CHAPTER 1

MARKETING - CONCEPTUAL FRAMEWORK

Introduction

Marketing in its proper perspective is an all pervasive philosophy, an attitude, an art as well as a science. Marketing is that branch of knowledge which involves a systematic, critical and action-oriented study relating to fulfilment of human aspirations. ¹ It studies and analyses the manner and method in which the phenomena of aspirations originate, evolve, form, develop, heighten, accentuate and get fulfilled. In the business sense marketing basically involves relating the needs and desires of people with the producers' products or services.

Philip Kotler states "Marketing is a human activity directed at satisfying needs and wants through exchange processes." ² It consists of all activities designed to generate and facilitate any exchange intended to satisfy

¹ Sundeep R.Ghosh and Chittamitra, "Marketing: Search for Identity', Indian Management, New Delhi: All India Management Association, Vol.23, No.5, August 1984, pp. 3-7

human needs or wants. It can be construed that marketing occurs when people decide to satisfy needs and wants through exchange. Therefore, exchange is the core concept of the discipline of marketing, which incorporates a contractual, communication and value-creating process.

**Concept of Marketing**

The American Marketing Association (1948) defined marketing as "the performance of business activities that direct the flow of goods and services from producer to consumer or user". The focus of this definition is on the selling and distribution of goods and services while the other important aspects of marketing are ignored. The Association (1960) therefore, redefined marketing as "the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange that satisfy individual and organisational objectives". The definition of Stanton runs in similar vein: "Marketing is a total system of business activities designed to plan, price, promote and distribute want-satisfying products, services and ideas to target markets in order to

achieve organisational objectives."

Harry L. Hansen looks at marketing as "the process of discovering and translating consumer needs and wants into product and service specifications, creating demand for products and services, and then in-turn expanding the demand". Edward U. Cundiff views marketing as "a managerial process by which products are matched with markets".

These definitions highlight marketing as a system designed to offer something of value for the benefit of both the organization and the market. In other words marketing is performed with the twin objectives of making profit for the firm and satisfaction for the consumers. But in more recent times, marketing is mainly concerned with exploring and analysing consumer wants and meeting them. This consumer-oriented approach has been aptly explained by Peter Drucker in the following words: To know what a business is we have to start with its purpose. Its purpose must lie outside the


5 Harry L. Hansen, Marketing Text, Techniques and Cases, Homewood, Illinois: Richard, Irwin, 1953, p.4


business itself”. It must lie in society. There is only one valid definition of business purpose: to create customers.

To sum up the discussion of this part, it may be said that marketing concept holds that a firm should: (i) be customer-oriented; (ii) strive for profitable sales volume; and (iii) coordinate all its marketing activities by means of efficient management.

**Evolution of Marketing Concept**

Elver since the primitive days, mankind had been engaging in the act of giving and taking in the form of barter. This physical phenomenon of giving and receiving was defined in marketing as 'exchange'. This process of exchange in its evolutionary path resulted in the emergence of four marketing concepts which are discussed below.

**Production and Distribution Orientation.** Since the exchange process involved physical movement of the 'object' the word 'distribution' was highlighted as the "primary concern" of marketing. Cox, Mc Cormick, Shaw and Ford, Grether, Mc Garry and Alderson (1930 - 59) themed that marketing is concerned with the movement and distribution of economic goods for maximising production and profit.

According to this concept, it is assumed that consumers will favour those products which are available and affordable and therefore, the marketing task of management is to pursue improved production and distribution efficiency. The production approach is considered appropriate under the following situations: (i) when the demand for products exceeds supply, (ii) when the product cost is high and has to be brought down to expand the market, and (iii) when there is no need for vigorous marketing efforts. In short it is based on the dictum "we sell what we make'. A variant of the same theme is practised in socialistic world: Planners know better what is good for the people than consumers themselves.

Sales Orientation. Subsequently the attention gradually shifted from the producer to the consumer who possesses purchasing power and whose needs the exchange process has to satisfy. It is assumed under the selling concept that consumers either not buy at all or not buy enough of the organisation's product unless the organisation makes a substantial effort to stimulate their interest in its

9 Philip Kotler, Marketing Management: Analysis, Planning and Control, op. cit., p.27
products. The marketer holds the view that products are not bought but they have to be sold with the help of salesmen, advertising, sales promotion and publicity. This concept is based on the premise 'we make what we can sell'.

**Consumer Orientation.** Economists like Galbraith and Rostow moved a step further and suggested that the problems of distribution of the total product to the different sections of society should be given more attention. Subsequently consumer preference got a place of pride in economics. Mc Kitterick, King and Bartels (1960-69) viewed marketing as a total business philosophy centering around the consumers' need and satisfaction.

