

# Marketing concepts assignment

[Business](#), [Marketing](#)



How does the marketing concept differ from the selling concept, the product and production philosophies? Illustrate the potential perils faced by companies adopting these concepts in today's highly complex and competitive environment and outline which orientations are recommended in a buyer's market? The Marketing Concept is a philosophy that says that firms should analyze the needs of their customers and then make decisions to satisfy those needs in a way that is better than the competition.

In 1776 In *The Wealth of Nations*, Adam Smith wrote that the needs of producers should only be considered in meeting the needs of consumers. This philosophy is directly related with the marketing concept, only that it started to be used widely not less than 200 years later. This concept brought with it more intense competition and technological advancement around the assets. Normally it is used in a buyer's market where the buyer wants to buy something and different firms try to satisfy that want in the best way they can.

An example of a company that uses this orientation is Apple Inc. They know that the consumers want portable music and video, and they want it in the most sleek, elegant and most easy to use device they can find, at an affordable price. With regard to this, Apple created the iPod range, which varies in price, size, and function with which they managed to gain 70% market share in the US. They also recently released the iPhone which satisfies those consumers that want a phone, camera, portable media, and wireless web surfing in one device. Assignment II The Sales Concept (aka. The Selling Concept) on the other hand is used when companies do not only want to produce the product, but they also want it to reach the customers

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and convince them to buy it by means of personal selling and advertising. Before they actually make the product, these companies ask themselves, Can we sell this product? Can we charge enough for it? Under these two questions, the company sells the product and stays ahead of competition and pays little care to customer satisfaction.

This orientation started being used around 1930— as sales when competition started to increase due to technological changes in production and supply started to exceed demand. These companies then started to create sales teams and appoint sales persons and assumed that good sales persons have the ability to sell any product and make people believe that the product is good. An example of this kind of orientation is an insurance company.

Customers do not wake up one day and decide to go buy life insurance, but a sales person used the hard sales method to try to convince you to insure yourself and your family. Another good example is a company trying to sell an encyclopedia set where the seller tries to convince you that you need this set of books. The Production Concept started around the time of the industrial revolution and lasted into the 1930s. During this time, the production power of factories could not keep up with demand which in these situations was higher than the supply of certain products.

This type of orientation is taken into consideration when the business is mainly concerned with making as many units as possible of a particular product which it can produce most efficiently and at a low price. By concentrating on producing the maximum amount that they are able to produce, this type of business tries to be like Henry Ford (1863-1947) profitable

by making full use of economies of scale. In a production ROR- enter business, the needs of the customer are not taken as seriously as the need to increase output.

This approach seems to be most effective in a high growth market or when the demand for a product is very high Page 3 where the potential for economies of scale is significant. An example of this type of situation was Ford in it's early years. Henry Ford said " They can have any color they want as long as it's black". The company focused on mass producing the vehicle in the cheapest way possible without taking any variations ( in this case color) into inconsideration since there was a very high demand for the product.

The Product orientation is very closely related with the production concept. This philosophy states that customers always prefer a product that has innovative features or improved performance and a good price. Over the years producing in large quantities simply was no longer an option, and entrepreneurs that realized this started to think about if the products they are producing where superior to the competition and if they the were more expensive but there was still little interest in the needs of the customer or research into competition.

GM Motors said " how can a customer know what he wants until he sees what is available? " Some businesses are obsessed with their own products, and sometimes even arrogant that they have superior to others, but these products can in technology but when these companies fail to keep up with technical improvements, or trends, these products can start to loose their territory to competition and therefore become obsolete.

Page 4 The key differences between the marketing concept and the other 3 concepts is that the marketing concept has an outside-in approach, this means that it first analyzes the target market and sees what are the customer's needs and want, then it develops a product that satisfies those needs and wants in a way that is superior to competition if there is any. A marketing oriented company focuses all its resources into providing goods or services that a customer wants and it takes into consideration the one thing that is sure to happen in a market, which is change.

Unlike a company operating under the sales orientation, selling surplus stock is not the aim of a marketing orientated company, but it uses selling and promotion as a tool to understand the customer. When a customer is dissatisfied, the company operating under the marketing concept tries to change policy and satisfy that customer and it follows the rule that the customer is always right.

The Problem of adopting the marketing orientation is that sometimes there are many different and unrelated wants from customers, and when you try to satisfy all of these wants, you end up with many unrelated products (egg. Sharp producing microwave ovens along with mobile phones) that are very difficult to manage unless you set up different departments under different brand managers, and when that is the case, when something goes wrong these departments start to blame one- another.

Under a sales orientation on the other hand is focused on the short-term and there is little interest in the aftertastes service, if a customer feels dissatisfied (egg. After purchasing an encyclopedia set) there is little he can

do, therefore there is no relationship with that customer. Companies operating under the product or production philosophies tend to end up with ‘marketing myopia’ which is when they only think about the tangible product and sometimes they confuse customers by adding features that are useless and which they don’t really need.

Page 5 A Buyer’s Market is a highly complex and competitive type of market where buyers have power over sellers. In this type of market, supply is exceeding demand and prices are falling. If you do not have a superior product at a good price, you cannot be profitable in this type of market. The best orientation to operate under is the and what the competition is offering, and try to come out with a product that is better than what is being offered. An example of this type of market is the mobile phone industry.

Many companies produce mobile phones and the customer has a very wide hooch, so a company that wants to enter and compete in this market must research the customer and must be able to develop a device with innovative features and an affordable perception such as Apple did with the phone, Monika on the other hand produces a vast range of phones and there is virtually a model that suits every type of customer. Bibliography: <http://en.Wisped.Org/wick/Marketing> <http://www.Antenna.Com/marketing/concept/> [http://www.Tutor.](http://www.Tutor.Net/business/marketing/marketing_orientation_alternatives.Asp)

[http://www.Tutor.Net/business/marketing/marketing\\_orientation\\_alternatives.Asp](http://www.Tutor.Net/business/marketing/marketing_orientation_alternatives.Asp) Marketing Advanced Lecture Topic 1 – Mr.. Theresa Hobbs