

# [A venue where buyers and sellers meet marketing essay](https://assignbuster.com/a-venue-where-buyers-and-sellers-meet-marketing-essay/)

The term ‘ marketing’ derives from ‘ market’, a noun which describes a venue where buyers and sellers meet and are involved in transactions, typically, in the modern world, an exchange of goods for cash. Many of us got the wrong perception that marketing is narrowly confined to a particular office or department but actually marketing is a business orientation which has grown and developed into a management discipline over the years. May be some of us can have a question that “ I am not dealing with any of our customers directly then how can I be the part of our marketing and why I need to understand about marketing?” But you should understand first that marketing is an attitude of mind, an approach to business problems that should be adapted by the whole organization, from the chairman and chief executive down to the lowest levels. My purpose of this article is to share about some basic marketing concepts to our enthusiastic and motivated personnel for their better understanding of marketing and their part in it.

Marketing is based on the concept that the customer is the most important person to the company. In order to prosper or even survive, every company must work hard to retain its existing markets and continually strive to secure new and profitable customers. The marketing concept puts the emphasis on customers and the identification and satisfaction of customer requirements. Such an orientation to business consequently results in the customer becoming the focus of the company’s activities, and most successful companies in the world owe their prosperity to the adoption and application of this marketing concept.

## The Definition of Marketing

As far back as 1775, Adam Smith, the father of modern economics, wrote the following passage in his famous work. The wealth of Nations:

“ Consumption is the sole end and purpose of all production and the interests of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer.”

In the above statement Adam Smith has given the essence of what modern marketing is all about. The very word is consumer, as it is the identification and satisfaction of a consumer’s requirements which forms the basis of modern marketing.

Marketing can be defined as follows,

Marketing consists of individual and organizational activities that facilitate and expedite satisfying exchange relationships in a dynamic environment through the creation, distribution, promotion and pricing of goods, services and ideas.

Marketing is the process of planning and executing the conception, pricing, promotion and distribution or ideas, goods and services to create exchange that satisfy individual and organizational objectives.

Marketing is the management process which identifies, anticipates, and supplies customer requirements efficiently and profitably.

## Marketing a Functional Area of Management

Marketing is a complex phenomenon that combines both the philosophy of business and its practice.

Marketing is indeed a functional area of management which is usually within the firm and which uses a number of highly developed techniques in order to achieve specific objectives. As a function, an important part of marketing’s role is to identify correctly both the current and future needs and wants of specifically defined target markets. This information is then acted upon by the whole organization in bringing into existence the products and/or services necessary to satisfy customer requirements. It is the marketing function that forms the interface with the firm’s existing and potential customers.

For example we had introduced the Adixen series3 dry pumps range mainly designed for running on the harshest processes without premature failures which saves costs and production time for our customers. This design was made by our R&D with the inputs from our existing customers about their experience and difficulties in handling the harsh applications in semiconductor industry worldwide. Our factory put much effort on executing the new technology to manufacturing of these pumps with superior quality. Our marketing team and service team together at different customer sites around the globe worked with our customers very closely and evaluate the pumps in real applications. The initial feedbacks from our customers using these pumps are very satisfactory and definitely these pumps will satisfy our customer requirements. Thus marketing provides entrepreneurship by identifying customer requirements and through marketing the rest of the firm is bale to mobilize resources to capitalize on them.

The process of marketing management is no different from any other functional area of management in that it essentially comprise of four key tasks.

Analysis

Customers, competitors, tends and changes in the environment, and internal strengths and weaknesses must each be fully understood by the marketer before effective marketing plans can be established.

Planning

There must be a plan both long-term & short term marketing direction for the organization.

Implementation

The implementation tasks of marketing management involve such activities as staffing, allocating tasks and responsibilities, budgeting, and securing any financial and other resources needed to translate plans into action.

Control

The fourth and sometimes neglected, task is measuring and evaluating progress against objectives and targets established in plans.

## Marketing an Overall Business Philosophy

Marketing simply as yet another functional area of management but more as an overall business philosophy, a way of thinking about business, and a way of working which runs through aspect of the firm’s activities. Hence, marketing is viewed not as a separate function, but rather as a profit-oriented approach to business that permeates not just the marketing department but the entire business. Looked at from this point of view that the marketing is seen as an attitude of mind or an approach to business rather than a specific discipline.