The consumer-oriented marketing concept holds that the key task of the organisation is to determine the needs and wants of target markets, and to adapt the organisation to delivering the desired satisfaction more effectively and efficiently than its competitors. The essential elements of this concept are: customer needs and wants orientation, integrated marketing and customer satisfaction for achieving


organisational goals. It is based on the dictum "we market what customers need". Customer is the foundation.

This concept acquired newer dimensions and wider vision due to the efforts of its ardent exponent (Kotler, 1973) through: (i) broadening the nature of the product exchanged from economic goods and services to anything of value; (ii) broadening the objectives of the exchange from profit to any type of pay off; and (iii) broadening the target audience of an organisation or institution from customer to any concerned "public".

Societal Orientation. Marketing theorists like Bartels, Kotler, Levy, Zaltman, Ralph Nader and Arndt (1970-79) took the lead in looking beyond the firm and focused on society and environment. They conceived marketing as a means by which the distributive needs of economic goods and services of society is met.

The central task of a business organisation under this concept is to generate customer satisfaction and long run customers' and society's well being as the key to achieving organisational goals. It is based on the premise that "we market what customers want and use, keeping in mind long term social well being".
While all these concepts recognise the need for the organisation to satisfy their specific goals, the route through which those goals can be achieved and the assumption about the consumer and the key task of the organisation are different under each of these concepts. It is also recognised that each of these concepts can be a valid orientation under different market conditions. Successful organisations have moved from product concept to the other three higher order orientations with a change in the market environment, while societal marketing concept is still a distant dream for most organisations even in the developed world.

**Importance of Marketing**

Marketing as a modern field of knowledge affects everyone, irrespective of the fact whether one is citizen, a customer or a member of the work-force. Marketing pervades every aspect of life: It manages demand for product, generates consumers enthusiasm, and maximises consumer-satisfaction. It provides ample opportunities and thus it delivers standard of living to the society and maximises life quality.

Marketing plays a critical role in respect of under-developed countries. Indeed marketing is the most important "multiplier" of development. Its development makes possible economic integration and the fullest utilisation of whatever assets and productive capacity an economy already possesses. It mobilizes latent economic energy. It contributes for the rapid development of entrepreneurs and managers, and above all for the greater satisfaction of human needs.

Marketing Management

Marketing Management is a vehicle with which the business achieves the goals of marketing. In other words marketing management is marketing concept in action. While marketing concept is a philosophy, marketing management is a means for evolving strategies to accomplish the same. Marketing management is the analysis, planning and Implementation and control of programmes designed to create, build and maintain mutually beneficial exchange relationship with target markets for the purpose of achieving organisational objectives. It relies on a disciplined analysis of the needs, wants, perception and preferences of target and intermediary markets as the basis for effective product design, pricing, communication and
distribution. Hence the task of marketing management is regulating the level, timing and character of demand in a way that will help the organization in achieving its objectives of creating customer satisfaction and realising targeted profit.

Marketing Management Process

The marketing management process should be understood as an integrated effort involving intra-organisational factors like product, price, promotion and channels of distribution as well as extra-organisational environmental factors like consumers, competitive conditions, trade behaviour, technological and economic development. In as much as, the marketing management process consists of: (1) analysing market opportunities; (ii) selecting target markets; (iii) developing the marketing mix; and (iv) managing the marketing efforts.15 The specific processes that take place when a firm develops a market strategy are illustrated in chart-1. The process is briefly explained hereunder.


**Organisational Mission and Goals.** If an organisation is to develop a sense of direction and plan a supportive marketing programme, it must know what it wants to be and where it wants to go. This includes defining its organisational mission, setting organisational goals and establishing marketing objectives.

**Marketing Opportunity Analysis.** Marketing opportunities are the starting point of marketing activity. Management needs to know how to identify and evaluate market opportunities. Management can identify market opportunities by working with the product/market expansion grid and paying attention to new industries. Each opportunity must be evaluated so as to ascertain whether it is in tune with the company's objectives and can be handled with the company's resources.

Marketing opportunity analysis should reveal a number of alternative opportunities. Each alternative market opportunity will require a deep study before it can be selected. The company may want to make a more careful

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estimate of current and future demand to make sure that the opportunity is sufficiently attractive. If so, the next step is to identify those customer groups or market segments whose needs the company can beat serve. The company might choose to serve one or more market segments. For each target segment, the company has to position its products in terms of product attributes, brand, price with reference to competing products and establish some differentiation in the minds of customers.

**Marketing Strategies.** Once the company has decided on its market positioning, it develops a marketing mix to support its positioning. The marketing mix is the blending of four Ps - Product, Price, Place and Promotion. The company has to decide on its total marketing budget, and make allocations to the major marketing mix elements appropriate to the strategies adopted. To carry out this marketing task, marketing programmes have to be developed based on the marketing information system and overall marketing plan.

