving production efficiency and availability. The idea is that customers prefer products that are widely available and affordable. It's often used when demand exceeds supply or when production costs are high.

It is one of the earliest marketing concepts where the organization concentrates on the ability of its production processes. It is to manufacture the products cheaper to make them ready for the mass population. The center of the production concept is on the quantity, not the quality of the products.

Production concept began in the mid 1950s, and it accompanies the Say's Law. It says that supply generates demand in the market. Therefore, according to this law, when a company manufactures a product, it doesn't need to promote its products; it would sell itself.

The law became widespread because, at that time, there was no technology and communications, and people used to travel less.

The salesman in the store used to be the only retailer, and there were few manufacturers. So there used to be a confined variety of products, whatever comes in the market, and then it would have been marketed.

For example McDonald's and fast food chains in general also aim to ace their operation.

Product Concept: This concept emphasizes creating high-quality products with innovative features. The belief is that customers will favor products that offer the best performance, quality, or features. The focus is on continuous product improvement.

The core purpose of the product concept is to manufacture cheaper products because the consumers won't pay much price for the products or services. So the businesses that accompany the product concept manufacture the goods on a mass scale and profit out of the economies of scale.

When manufacturers produce low-cost products, then they follow a broad distribution strategy to reach more audiences. By targeting more people, they can boost their productivity by expanding their market.

In the product concept, marketers do not give any importance to the requirements and wants of the customers. Their central focus is to produce more and more goods, quantity matters, not quality. As a result, consumers are usually unsatisfied with the bad quality of the products.

The product concept was popular when there were no competitors in the market; whatever you bring in the market, people would take it.

For instance: Ford was the first vehicle company; it commenced delivering more vehicles in the market. People purchased it because it was the only product available at the time.

Sales Concept: The sales concept prioritizes aggressive sales techniques to drive purchases. It operates on the assumption that consumers will not buy enough of the product unless it's actively promoted and sold through persuasive sales efforts. the idea of selling is to sell the company's product through large-scale marketing and promotional activities. It doesn't matter whether they satisfy customers' needs or not.

The center of the management in this method is to finish the transaction of sale; they believe that their job is done once they market their product. Therefore, rather than establishing and maintaining a long-term connection with the customer, the customer would come back again.

The sale concept is a very precarious strategy because it's based on a very weak notion that the company should sell whatever they're manufacturing instead of meeting customer's demands.

In this approach, marketers believe that if consumers don't like the company's product, they'll buy something else and forget about their past shopping experience. So the whole notion of the sale concept is based on the false presumption that the customers don't remember their past buying experience.

For example, blood donations and insurance policies come under the category of sale concept, where the marketer believes that their job is done after making the transaction.

Marketing Concept: This concept centers on understanding and meeting the needs and wants of customers. It involves market research, segmentation, and targeting to create a product that fulfills customer demands, leading to customer satisfaction and loyalty.

Marketing concept, is customer-oriented. It places customers in the middle of the marketing process, discovering customers' demands and wants, then meeting those needs better than the competitors.

In this method, the marketer assumes that the customer is always right, and his requirements and wants should be their priority. Here the marketing strategy concentrates on producing a profit by satisfying the needs and wants of customers.

It supports a very simple strategy: marketers do not search for the right customers for their product; instead, they build the right product. Thus, marketers seek to bridge the gap between the consumers and the company's products by creating engaging content marketing materials like interactive product catalogs.

When you analyze the *marketing concept* with the sale concept, you may find a huge distinction between both strategies. It won't be wrong if you state that these two strategies are at two opposite extreme poles. The best example of this concept is the Coke vs. Pepsi war, In this case (Pepsi V. Coca Cola war), it's not just about doing another Facebook ad, but much more about the product & marketing positioning in the customer's eye.

Societal Marketing Concept: This concept expands on the marketing concept by integrating social and ethical considerations. It emphasizes delivering value to customers while also benefiting society at large. Companies adopting this approach consider the long-term impact of their marketing activities on society and the environment.

The idea behind the societal marketing concept is based on the welfare of the entire society because it examines the strategy of the marketing concept. What consumers need doesn’t mean that it would be useful for them in the long term. What you need and what is suitable for you and society as a whole are two entirely different things.

