CHAPTER IV

THE WORLD OF MARKETING: IMPORTANCE AND DIMENSIONS

Marketing is not a static activity as in the beginning of the Industrial Revolution till the sixties, Marketing experts introduced very important concepts, strategies and policies. Their target was to enter, enlarge and develop markets. These markets are increasing every day and have different specializations and offer different services and goods, to satisfy the needs and interests of customers. All this is happening in the competitive world. This competition has made the businessman and the producer innovate new methods to influence the customer in order to buy the products.

The concept of offensive marketing appeared, and indicated more effective and qualified marketing policies to penetrate markets and satisfy customer’s needs and wants.

4.1 DEFINING MARKETING:

It is indeed difficult to define any dynamic activity. Marketing includes several activities and sections also marketing is not independent of other activities like, producing, controlling, public relation… etc. We must therefore focus on the different definitions:-

First: American Marketing Association (AMA) views marketing as “The process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational
objective”. This tends to focus on the 4Ps of marketing: product, price, promotion and placement, rather than consider a wider range of issues.

**Second:** The UK’s Chartered Institute of Marketing defines it thus “Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably”. Marketing interacts with other activities of organizations and it affects other activities and is affected by other activities.

**Third:** Wind (1997) has defined marketing as follows: “Marketing as a management function, appears to be on the decline. Marketing as a management philosophy and orientation, espoused and practiced throughout the corporation, is however seen increasingly as critical to the success of any organization”. Wind’s quote not only place marketing at the center of business, he makes it all encompassing. Assuming this perspective means that organizations that pay lip service to marketing are, in essence, risking their future existence.

**Fourth:** Kotler and Armstrong have defined marketing as follows: “Marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products and services of value with others”. From this definition Kotler and Armistrong view marketing as social process to satisfy customer's wants and needs.

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Fifth: Others view marketing as “The process of defining customers demand and encouraging process of selling and distribution”.55 This definition indicates that, marketing starts by customer not by production process.

Sixth: William J. Stanton has defined marketing as “Marketing is a total system of business activities designed to plan, price, promote and distribute want satisfying products to target marketers in order to achieve organizational objectives”.56 This definition is a comprehensive definition because it spotlights on the main elements of marketing activities as also emphasizes on the truth of marketing’s role in satisfying actual or potential or expected needs.

Seventh: The Swedish writer, Christian Gronroos, proposed a Nordic definition of marketing” Marketing is to establish, develop and commercialize long-term customer relationships so that the objectives of the parties are met. This is done by a mutual exchange and keeping of promises.”57 These long-term relationships are formed between the customer and all the people in the firm with whom she has contact.

From all of these definitions we can say that, marketing is a commercial and human activity, it is a process of reconciliation between products and markets, and we can through it transfer the ownership. This means that a successful project is a project which markets only the products that can be produced and only produce the products that can be marketed. We can consider marketing as a process of competing and reconciliation between specific products and specific markets, while producing is related only to production of these products.

4.2 THE IMPORTANCE OF MARKETING:

Marketing activity is considered as one of the most important activities in industrial and service organizations. Marketing activity is a window that is used by organizations to create a healthy trading environment. Marketing activity is the first activity that has the responsibility of monitoring movement and changes, in the elements of external environment that affect its activity like: Changes in customer tastes, size of competition, sales and expected demand for goods and services…etc. Marketing activity through continuous monitoring of the movement of these environmental elements gives an organization information and feedback, which helps other organization’s functions and administrations to plan and decide in order to build the plan of organization as a whole. In the light of the expected sales generated by marketing activities, the production management launches a production plan to cover the size of wanted tastes and wanted qualities. Administrative and financial management try to provide money and costs needed for the of promotion campaigns, the purchasing management provides materials and others requirements; all of these indicate the importance of marketing activities.58

Also marketing activity creates economic utility to satisfy the customer’s wants and needs and we can see several kinds of utility that are created by marketing like form utility, time utility, place utility, possession utility and information utility. These utilities are not included in production framework, because they are created after producing the goods.59 Marketing plays an important role in achieving the objectives of developing and growing the national economy, and marketing also: -

- Contributes to place and defines the policies of investment.