The holistic view of the role of marketing within the firm has been expressed by a leading authority on management thinking, Peter F. Drucker who stated:

“ Marketing is not only much broader than selling, it is not a specialized activity at all. It encompasses the entire business. It is the whole business seen from the point of view of its final result, that is from the customer’s point of view. Concern and responsibility for marketing must therefore permeate all areas of the enterprise.”

This marketing-oriented business philosophy is referred to as the marketing concept. It is a philosophy that puts the customer at the very centre of the firms’ corporate purpose. We are doing business of vacuum but marketing cannot exist in a vacuum. To be really effective it must seep into the whole company. What is needed is an integrated approach, not just the creation of a marketing department. It is the company’s whole approach to business problems that is key issue. It is the adoption of a business philosophy that puts customer satisfaction at the core of management thinking throughout the organization. Customer satisfaction is the reason why we are keeping on introducing improved new products.

Such an approach to our business propels us into new activities and new opportunities and away from the narrow preoccupation with selling existing products to existing customers. Marketing cannot be effective within a company without the firm support of general management and penetration into every area of an organization.

## Marketing in a Historical Context

Marketing is principally concerned with exchange or trade. Trade in its most basic form has existed ever since mankind has been capable of producing a surplus.

In historical terms surplus was usually agricultural produce, which would then be traded for other goods such as pots or cloths. This early process of exchange brought about the existence of the local market and later the village fair to facilitate trading. The emergence of trade allowed people to specialize in producing particular goods and services and to exchange them in markets for other goods they needed.

## The Economic Role of Exchange

In a modern society, virtually everyone depends upon exchange for economic welfare. An organized system of exchange, based on formalized procedures and an explicit legal framework, is fundamental to the working of any modern industrial economy.

Exchange is the act of obtaining something of value, usually a product or service, from another part, an individual or organization, by offering something of value to the other party. The thing of value offered can be another product or service resulting in a simple barter agreement, although in modern exchange transactions money is usually used a medium of exchange. The act of exchange is an important economic process because it actually creates value. The act of production creates wealth, but the value of this wealth is greatly enhanced through the exchange process, which allows an individual or organization a greater range of consumption possibilities, resulting in greater satisfaction and utility all round.

Hence the exchange process is central to the subject of marketing, which, broadly speaking, can be said to be concerned with how, why and when consumers choose to satisfy needs and wants through exchange.

## The Marketing Environment

The marketing concept is more an attitude of mind or a customer-oriented business philosophy, rather than merely a functional area of management. As our vacuum products are used in industrial applications we need to deal with organizations not individuals. So we ned to understand the buying behavior of the organizations rather than individuals.

## Models of organizational buying behavior

The fundamental difference between the buying behavior of individuals and that of organizations is the number of people involved. When highly involved a consumer will follow a decision process very similar to that followed by organizations, but the people influencing the decision are unlikely to exceed immediate family members and friends, whereas organizational decisions can be influenced by twenty or more individuals each of whom represents another group of people. Identifying the composition of the organizational decision group – the ‘ buying centre’ – is a key task for industrial selling as each member may have different choice criteria, and this is directly related to developing an understanding of the decision process and each member’s relative influence, together with the dynamics of inter-organizational relationships.

The organizational buying process

A seven-stage model of the organizational buying process is shown in the following Figure 1.

Anticipation/recognition of problem

Decide on characteristics and quantity

Identification and qualification of sources

Acquisition and analysis of proposals

Evaluation and selection of supplier

Establish procurement procedures

Performance evaluation

Figure 1

In reality the process may not flow in sequential stages but some stages may happen in parallel, and some may not happen at all. The important issue is that at each stage a sub-decision may be taken which will determine the outcomes of successive stages. For example, at the second stage, that of deciding on the characteristics and quantity of the item, the salesperson who is successful in identifying the key individuals and their specific criteria has an opportunity of influencing the sun-decision in such a way that the specified characteristics and/or quantity give them a built-in advantage at stage five, the evaluation of proposals.

The importance of the last stage should not be under-estimated, as research has shown that it is vital to respond quickly to customer complaints in order to increase the pro further orders.

## Practical tip:

A salesperson who succeeds in initiating the buying process, perhaps by demonstrating potential improvements in quality performance, has the opportunity to work with the members of the buying centre through the early stages of the process, thereby building relationship and influencing the specification of characteristics.

## Organizational involvement with the purchase decision

The less experience an organization has of purchasing a particular product, and the less relevant knowledge it possesses, the more difficult the purchase decision will become. Three ‘ buy-classes’ have been described in terms of decreasing experience and knowledge which run from a ‘ straight rebuy’ through a ‘ modified rebuy’ to a ‘ new task’. As the buying situation becomes more difficult it also becomes more important to the organization and so organizational involvement with the purchase decision also increases.

