

Principles of Marketing - Basic Concepts and Fundamentals

What is Marketing?

"Marketing consists of all the activities of individuals and organizations designed to identify, anticipate, and mutually satisfy the needs of all parties involved in the exchange."

Marketing cannot take place unless some sort of exchange occurs. One party must exchange a product or service with another party for some form of payment. This is the exchange process and is the central focus for all marketing activities.

Marketing Utilities

There are four marketing utilities, which are the capacities of the product offering to satisfy the needs of a customer, these include:

- 1. Form Utility:** The product is produced, or modified for the customer. An example of this might be a car manufacturer designing their car so that a driver will be able to plug in his I-pod or other devices.
- 2. Time Utility:** The consumers' ability to buy the product when he or she wants to buy the product. A grocer may store certain amounts of certain foods until the prime season they are bought. It is ensuring customers will have access to the food when they most desire them.
- 3. Place Utility:** This describes when a consumer is able to buy the product at a location that is convenient to him or her. The best example of this is online sales. Home is the most convenient location for a consumer.
- 4. Possession Utility:** Ownership of the product is transferred from the marketer to the buyer. An example is a getting a loan and then buying a car. This is concerned with the ease of transferability for the consumer.

The Marketing Management Concepts

There are four marketing management concepts that companies will utilize in their marketing objectives. All of these aim to achieve profits and objectives, but the focus and means by which they do so will differ. They will typically follow one of these four major concepts:

- 1. Product Concept:** This management orientation says that if you build a quality product and set a reasonable price, very little marketing effort is needed to sell it. The product generates the demand "build it, and they will come"

2. **Selling Concept:** This management orientation says that consumers will not normally buy enough of a product unless it is aggressively promoted to them.
3. **Marketing Concept:** This management orientation says the major purpose of an organization is to identify consumer needs and then adapt the organization in a way that will satisfy the customers' needs more effectively and efficiently than competition. (i.e. Chain restaurants may alter their menu in different countries)
4. **Societal Concept:** This management orientation focuses on satisfying consumers' needs and demonstrating long run concern for societal welfare in order to achieve company objectives and attend to its responsibilities for society. The idea is to find a balance between social welfare, consumer needs, and company profits.

Concept	Focus	Means	Ends
1. Product	Products	Quality product, reasonable price, little marketing effort	Achieve profits or objectives by products generating consumer demand
2. Selling	Products	Aggressive advertising and selling efforts	Achieve profits or objectives by generating sales volume
3. Marketing	Customer needs	Integrated marketing	Achieve profits or objectives through customer satisfaction
4. Societal-Marketing	Customer satisfaction and long run public welfare	Constant search for better products in terms of appeal and benefit	Satisfy organizational goals and responsibilities for society

Traditional vs. Integrated Marketing

To understand the fundamentals of marketing, it is important to understand two different approaches used when a company chooses to introduce a new product. Here we see traditional and integrated marketing.

There are typically 5 different departments directly involved with the product during creation and launch: Development, Engineering, Production, Marketing, and Distribution.

If a company opts to use a **traditional approach**, all of these departments work as separate entities. For example, development will draw up a product and then pass it along to engineering to create it. Engineering will then pass it along to production to produce it. They will afterwards pass it to marketing, which will eventually move the product to distribution for a product launch.

If a firm opts to utilize an **integrated marketing approach**, all of the departments work together as a single unit. Engineering will not begin a product without ensuring that production has the capabilities to produce it. Development will check with marketing to ensure the product is line with the company image and approach. Basically, every department will at some point integrate their work with all other departments in the process.

Clearly, integrated marketing is the better approach. While it may take longer to launch a product, the likelihood of success is greater. The traditional approach leaves much room for interdepartmental conflicting interest and is therefore regarded as an outdated approach in marketing. It all too often ignores the consumers' needs. The integrated marketing approach helps a business work collectively as one unit.

The Marketing Mix - The Four P's

There are four marketing mix variables that are associated with a product. These must be taken into consideration when making any decisions regarding marketing activities. These are often known as the "Four P's" in marketing. Note that these should only be identified after a target market is selected. All marketing mix variables are controllable, internal factors. These include:

- 1. Product:** This variable described all factors relating to the actual product visible to the consumer. These may include things such as quality, features, options, style, packaging, brand, sizes, labels, variety, and warranties.
- 2. Price:** The price variable includes not only the list price, but all other pricing factors associated with a product. These may include discounts, allowances, payment options and periods, and credit terms. All of these are related to the final, whole price of the product.
- 3. Place:** Place deals with all distribution and location aspects of a product. How and what are the products available to consumers? These may include assortments, channels, coverage areas, locations, and inventories.
- 4. Promotion:** Promotion is any and all efforts by a company to make publicize a product and make the consumer aware of it. Efforts might include advertising, personal selling, sales, public relations, or internet activities.

The marketing mix should only be determined after a *target market* is determined.

Target market = the group or groups of customers for which the marketer will direct attention. This group is determined after thorough segmentation and analysis of the market.

Marketing Terminologies

Marketing	التسويق
Marketing Utilities	المنافع التسويقية
Form Utility	المنفعة الشكلية
Time Utility	المنفعة الزمنية
Place Utility	المنفعة المكانية
Possession Utility	منفعة التملك
Product Concept	المفهوم الإنتاجي
Selling Concept	المفهوم البيعي
Marketing Concept	المفهوم التسويقي
Societal Concept	المفهوم المجتمعي
The Marketing Mix	المزيج التسويقي
Product	المنتج
Price	السعر
Place	التوزيع
Promotion	الترويج