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Monitoring and Control of Strategy. Finally establishing control over marketing activities and outcomes becomes necessary. A control system capable of monitoring the actual results of the marketing strategy and measuring them against the desired objectives is essential for effective marketing management. Such control mechanism focuses on the problem areas and helps formulate alternative plans that are more likely to achieve the organisation's objectives.

In short, the marketer is to orchestrate these functions and their output in a way that achieves the two-way link with the customer and gets the right service to the right markets at the right price by the right means at the right time.  

Relevance of Marketing to Cooperatives

Cooperatives are essentially business organisations guided by unique principles and philosophies that differentiate them from other forms of business organisation. They aim at improving standard and quality of life of people by delivering needed products/services. Cooperative organisation is embedded on 'member user-identity' and a consumers' cooperative society makes sales to its own members. In as much as, members' interests and

consumer satisfaction harmoniously merges in a consumers' cooperative society, the imperative for marketing orientation to be inbuilt remains strong. But the situation is totally different in a 'market linkage' type of cooperative society where production and sale are undertaken for the market. The modern marketing philosophy, namely, determining the needs, wants and interests of consumers and delivering the desired satisfaction more effectively and efficiently than that of competitors in a way that preserves and enhances the consumers' and society's well being by means of appropriate marketing programmes is equally relevant to the cooperatives of the above type. Such cooperatives should rely on marketing, philosophy and consumer satisfaction for their survival, growth and prosperity.

Further, the Indian cooperatives are the brain child of the Government. They are not exposed to competitive environment, as they have to function within the framework of Government regulations and legislative safeguard. As such, the competitive, market-oriented strategies adopted by commercial and private sector organisations are conspicuous by their absence in cooperatives. Formulation and adoption of suitable policies and strategies by cooperatives,
is therefore, the need of the hour and it calls for the application of consumer-oriented marketing concepts.

Relevance to Handloom Weavers' Cooperatives

Promotion of economic interest of the weavers through supplying raw materials and arranging marketing of goods produced by the weavers is the basic objective of handloom cooperatives. Provision of full employment and promotion of the standard of living of the weavers ultimately depend on effective marketing of goods produced by them. Nevertheless marketing has been one of the problem areas in the management of handloom cooperatives. The problem is compounded owing to the special features associated with handloom textiles. The need to adopt modern marketing concept by handloom weavers' cooperatives arise due to the following factors:

(i) The market demand for textile goods undergoes a dynamic change. Handloom cloth sales in India and abroad depends largely on its aesthetic appeal and utilitarian value. Therefore, it is necessary to ensure production of fabrics with consummate skills and artistry, having proper finish, design and pattern suited to the fast changing tastes of consumers. The illiterate and ignorant weavers with outdated methods produce cloth in the
conventional patterns and designs, which may not meet the changing market requirements. Therefore, the absence of appropriate product strategy has been a limiting factor in the marketing of handloom fabrics by weavers' cooperatives.

(ii) Price is one of the important factors affecting the saleability of handloom fabrics. Handloom weaving being a cottage industry, it is not in a position to avail the advantages of large scale operations. The cost of production of handloom cloth is higher than mill/ powerloom cloths, for it involves high human skill and specialisation and most of the pre as well as post looming activities are done in small scale. The high cost of labour gets reflected in the prices of handloom textiles. There has been a paramount need to introduce cost-effective methods of production and competitive pricing.

(iii) Handloom weaving being a decentralised cottage industry, production is carried on in the geographically scattered small units wherein fabrics are available in small quantities with varied quality. Similarly consumers of handloom fabrics are widely scattered in local, regional and national markets. If fabrics are not made available in places where they have market, production has no meaning. Therefore, weavers' cooperatives have to adopt suitable
distribution and inventory strategy; and

iv) Since handloom fabrics enjoy quite a seasonal
demand, the information on product feature, price advantages,
places where they are kept for sale to consumers and
such others are to be communicated to the multilingual
public in general and consumers in particular so that
inventory stocks of handloom fabrics do not accumulate.
This warrants a well designed promotional strategy by
weavers' cooperatives.

To conclude, the handloom cooperatives are caught in a
dynamic marketing environment which calls for a new outlook
and thinking-conceptually as well as operationally.
Neglecting the marketing management functions on modern
lines has been the major factor responsible for keeping the
handloom sector underdeveloped and unsuccessful.\(^2\)\(^0\)
Therefore, integrated approach to the marketing functions
involving the application of different marketing strategies
both in production and marketing phases of the weaving
industry is an imperative for its development.

Rayudu C.S., Economics of Textile Cooperatives, Delhi:
Discovery Publishing House, 1988, p.198