

CE Entrepreneurship

Introduction to marketing

Definitions of Marketing

Over the past two centuries many eminent people have offered definitions for Marketing. Some of the more notable are given below.

- Adam Smith (1776)

“Consumption is the sole end and purpose of all production and the interests of the product ought to be attended to only so far as it may be necessary for promoting those of the customer.”

- Kotler (1980)

“Marketing is the human activity directed at satisfying needs and wants through an exchange process.”

- American Marketing Association (1985) in Dictionary of Marketing Terms.

“the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational goals.”

- Kotler (1991)

“Marketing is a social and managerial process by which individuals and groups obtain what they want and need through creating, offering and exchanging products of value with others.”

- British Chartered Institute of Marketing

“Marketing is the management process responsible for identifying, anticipating and satisfying customers’ requirements profitably.”

What do all of these definitions have in common?

Some of the commonalities you may have identified might include:

- Marketing is a management process
- Marketing is about giving someone what they want
- Marketing is identifying and anticipating customer requirements
- Marketing fulfils customer requirements efficiently and profitably
- Marketing offers and exchanged ideas, goods and services

Marketing is a management process

As a process marketing requires all the normal management activities and skills including:

- planning
- analysis
- resource allocation
- control
- investment of finance and resources
- appropriate skills
- physical resources
- implementation
- evaluation
- measurement

The marketing process can be carried out effectively and successfully or poorly resulting in failure.

Marketing is about giving someone what they want

All activities should be directed towards this aim. It implies a direct customer, or end consumer, focus. It also implies some knowledge of customer wants.

Marketing is identifying and anticipating customer requirements

This aspect deals with the identification of customer requirements. Implied in the statement is that the marketing process includes the research and definition of what customers will, or do want.

Marketing fulfils customer requirements efficiently and profitably

A pragmatic statement that is aimed at keeping the marketing part of the organisation firmly anchored in reality. The sole aim of any profit making organisation is to make a

profit. Marketing a non-profitable product or service is of little value to this aim. Fulfilling requirements efficiently implies working within the internal resources and constraints or ensuring that the offering can be achieved in an acceptable manner for the organisation as a whole. Achieving customer requirements profitably, whilst clear in a profit making organisation, requires more thought when it comes to non-profit making organisations such as the National Health Service Trust Hospitals. These hospitals market their services, aim to run efficiently and effectively but not profitably!

Marketing offers and exchanged ideas, goods and services

The notion of exchange has been the corner stone of marketing since the earliest records of mankind. The basic notion is that two people trade one thing for another. Items are considered, a deal is struck, both parties are happy and go their separate ways. A simple process in principle. Figure 1 illustrates the exchange process.

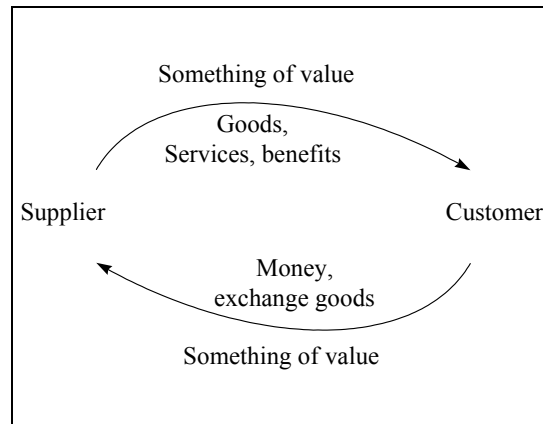


Figure 1. The exchange process

Marketing is a '*Matching process*'

What examples of customers can you think of?

Some examples of customers are:

Buyer	Consumer	User	Recipient
Contractor	Advisor	Client	Accountant
Distributor	Agent	Retailer	Stockist
Sponsor	Subscriber	Supporter	Colleague
Viewer	Listener	Lender	Banker
Applicant	Patient	Student	Pupil
Parent	Motorist	Passenger	Guest
Delegate	Tourist	Shopper	Householder
Taxpayer	Resident	Ratepayer	Voter

For each customer who is the supplier and what is the exchange?

A few examples include:

Supplier	The trade	Customer
MacDonalds	Cash for food	The individual
Private Hospital	Insurance premiums for Medical treatment	Patient
University	Fees for education	Student
Non-profit Youth group	Time for sense of community service	Volunteer
Political party	Vote for sense of progress?	Voter
Public library	Taxes for books to read	Reader

In simple terms Marketing:

- is much more than advertising
- is much more than selling
- can be applied to products, services and ideas
- applies in the private as well as public sectors
- applies to profit and non-profit making organisations
- is proactive rather than reactive

Defining Marketing as a process or function is not the only way of looking at it. An alternative is to view it as a business concept or philosophy. This really is saying that the

organisation should be customer focused. One way of demonstrating this to the customer is through a published organisation chart. BT in their annual review in 1991 inverted their organisation chart showing the customer at the top. Lower levels showed the notional distance from the customer interface. The organisation chart is a figure on a piece of paper only. Changing the culture to reflect the image can take years!

Marketing and the Product/Service Development Process

Where then does marketing appear in the product or service development process. Figure 2 shows a concept-to-customer process at its most basic level.

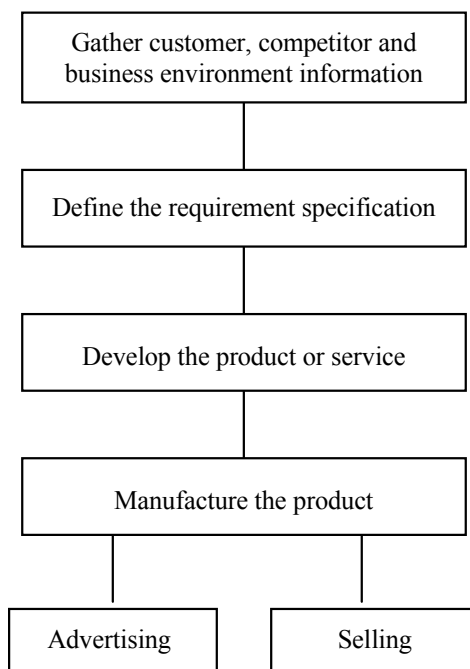


Figure 2 A basic concept-to-customer process

Marketing is involved in the initial two stages, the gathering information and the formulation of a requirement specification, and in the last stage, the parallel activities of marketing and selling. The first step in the process is the gathering of information about customer wants and needs and about the competitive environment.