

# [Marketing functions in organization assignment](https://assignbuster.com/marketing-functions-in-organization-assignment/)

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jhcakfjswwwwMARKETING AND ITS FUNCTIONS Marketing has a connective function in society. It connects supply and demand or production and consumption. At micro-level, marketing builds and maintains the relationship between producer and consumer. At business unit level, marketing can have an integrative function. It integrates all the functions and parts of a company to serve the markets. The narrowest definition is to see marketing as a function of a business enterprise between production and markets taking care that products move smoothly from production to customers. 2. 2.

The societal function of marketing In modern society production and consumption are apart from each other. Marketing connects them. From the societal point of view, marketing is a philosophy which shows how to create effective production systems and consequently prosperity. Business is a subsystem of society, which has both a social and an economic role. Thus, a company must operate in a way that will make possible the production of benefits for society and, at the same time, produce profits for the company itself. (Davis, K. et al. 1980) The role of marketing in society means also responsibilities.

In addition to economic and social responsibility, ecological responsibility is nowadays emphasized. According to some definitions, environmental responsibility is part of social responsibility. Improvement of marketing is related to the changing emphases of economic, social and environmental responsibility. Goodpaster and Matthews (1982) analyse three patterns of thought which can be distinguished for a company’s social responsibility: 1. The invisible hand; 2. The hand of government; and 3. The hand of management. 1. The invisible hand view (promoted by e. g.

Milton Friedman) concludes that the only social responsibilities of business organizations are to make profits and to obey laws. Free and competitive market-place will ensure the moral behaviour of companies. The common good is best served when individuals and organizations pursue competitive advantage. 2. The hand of government view (promoted by e. g. John Kenneth Galbraith) concludes that companies are to pursue rational and purely economic objectives. It is the regulatory hand of the law and political process which guides these objectives towards common good. 3. The hand of management view (presented by Goodpaster &

Matthews) would put the responsibility of a company’s actions into the hands of the company itself. It is concluded that the moral responsibilities of an individual may be projected into an organization, and that the concepts of an individual’s responsibility and a company’s responsibility are largely parallel. Therefore, organizations should be no less or no more responsible than ordinary persons. The development of marketing is clearly related to adopted values which may be seen in the patterns of thought mentioned above. 2. 3 The traditional and integrating functions of marketing

Traditionally, marketing has been seen as a link between production and customer. The situation could be captured better by using the term selling. Selling is associated to the so- called “ Production and Sales Eras of Marketing”. Slogans: “ Make what you can make” and “ Get rid of what you have made” describe the traditional view of marketing/selling. The following figure shows the role of traditionally oriented marketing in (traditionally oriented) management. Marketing was born out of a need to take better into consideration the demand factors in production planning.

The function of marketing is to channel information of consumer needs to the production and satisfaction of needs to consumers. The basic power of marketing is the aspiration to produce and sell only that kind of products which have demand. Marketing integrates the whole company to serve this demand. Marketing aims at effective production systems, where information is transmitted effectively between production and consumption. 5. 4. 1 Marketing functions Marketing is sometimes thought of as simply the process of buying and selling. Its tasks are much more extensive than this simple description.

For a marketing system to be operative and effective, there are three general types of functions which it must provide. ??? Exchange functions: – buying – selling – pricing. ??? Physical functions: – assembling – transport and handling – storage – processing and packaging – grading and standardisation. ??? Facilitating functions: – financing and risk-bearing – market information – demand and supply creation – market research. Exchange functions are what is commonly thought of as marketing. They involve finding a buyer or a seller, negotiating price and transferring ownership (but not necessarily physical transfer).

These functions take place at the “ market” – that is, the physical meeting point for buyers and sellers at the point of production or via some other means of communication. At this point, formal or informal property rights are important to ensure the reliable transfer of ownership and to guarantee legality (e. g. that animals on sale were not stolen and will not be reclaimed). Physical functions enable the actual flow of commodities through space and time from producer to consumer and their transformation to a form desirable to the consumer.

Assemblying or concentrating the product at convenient points allows its economical transport (i. e. getting enough animals together to transport cheaply). This is a valuable function which is often overlooked in the public perception of traders. Storage allows the commodity to be held until peak season demand, thereby stabilising supply. Processing transforms the commodity into the products desired by the consumers. Grading and standardisation allow the consumer to be more confident of the characteristics of the good being purchased. Financing and risk-bearing are two important facilitating functions.

The owner of goods at any marketing stage must sacrifice the opportunity to use the working capital needed to buy those goods elsewhere. Or the owner must borrow that capital. In either case, capital must be provided by the trader or by some lending source. Regardless, cost is involved. Further, there is an implicit cost in the risk of losing all or part of that capital through theft, spoilage, mortality or changing market conditions. Without the willingness to provide the capital and to bear these costs, no stage of the market chain could function. Other acilitating functions enable producers to respond to consumer needs and thus provide goods in the locations, quantity and form desired. These functions create the marketing environment, whose elements are: ??? Market and facilities – including all of the physical infrastructure that a market may depend on. ??? Market information and intelligence – including informal and formal communication systems, and standard weights and grades on which market information depends. ??? Institutional environment – including the government policy environment, regulations and supporting legislation

Exchange Functions – Buying and Selling (Functions 1 and 2 of Eight) These two functions go hand in hand. First, it takes more than just a good product to be successful. I’m sure the last company to make buggy whips probably made the best darn buggy whip you ever saw. The product was superior. The product was also obsolete. You must have a product that fills a present and (very important) future need. You must buy the best raw materials available at the best possible pricing to produce your product. (Pricing to be covered later).

If you don’t produce a product then you need to select products that will fill your target market’s needs that your sales staff (probably you) can sell at a profit. Distribution – Transportation and Storage (Functions 3 and 4 of eight) If you purchase products for sale or resale, they must be moved to you or to customers by some means. In the case of inventory storage, the seller may inventory the product for you or you may be required to take delivery and incur inventory costs yourself. Each of these two functions will have an effect on your marketing and advertising message.

If the product is inventoried somewhere else shipping time may be a factor. If you inventory the products yourself delivery will be faster. Facilitating – (Functions 5, 6, 7 and 8 of eight) There are four other areas for consideration that complete the basic marketing functions. ??? Quality and Quantity – You may carry quantities of products with a varying degree of quality. Your marketing will help determine how much of each will be kept on hand and in what amounts. ??? Financial – Your financing arrangements with suppliers will affect marketing by increasing or decreasing your pricing.

Volume discounts or extended terms that affect pricing will, in turn, effect your advertising and marketing budget. ??? Risk – You assume three risks concerning the products or services you provide. One, customers won’t want your product or service, two, they may want it but won’t pay the price you are asking, or three, new products or services make yours obsolete. ??? Marketing information – In this fast moving world of the Internet, faxes, new technology and company mergers, it is more important than ever for the marketing manager to keep abreast of new advances and changes in the market place.

You must be prepared to change your message as news or changes in market information become available. If your products or services are the “ buggy whips” of the 90’s, your company could be in trouble. Don’t let lack of information stop your company in its tracks. Which of the eight are the most important to your business? Each can have a positive or negative effect on various parts of your business. Each will effect different businesses in different ways. The point is to be aware of each of them, how each affects your specific business and include them in your marketing decisions.