- Contributes to determine the expected demand for different products to satisfy the needs and wants of the customer and determine the products quality and quantity.

Improves the balance of payments and trade balance. Offers new job opportunities, so that many people in the country work in marketing activities.  

**Figure 4.1 A simple marketing system.**

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### 4.3 MARKETING OBJECTIVES:

The objectives of any marketing activity are:

- To discover customers who have the desire to buy goods or services.

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• To satisfy the needs and wants of customer through the study of his behavior and the factors that affects the decisions of buying.

• Retention of the customer and make him loyal to the organization’s products.

From the main objectives of marketing we can see that, customer is the first point in the marketing frame work (discover him, study his wants needs and income…etc.) and he is the end point of satisfaction and retention. The new concept of modern marketing indicates the ability of organization to produce according to the customer's wants and needs and avoid producing only for sale, and this is considered the basis for success in the marketing function and organization as a whole. Hence the new concept of modern marketing makes customer and serving him its first and last target. He is the head fountain of marketing and production ideas in order to make the production and marketing work in the organization more qualified to achieve the best profits.

In order to achieve the above objectives we need to make:

1. External co-operation and integration between marketing functions and functions of other organizations like production finance, purchasing, …etc.

2. Internal co-operation and integration between marketing functions, customer study, and market study, promotion, distribution …etc.

4.4 MARKETING DEVELOPMENT PHASES :

It is very important for us to know the marketing development stages in order to know the nature of modern marketing. Marketing has developed as a result of economical, organizational, and structural changes that took place in developed societies
at the beginning of the 20\textsuperscript{th} century that guided to make marketing work. This resulted in the classification of the integrated features and philosophy presented by marketing concept. We can distinguish between four marketing concepts as follows:

\subsection*{4.4.1 The Product Concept :}

This concept concentrates on the production process rather than the marketing process; it means that production is the important entrant, so that producers go to produce higher quality products in order to attract customers to buy them. This old concept which dominated before the industrial revolution, stipulates that the customer must know the product trade mark and also alternate products since the customer’s selection depends on quality and price. This concept assumes that the customer is looking for a particular product so that the producers only make a little effort for introducing their products, this concept was dominant when the demand was more than supply. So that it was not odd that, the producers spent simple efforts only like training sales people to determine their selling share to market their products. Thus this concept is related more with selling activity rather than it’s relation with other marketing functions or activities. Some service organizations in recent times go by this method especially non-profit marketing organizations or public benefit organizations like post office, hospitals and some kinds of media. They believe that, they offer to their citizens a qualitative service to satisfy them. \footnote{Abdulslam, Bair, \textit{Admenstration of Marketing Activity}, Tunis: Kartage Library, 1994, P. 50.}
4.4.2 The selling concept:

This concept believes that, the customer needs ample personal and non personal selling efforts, to persuade him to buy the organization’s product. 62

Others say, this concept believes that consumers and business if left alone, will ordinarily not buy enough of the organization's products, the organization must, therefore, undertake an aggressive selling and promotion effort. Most firms practice the selling concept when they have excess capacity, their aim is to sell what they make rather than make what the market wants. This concept assumes that consumers typically show buying inertia or resistance and must be coaxed into buying. It also assumes that the company has a whole battery of effective selling and promotion tools to stimulate more buying. 63 So selling and promotion are very important marketing activities according to this concept and they are presented as personal and non-personal activities successively. Definitely the objective of the organization here is achieving the profits through increasing the sales and according to the concept the benefit of organization is placed before the benefit of the customer. This concept may achieve the organization’s benefit from the conditions listed below:-

- Customer knows the methods and objectives of sales people and accepts according to his ability to face them.

- Customer forgets his previous dissatisfaction in the process of buying.

- No bad opinion from a dissatisfied customer to other customers

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- Availability of large numbers of prospective customers.\textsuperscript{64}

But these conditions are difficult and almost impossible, because we can’t see them in actual practice.