As organizational involvement increases, so the number of people involved in the buying centre increases, and so does their seniority within the organization.

As organizational involvement increases, so does the complexity of the decision as more purchase criteria are specified by more influencers, and the purchase decision time becomes more extended.

## Influences within the buying centre

The purchasing department is the easiest one to identify from outside an organization and will be involved in all purchase decisions; it forms the starting point for identifying membership of the buying centre. However, research indicates that for many purchases the key influencers are located in other functional areas, such as production engineering, quality management, or R &D.

The role of the gatekeeper is particularly important, as by controlling the flow of information to other members of the buying centre, the gatekeeper can exert enormous influence on the decision, a degree of influence out of all proportion to the gatekeeper’s level of seniority. In many instances, the gatekeeper may be the purchasing manager, who is often attempting to expand his/her influence within the organization. However, the gatekeeper role may be played by another member of the organization and identifying this person may be the key to sales success. Secretaries often act as gate keepers allowing or denying access to their managers.

Influencers from different functional areas will often lay stress on different choice criteria when evaluating potential suppliers. The purchasing department may emphasize price engineering may put most value on quality, while production may consider prompt delivery the most important factor. Because these criteria are situation-specific and cannot be generalized across industries, organizations, or buying situations, the key task for the salesperson is to understand the criteria held by members of each buying centre on each occasion.

## Marketing at the Core of the Organization

Product and

Portfolio

Management

Logistics

Operations

Customer Profitability

Margins and profits

Sales force

Channel

Management

and Sales Force

Shares of Hearts, Minds,

and Markets

Marketing

and Finance

Finance

Pricing

Strategy

Advertising

Media and Web Metrics

Promotions

Advertising Agency

The trade

## Selection of Markets

The central message of marketing concept is the need for firms to identify and attempt to satisfy the genuine needs and wants of specifically defined target markets more effectively and efficiently than competitors.

Modern usage has given several meanings to the word ‘ market’. Whatever the context in which the term is used, it generally implies a demand for a product or service. Stanton state that, in the market demand for any given product or service, there are three factors to consider:

People with needs

Their purchasing power

Their buying behavior

A market, therefore, can be defined as people with needs to satisfy, the money to spend and the willingness to spend it. From a marketing point of view, a market consists of not only existing customers but also potential customers. As foster explains,

“ For marketing executives the market is not only present customers but all those persons and organisations who may be persuaded to buy the products services they offer”.

## Target Marketing

The concept of target marketing is a refinement of the basic philosophy of marketing.

The process of target marketing needs to be carried out systematically and scientifically to be effective. Kotler states that the process of target marketing has three distinct statges:

## Stage One: Market Segmentation:

The overall market is divided into distinct groups of buyers who are likely to respond favourably to different product/service offerings and marketing mixes. The firm determines the most appropriate basis for segmentation, identifies the important characteristics of each market segment, and develops criteria for evaluating their commercial attractiveness and viability.

## Stage Two: Market Targeting:

This is not to be confused with the overall process of target marketing. Market targeting is the process whereby one or more of the market segments previously identified are evaluated and selected.

## Stage Three: Product Positioning

Even within a given market segment, competitors’ products are likely to be positioned in a particular ‘ niche’ or position. Product positioning is the process whereby the product or service and all the other marketing mix elements are designed to fit a given place within a particular segment. Such a position may be more implied than real. It is how the consumer perceives the product’s position relative to competitors’ products that is important.

TAGE ONE

MARKET SEGMENTATION

1. Identify bases for segmentation

2. Determine important characteristics

of each market segment

STAGE TWO

MARKET TARGETING

3. Evaluate potential and commercial

attractiveness of each segment

4. Select one or more segments

STAGE THREE

PRODUCT POSITIONING

5. Develop detailed product

positioning for selected segments

6. Develop a marketing mix for each

selected segment

The whole process of target marketing can be illustrated schematically as shown in the flowchart.

As we have always been aware that our products were purchased and used by certain types of industries only.

## Industrial Market Segmentation:

Most frequently used industrial segmentation variables:

## Size of firms:

The criteria used could be turnover, capital employed or number of employees. Large firms tend to have different criteria for evaluating a supplier and its products than smaller firms. This is due partly to the fact that larger firms are able to employ professional buyers.