For example, we all like sweet, spicy, and fast foods. We all desire the same things whenever we go out, but it doesn’t imply that it’s good for our health and the well-being of the whole society.

The goal and aim of the societal marketing concept is to make companies understand that they have a friendly and environmental responsibility, much more important than their short-term sales and profit goals. Businesses should design and operate towards a sustainable future for society; organizations are a part of society and should behave like one. One of the best examples of societal marketing concepts is the Coca Cola Super Bowl Commercial 2014 “America The Beautiful.” Campaign.

Conclusion

Production, product, and sale concepts have become out-of-date in most fields; they only survive in some fields. Today’s business follows the marketing concept of engaging and fulfilling customers’ needs and wants, but environmental challenges are challenging the entire strategy of the marketing concept.

The societal marketing concept is true that what’s healthy for an individual and suitable for the whole society are totally different things. Therefore, marketers should create a marketing strategy to consider the societal and environmental factors because there won’t be any marketing activity without society. Therefore, society’s obligations should come first.

Question no 02

Define marketing mix. Briefly explain the 7 p’s of marketing mix.

Answer no 02

The marketing mix refers to the combination of elements a company uses to market its products or services effectively. It encompasses strategies and tactics designed to influence consumer purchase decisions and achieve business objectives. The traditional marketing mix consists of the

4 P's: Product, Price, Place, and Promotion. However, in service-oriented industries, three additional P's are often added to create the 7 P's of the marketing mix.

The marketing mix is a concept developed by professor and academic, Neil H. Borden, who elaborated on James Culliton's concept of business executives being mixers of ingredients- ingredients being different marketing features and practices.

The marketing mix was later refined by professor and author, Jerome McCarthy, to specifically include four key components: Product, Place, Price and Promotion. McCarthy wrote about the 4Ps in the 1960s in his book *Basic Marketing: A Managerial Approach*.

Here's a brief explanation of each:

1. **Product**: This element refers to what is being offered to the market, including the features, quality, design, and brand of the product or service. It addresses what the customer is purchasing and how it meets their needs or solves their problems. Product refers to what is being sold - a physical product, service, or experience.

   No matter how you position yourself as a brand, your product or service is always going to be at the centre of your strategy and will influence every aspect of the marketing mix. When you think of your product, consider factors such as:

- Quality
- Specific features
- Packaging/presentation
- The problem that it will solve for your customers

Product in this case, then, is about crafting something that meets the needs and desires of your target audience. This means understanding their preferences, pain points, and aspirations. By meticulously aligning your product with customer expectations, you create a solid starting point for your marketing endeavours. Over 30,000 consumer products are launched yearly. Out of these 30,000 new products, 95% of them fail woefully without having any significant impact on the market.

Price: Price is the amount of money customers must pay to acquire the product or service. It involves setting a price that reflects the value provided, is competitive, and fits the target market's budget.

The right pricing strategy is critical for a product's success. A misstep in pricing can jeopardize your ROI. Bain & Company research found that 18% of companies lack internal processes for pricing decisions. Your price should mirror customer perception, align with your budget, and ensure profitability. Pricing significantly impacts your business's success, affecting marketing, sales, and demand.

Various pricing strategies exist, each with unique benefits and considerations, depending on your product and brand image.

6 Common pricing strategies:

- **Price Skimming**: Begin with a high price, gradually lowering it over time.
- **Competition-Based Pricing**: Set prices above or below competitors' rates.
- **Economy Pricing**: Target budget-conscious buyers with lower prices.
- **Premium Pricing**: Attach a high price, emphasizing product quality.
- **Value-Based Pricing**: Determine price based on perceived customer value.
- **Cost-Plus Pricing**: Set price based on production cost plus markup.

Whatever your pricing strategy is, ensure it aligns with your brand, appeals to customers, and maintains profitability. Monitor the market, economy, and competitors to adjust as needed.

Place: This refers to the distribution channels used to deliver the product or service to the customer. It involves decisions about where the product will be sold and how it will be made available, including logistics and supply chain management.

Choosing the right distribution channels significantly impacts your product's accessibility and visibility. Effective placement ensures your product is available when and where your target audience needs it. Place in the marketing mix doesn't just mean physical locations—it encompasses websites, catalogues, social media, trade shows, and brick-and-mortar stores.