\textbf{4.4.3 The Marketing concept :}

Anyone who has goods or service or ideas and wants to sell them, he basically needs to know the actual motivations for buying and he must also have knowledge of customer behaviour so that organization can use motivations. This concept takes the side of the customer because the customer is at the heart of the marketing process. This means that marketing concept plays a great role in the study and defines the needs and wants to target the market and make adjustments in the organization's situation in order to offer the desired satisfaction for these needs and wants in order to be better than others competitors. The marketing concept was born out of the awareness that a business should start with the determination of the customer wants and end with the satisfaction of those wants. The concept puts the consumer at both the beginning and the end of the business cycle. It stipulates that any business should be organized around the marketing function and its task should be one of anticipating, stimulating and meeting the customer’s requirements.\textsuperscript{65} “Marketing concept holds the key to achieving its organizational goals, so that the company being more effective than its competitors in creating, delivering and communicating superior customer value to its chosen target markets. It crystallized in the mid 1950s and has been expressed in many colorful ways:

- “Meeting needs profitable”.

\textsuperscript{64} Mohammed, Abdulah, \textit{The Modern Marketing}, Cairo : Cairo University, 1988, Pp. 23.

• “Find wants and fill them”.

• “Love the customer, not the product”.

• “Have it our way”.

• “You are the boss”.

• “Putting people first”.

• Partners for profit”. 66

We have already defined marketing as the process of finding and satisfying the customer. When the organization knows the customer’s needs and wants it tries to satisfy these wants and needs, and this is the guide to consumer loyalty, and on this base consumer research was born which means studying the habits, needs, motivation and features of the ultimate customer in order to affect his behaviour and increase the sales. The concept of consumer survey was born, which studies the market and factors affecting it and also studies the customer's opinions about launched products. In the marketing concept we must have an effective marketing organization and marketing plan. The marketing organization is responsible for planning marketing activities. While the marketing plan includes organization objectives, and methods of achieving these objectives to get profits for selling and distribution of goods and services. The organization must also have an effective marketing policy. So we can see that, any organization which follows this concept knows the activities that affect the consumer and studies them carefully. The organization doesn’t manufacture products before studying the availability of demand in the markets for this product.

### Chart 4.1 differences between selling and marketing.

<table>
<thead>
<tr>
<th>Selling</th>
<th>Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling starts with the seller, and is preoccupied all the time with the needs of the seller.</td>
<td>Marketing starts with the buyer and focuses constantly on the needs of the buyer.</td>
</tr>
<tr>
<td>Seller is the center of the business universe; activities start with the sellers’ existing products.</td>
<td>Buyer is the center of the business universe; activities follow the buyer and his needs.</td>
</tr>
<tr>
<td>Seeks to quickly convert ‘product’ into ‘cash’.</td>
<td>Seeks to convert customer ‘needs’ into ‘products’.</td>
</tr>
<tr>
<td>Concerns itself with the tricks and techniques of getting the customers to part with their cash for the products available with the salesman.</td>
<td>Emphasizes on fulfilling the needs of the customers.</td>
</tr>
<tr>
<td>Overemphasizes the ‘exchange’ aspect, without caring for the ‘value satisfactions’ inherent in the exchange.</td>
<td>Concerns itself primarily and truly with the ‘value satisfactions’ that should flow to the customer from the exchange.</td>
</tr>
<tr>
<td>Sellers’ preference dominates the formulation of the ‘marketing mix’.</td>
<td>Buyer determines the shape the ‘marketing mix’ should take.</td>
</tr>
<tr>
<td>The firm makes the product first and then figures out how to sell it and make profit.</td>
<td>What is to be offered as a product is determined by the customer.</td>
</tr>
<tr>
<td>Overemphasizes the ‘exchange’ aspect, without caring for the ‘value satisfactions’ inherent in the exchange.</td>
<td>Concerns itself primarily and truly with the ‘value satisfactions’ that should flow to the customer from the exchange.</td>
</tr>
<tr>
<td>Emphasis on staying with the existing technology and reducing costs.</td>
<td>Emphasis on innovation in every sphere; on providing better value to the customer by adopting better technology.</td>
</tr>
<tr>
<td>Sellers’ motives dominate marketing communications.</td>
<td>Marketing communications is looked upon as the tool for communicating the benefits / satisfactions provided by the product.</td>
</tr>
<tr>
<td>Transportation, storage and other distribution functions are perceived as mere extensions of the production function.</td>
<td>They are seen as vital services to be provided to the customer, keeping customer’s convenience in focus.</td>
</tr>
<tr>
<td>Different departments of the business operate the separate watertight compartments.</td>
<td>All departments of the business operate in a highly integrated manner, the sole purpose being generation of consumer satisfaction.</td>
</tr>
<tr>
<td>In firms practicing ‘selling’, production is the central function of the business.</td>
<td>In firms practicing ‘marketing’, marketing is the central function of the business; the entire company or business is organized around the marketing function.</td>
</tr>
<tr>
<td>‘Selling’ views the customer as the last link in the business.</td>
<td>‘Marketing’ views the customer as the very purpose of the business; sees the business from the point of view of the customer; customer consciousness permeates the entire organization – all departments and all people in the organization – all the time.</td>
</tr>
</tbody>
</table>