## Type of Industry:

The criteria used may be manufacturing or service industry, nationalized/private industry, or actual type of activity, e. g. electronics or glass industry. Different industries may have different requirements in terms of product specifications, price or after-sales service. A firm selling, say industrial valves may need a different marketing strategy and marketing mix for each industrial segment it deals with.

## Geographical region:

For example some areas of the UK are designated ‘ Enterprise Zones’ or ‘ Assisted Areas’. The firms operating in such areas often qualify for government grants or other financial assistance. Again a firm marketing to organizations in such areas is likely to have a different marketing strategy, especially in relation to pricing and communication policy, from that used in other parts of the country. Other geographical criteria maybe urban, rural, European Union, developing country, etc.

## Type of buying Organization

This segmentation variable is also related to size of firm. How an organization purchases its products affects the way of marketing negotiations and communications with it. Larger firms tend to have a very formal purchasing procedure. Smaller firms tend to be more informal.

Many organizations have factories or divisions located in different parts of the country or its different countries. Some of these firms will have a centralized purchasing system, where the whole company’s requirements are purchased from Head Office. Other firms may have a decentralized purchasing system which allows each factory or division a certain amount of purchasing autonomy. How an organization’s purchasing system is organized will have an effect on the policies of marketing to that firm.

We need to give importance to find new and profitable customers. But it is more easier to keep the existing customer than finding new ones Why?

Industrial buying situations:

In organizational purchasing, the following situations can be observed

New buy:

As far as the buying firm is concerned, a ‘ new buy’ situation would ne:

The marketing firm was offering a totally new product.

It had never purchased from this supplier before so it was a ‘ new’ situation.

The product had been around for some time, but this was the first time the firm had actually bought it.

Modified re-buy:

The buying organization had purchased a similar product before, but this one is slightly different, e. g. a new, more advanced machine tool.

Routine re-buy:

The buying organization had been purchasing the same product from the same firm for a number of years.

In a new buy situation, the buying firm experiences a high degree of perceived risk, marketing strategies should be aimed at reducing this risk, e. g. Through a free trial, after-sales service or a guarantee. A modified re-buy is perceived as being less risky although not risk-free and a straight re-buy is perceived as a minimal-risk situation.

## Marketing Information Systems and Research

So far we had discussed about marketing concepts and now the time for understanding the use of marketing information and ways of collecting it.

We have examined the place of marketing in business and society, its relationship with customer and how the company can better serve the market place through strategic planning. Such planning involves examining this market place through techniques of marketing research and sales fore-casting.

Information is required to identify marketing problems and opportunities: it is also required to assist with the formation of an organization’s response to problems and opportunities that have been identified. The function of marketing research, therefore, is to generate information that will assist marketers in making decisions. There are two sources of marketing research data: primary (collection of new data) and secondary (date previously collected, or data that are already there).

The major types of marketing research that are conducted can be described as follows:

Market research and sales research cover:

Estimates of market size of both developed and new markets

Identification of market characteristics and segments

Identification of market trends

Sales forecasting (although this is sometimes considered to be a separate activity)

Obtaining information on customers and potential customers

Obtaining information on competitors

Product research covers:

The generation of new product ideas

Product concept testing

Product testing

Test marketing of products

Investigations into different types of packaging (sometimes called packaging research or package testing)

Pricing research is concerned with:

The identification of the relationship between a product or service’s price and demand.

Marketing communications research covers:

Research into the effectiveness of marketing communications (sometimes called advertising research. But it is felt that that term is a rather restrictive definition)

Media selection research

Copy testing

Sales territory planning

Distribution research covers:

Warehouse location research

Retail outlet location research

## Responsibility of marketing research

The sales manager and the sales people.

The salesforce is in constant touch with customers, so what could be easier than to ask a few questions about sales policy, packaging, and the product it self.

## The research Process

Definition of the marketing problem to be solved

Selection of data collection methods to be used

Selection of sampling method to be used

Development of an analysis plan

Data collection

Data analysis

Research reporting

## Secondary research

## Internal sources

These data are generated by the organization itself and include: accounting records, salesforce reports, reports from previous marketing research studies, and customer complaints records.

## External sources

These data are generated by sources outside the organization including data produced by the government and publishers of directories, newspapers, periodicals and research reports.

These collections of data will be very useful for the development of the products as well as our business. The data collected will be analyzed and presented to the organization in reports by the sales force for further planning.

I hope that you find the article will be useful and interesting as the marketing.

Cheers!

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