As of 2021, in-store shopping dominates, accounting for 80.9% of sales, while online shopping comprises 19.1%. By 2022, online retail sales reached 21%, showing modest progress.

Place covers all distribution channels. Factors like your target audience influence your choices. Selling via a single high-street store won't work if your audience is mostly online or global. Test options—could an eCommerce site or a pop-up store work? A mix might suit your business.

Understanding your target audience is vital for the right distribution. To profit consistently, distribute where your brand fits and your audience can access. Make your presence felt where it matters most.

Promotion: Promotion encompasses all the methods used to communicate with and persuade potential customers. This includes advertising, sales promotions, public relations, and personal selling. The goal is to inform, persuade, and remind customers about the product or service.

Promotion is at the core of our marketing expertise. Whether through direct marketing, PR, advertising, content strategies, or in-store presentations, as marketers, we excel in raising awareness and engagement.

Promotion involves telling a compelling brand story that resonates with consumers, guiding them to consider your offerings. Effective promotional strategies achieve various goals, from elevating brand recognition to driving sales and revenue.

People: In the service industry, people are crucial as they directly impact customer experience. This includes employees who interact with customers, their training, and how they represent the brand. Good service and positive interactions are essential for customer satisfaction and loyalty.

People, in the marketing mix, refers to anyone directly or indirectly involved in the business side of the enterprise. That means anyone involved in selling a product or service, designing it, marketing, managing teams, representing customers, recruiting and training.

It's critical to the success of your brand, and the satisfaction of your customers, that everyone who represents the company (including the chatbots) is polite, professional, knowledgeable and fully trained. Employees need to be able to solve the problems that customers have, so as a business, you need to offer training, good working environments and anything that will safeguard the contentment of your employees.

50% of consumers will switch to a competitor after a single bad experience, while 80% will switch after multiple bad experiences. Excellent customer service is a must for any brand operating in today's customer-centric market.

Digital strategist, Dave Chaffey, says that people buy from people because of the human connection that we all typically crave. When marketers create a strategy that's highly tailored and personalized, they can be as influential as the best, most persuasive salesperson.

Having the right people is key for both long and short-term success. Each part of the marketing mix can help your customers see you as reliable and dependable, which is crucial to any branding strategy.

Process: Process refers to the procedures, mechanisms, and flow of activities by which a service is delivered. It involves the efficiency, consistency, and quality of the service delivery, ensuring that customers receive a seamless and satisfactory experience.

Process encompasses what goes into every step of the customer journey - from making an enquiry to requesting information and making a purchase. The efficiency and consistency of your processes can significantly impact your overall effectiveness. From lead generation to customer support, having well-defined and streamlined processes ensures a seamless customer journey.

The more intentional and personalised your processes are, the happier your customers will be. Even with the best product in the world, your business can be let down by processes.

You want your customer interactions to be seamless from beginning to end, so think about things like:

- Your customer response time
- The time between booking with sales and actually having a meeting
- What happens once they make a purchase
- How to generate positive reviews after purchase
- What tools can make your processes more efficient i.e. AI, CRMs, email clients, KPI tracking, etc.

Physical Evidence: Physical evidence includes the tangible aspects that help customers evaluate the intangible service. This could be the physical environment where the service is delivered, brochures, online presence, and any other tangible cues that support the service and influence customer perceptions.

Physical evidence means more than just proof of purchase - it encompasses the overall existence of your brand. Think website, branding, social media, the logo on your building, your store’s decor, the packaging of your product, the post-purchase thank you email, even the ambience of your store. All of these elements offer your customer the physical evidence they need to be certain that your business is viable, reliable and legitimate.

For consumers to truly be comfortable with you, to complete a purchase, remain loyal and advocate for your brand, they need to be confident that you’re legitimate and worth their time.

To create a well-crafted strategy that ensures you offer great customer support, be sure to deliver products and receipts efficiently and reliably, and provide a customer experience that is seamless across each and every touchpoint.

The 7 P's collectively help businesses create a comprehensive marketing strategy that addresses various aspects of the customer experience and market dynamics.

Question no 03

Briefly describe the various actors in the microenvironment.