**Source:** V. S. Ramaswamy and S. Namakumari, Marketing Management, 3rd Ed., Delhi: Macmillan India Ltd., P. 6.
4.4.4 The Social Marketing Concept:

The concept is new, and a developing concept, which views marketing as an active commercial activity and it must play an important role in increasing the standard of living for people in the society. It is true that marketing activity by offering goods and services offers positive returns to customer but these returns only go to few people who have the ability to obtain goods and services at higher prices. The supporters of this concept say that many producers go away from the core of societal marketing concept, when they go to pay most of their concern to satisfy much specified segment of customer and this happens upon the benefit of large segments. This concept is based on logical assumptions, as follow:-

1. The message of organization is satisfying the customer’s needs and wants and contributing to develop the standard of living.

2. The customer will deal with the organizations that pay attention to his benefit as well as social benefit.

3. This concept takes care of organization’s, customer’s and public’s well being.⁶⁷

The societal marketing concept calls upon marketers to build social and ethical considerations into their marketing practices. They must balance and juggle the often conflicting criteria of company profits, consumer want satisfaction and public interest.⁶⁸ Individuals are looking at products from a responsible ethical and social standpoint, so company or organization’s tasks are to determine the needs, wants and interests of the

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target markets and provide the desired satisfaction more effectively and efficiently than competitors in a way that preserves or enhances the customer’s and society’s well being. Several factors have been at work here since the late 1980s. Technology has provided instantaneous media coverage from virtually everywhere in the world. An event happens and it is beamed globally. Such media opportunities also mean the actions of companies, far removed from their domestic market, cannot escape scrutiny. There relations in the 1990s of the environmentally unfriendly actions of major oil companies in Nigeria promoted a public outcry in Europe. A hostile media savaged companies, while consumers actively (and vocally) boycotted the companies' products. The companies’ reputations were damaged and some irrevocably. Only significant investments in environmental clean-up operations of the Niger Delta and the introduction of ethical and social responsibility programmes have restored or rehabilitated some of these companies in the minds of the consumer.69

4.5 THE MARKETING PROCESS:

The success of an organization depends on the organization’s ability to satisfy customers according to their expectations, in order to achieve this aim the organization must know the importance of group’s elements, which are follows:

1. Marketing is a management process.

2. Define customer’s needs


4. Customer satisfaction

5. Marketing mix

6. Ability to make profit

### 4.5.1 Marketing is a Management Process:

It means that, marketing is a continuous process doing its activities completely. Some organizations do its marketing activities like, advertising, market studies, and sales promotion campaigns and marketing research in an unintegrated and unfeeling manner. These organizations believe that they are doing effective marketing functions, while they are actually doing very bad unplanned business. Marketing integration includes three distinguished missions, but they are related:

A. Integration between marketing planning with strategic planning for organization as whole.

B. Integration of marketing activities.

C. Integration of marketing mix elements.

From the other angle, it must check all the principles and concepts that are related to marketing decision making. A marketing manager faces several decisions; some of them are strategically decisions like development of the organization’s message, developing new products, deciding upon number of sales personnel and marketing costs, as also other decisions like, packaging and labeling.