Answer no 03

In marketing, the microenvironment refers to the immediate, internal environment that directly influences a company's ability to serve its customers. The various actors in the microenvironment include:

1. **Customers**: The central focus of the microenvironment, customers are the individuals or businesses that purchase and use the company's products or services. Understanding their needs, preferences, and behavior is crucial for developing effective marketing strategies.
2. **Suppliers**: Suppliers provide the resources (raw materials, components, services) needed to produce the company's products or services. Their reliability, cost, and quality can significantly impact the company's operations and product quality.
3. **Intermediaries**: These are the entities that help distribute and promote the company's products to the final customer. This includes wholesalers, distributors, retailers, and agents. Intermediaries play a key role in the supply chain and can affect product availability and market reach.
4. **Competitors**: Competitors are other companies offering similar products or services to the same target market. Analyzing competitors helps a company understand the competitive landscape, identify opportunities and threats, and develop strategies to differentiate itself.
5. **Publics**: Publics are groups or organizations that have an interest or impact on the company's ability to achieve its objectives. This can include the media, government agencies, financial institutions, and local communities. Their opinions and actions can influence the company's reputation and operations.
6. **Company**: The company itself, including its internal departments (marketing, finance, R&D, HR, etc.), is a critical actor in the microenvironment. Coordination among these departments is essential for aligning strategies and ensuring efficient operation.

Each of these actors plays a role in shaping the company's strategy and operations, and understanding their interactions and influences is key to successful marketing and business management.

Question no 04

Why external environment is uncontrollable? Briefly explain and mention the forces of external environment.

Answer no 04

The external environment is considered uncontrollable because a company cannot directly influence or manage the external factors that impact its operations and strategies. These factors exist outside the organization and are beyond its control, yet they can significantly affect its performance and decision-making.

Reasons for Uncontrollability:

1. **External Factors' Nature**: External forces are influenced by broader economic, social, political, and technological conditions that are outside the company's control. Companies must adapt to these changes rather than attempt to control them.
2. **Dynamic and Unpredictable**: The external environment is dynamic and constantly changing. Factors such as economic conditions, regulatory changes, and technological advancements evolve in ways that companies cannot predict or control.
3. **Complex Interactions**: The interplay between various external forces can create complex and unpredictable outcomes. A single factor, such as a new government policy or a technological breakthrough, can have wide-ranging effects.

Forces of the External Environment:

1. **Economic Forces**: These include factors such as economic growth, inflation rates, interest rates, and unemployment levels. Economic conditions influence consumer purchasing power and overall market demand.
2. **Political and Legal Forces**: These encompass government policies, regulations, and political stability. Changes in laws and regulations, such as tax policies or trade restrictions, can impact business operations and strategy.
3. **Social and Cultural Forces**: Social and cultural factors include demographics, lifestyle changes, and cultural norms. Shifts in societal attitudes and behaviors can affect consumer preferences and demand.
4. **Technological Forces**: Technological advancements and innovations can create new opportunities and challenges. Companies must stay abreast of technological trends to remain competitive and adapt their products and processes.
5. **Competitive Forces**: The competitive landscape includes the actions and strategies of other companies within the same industry. Competitors' moves can influence market dynamics and require companies to adjust their strategies.

6. **Environmental Forces**: Environmental factors involve ecological and environmental issues, such as climate change, sustainability, and natural resource availability. These forces affect how businesses operate and their impact on the environment.
7. **Global Forces**: Global forces include international economic conditions, global trade dynamics, and geopolitical events. Globalization and international markets influence business strategies and operations on a worldwide scale.

Understanding these external forces helps companies anticipate changes, adapt strategies, and mitigate potential risks, even though they cannot control these factors directly.

Question no 05

What do you mean by customer needs, wants and demands? Explain.

Answer no 05

In marketing, understanding customer needs, wants, and demands is crucial for developing products and services that resonate with consumers. Here's a brief explanation of each term:

1. **Needs**: These are fundamental requirements essential for survival and well-being. Needs are universal and intrinsic to all people, such as the need for food, water, shelter, and safety. In marketing, needs are the basic problems or requirements that a product or service aims to address.

   "Needs" is the basic human requirements like shelter, clothes, food, water, etc. which are essential for human beings to survive. If we extend this further, other needs are education, healthcare or even a social thing, for example, belonging to a certain society or self-expression. One can say that the products which fall under the **needs category** of products do not require a push. Instead the customer buys it themselves. But it's actually not true. in today's world with thousands of brands competing in the same categories with identical offerings satisfying the same needs, even the "needs category product" has to be pushed in the consumers' mind. Example of **needs** category products / sectors – Agriculture sector, Real Estate, Healthcare etc.

   We all know about Maslow's hierarchy of needs which categorizes needs into 5 levels starting from physiological needs at the bottom and going up to self-actualization needs. But what's important as a marketer to know which level of need is your brand targeted to. Let's look at some of the examples of brands which are targeting different levels of needs

   Physiological Needs – Food companies (Nestle, Pepsi, Coca Cola)

Safety Needs – Insurance companies (ICICI Prudential, Tata AIG, HDFC Life)

Social Needs – Social networking sites (Facebook, Twitter, Instagram)

Esteem Needs – Luxury brands (iPhone, Mercedes, Estee Lauder)

Self-actualization needs – Non-Profit organizations and NGOs (UNICEF, Teach for India)

In marketing, there is another way to categorize needs. There are basically five types of consumers' needs:

Stated Needs – As the name suggests, in this case, the consumer explicitly states what he wants. For eg. "I need a phone".

Real needs – This is more specific. So when the consumer wants a phone to remain connected to his friends, family and colleagues, the actual need be a phone with high battery backup and not high camera resolution.

Unstated needs – The consumer also expects warranty and other sorts of after sales service when buying a phone which he might not say explicitly.

Delight needs – The consumer would like the phone manufacturer or the dealer to give him some free gift or a promotional item (phone case, tempered glass, free SIM etc.), but he doesn't clearly express that he wants something with the phone.

Secret Needs – These are the needs which the consumer feels reluctant to admit; for example the consumer wants the phone for his status symbol but he feels uncomfortable to admit that status is important to him.

In the above example, responding to only stated need ie., "I need a phone" doesn't help in arriving at a right product proposition. As a marketer, it is important to dig deeper and uncover not only the real, but also his other needs: unstated need, delight need and secret needs.

2. **Wants**: Wants are specific ways in which people choose to fulfill their needs. They are shaped by cultural, social, and individual factors. For example, while the need is for food, the want might be for a gourmet meal or a fast-food burger. Wants are more influenced by personal preferences and societal trends.

   "Wants" are a step ahead of needs Wants aren't essential for humans to survive, but it's associated with needs Simply put, A want is a product desired by a customer that is **not** required for us to survive. So, want is the complete opposite of need, which is essential for our survival. Wants aren't permanent and it regularly changes. As time passes, people and location change, wants change accordingly.

   Wants are directed by our surrounding towards reaching certain needs. Therefore, human's wants can be varied depending on each individual's perception, environment, culture, and society. For example, an Indian needs food but he may want a Dosa or Paratha while an American may want Burger or Sandwich. Example of **wants** category products / sectors – Hospitality industry, Electronics, FMCG, Consumer Durables etc.

3. **Demands**: Demands are wants that are backed by the purchasing power to acquire them. In other words, when a person has the financial ability to buy a specific product or service, their want becomes a demand. For instance, a person may want a luxury car, but only if they have the financial means to buy it does it become a demand.

   Wants turn to be Demands when a customer is willing and having the ability to buy that needs or wants. The basic difference between wants and demands is desire. A customer may desire something but he may not be able to fulfill his desire. Consequently, for people, who can afford a desirable product are transforming their wants into demands. In other words, if a customer is willing and able to buy a need or a want, it means that they have a demand for that need or a want. You might want a BMW for a car or an iPhone for a phone. But can you actually buy a BMW or an I phone? You can, provided you have the ability to buy them. Example of demands –Luxury cars, 5 star hotels etc.

   Many people want a BMW, but only a few can buy one. So, it’s very crucial that one must measure not only how many people want their product, but also how many are willing and have the ability to buy it.

   So, its not only important to discover different consumer needs, but also to figure out what consumer actually wants and how much is he able to pay ie. how much demand can be created for the product or service.

In summary:

- **Needs** are basic requirements.
- **Wants** are specific ways to satisfy needs.
- **Demands** are wants supported by the ability and willingness to pay.

Understanding these concepts helps businesses tailor their offerings to match consumer desires and purchasing capabilities.