### 4.5.2 Definition Customer’s Needs and Wants:

Achieving the organization’s objectives through customer satisfaction at the same level of his expectations, implies the need to discover his wants and needs and this will guide us to satisfy his wants and needs. These people are customers, individual customers
or industrial customers (companies). But organization’s product maybe paid by one (buyer) and used by another (user) and some times the buyer selects it according to his friend's advise (influencer) because customer’s decision to buy gets mixed up from user and the person influencing the purchase. The same is the case with industrial products. The organization’s customer may be content from complex groups like stakeholders, each one of them has different needs and wants, and buyer looks at the low cost, while the user looks to the benefits from using the product. There is difference between decision making unit for consumable goods and decision making unit for industrial products. In the first kind the organization must collect information about what influences people in decision making to make general entry to make a large number of customers happy, while in the second kind, the marketer must understand each process and the methods of decision making because decisions are taken collectively and as result of which the organization must know and define the wants and needs of the decision makers clearly to satisfy them. This entry must be customized. Customer needs also are not same. Some of them are tangible we can measure them, so that marketer endeavors to define them, in order to offer a suitable product for the customer. Other needs are intangible so that organization can’t define and measure them easily as tangible needs. The importance of tangible needs is their share in the total cost is not large but can achieve higher level of satisfaction, so that the marketer must be assured about availability of intangible aspects and add them to the group of needs to ensure satisfaction. Intangible needs include, psychological and emotional needs like, social acceptance, friendship, modernity of product, national feeling…etc.
4.5.3 Prediction of Needs and Wants.

We should arrive at the correct decision with the help of our knowledge and experience. Knowledge is one of the basic features of the organization and marketers should be able to predict the future needs and wants of the customer. Markets are dynamic and everything is moving quickly in these markets, so that the marketing team must be ready to respond to probable changes. Future prediction of probable changes in the working environment helps to understand human behaviour, and that is considered as the basic element in having an actual vision for future wants and needs of the organization’s customer and his support for the organization's success in the competitive field.

4.5.4 Customer Satisfaction.

Most of marketers know that, marketing basically aims at satisfying customer’s needs and wants. Marketers must understand their customers’ needs, wants and demands. Basic human needs like need for food change to desire, when they are going towards a specific target. But demand is desire to a get specified product. This desire is supported by financial ability. So the organization must not concentrate merely on the desire for buying the product but it must also measure the financial ability of their customers. Sometimes customers don’t know their needs or wants so that marketers must understand them and alert them. This is the truth especially when the organization precedes their customers in determining their future needs. These potential needs must wake up and change to desires through marketing communications only here the customer will be ready to think about buying and determine his future expectation. Hence, the availability of needs precedes the availability of markets. “Marketers do not create needs, needs pre-
exist marketers, along with other societal factors. Marketers might promote the idea that would satisfy a person’s needs. They do not, however, create the need.\textsuperscript{70} Companies address needs by putting forth a value proposition, this is a set of benefits they offer to customers to satisfy their needs. The offering will be successful if it delivers value and satisfaction to the target buyer, who chooses between different offers on the basis of which is perceived the one that delivers the most value.

4.5.5 Marketing Mix.

Marketer needs plans to achieve objectives of the organization, so that marketing program contains from several decisions about marketing mix to satisfy customers’ needs and wants. Marketing mix is the sole vehicle for creating and delivering customer value, Borden has defined it as “The set of marketing tools the firm uses to pursue its marketing objectives in the target market”.\textsuperscript{71} It is a simple concept but this simplicity changes to academic idea that must be understood. An organization must put every element of marketing mix in the right place in order to satisfy customer’s needs, and also the organization must know the interactive exchange between different elements of marketing mix. The process of satisfaction of customer needs to deal with four basic elements which constitute marketing mix which is known as 4Ps:

1. The Product.
2. The Price.
3. The Place
4. The Promotion.

Each element from the above elements includes a group of marketing factors (subsidiary elements) and it varies from industry to industry, according to different marketing strategies. The decisions about marketing mix affect trading channels and the ultimate customer, so organizations can change prices of their products or size of sales personnel or advertising express within a short time, but developing new products or modifying distribution channels needs a long time. 4Ps is the sales vision for marketing equipments that are used by him to influence the buyer to become a regular customer of his organization.

4.5.5.1 Product.

“Product is anything that is offered to market for attention, acquisition, use or consumption and which might satisfy a want or need. It includes physical objects, services, persons, place, organizations and ideas”. We can say that a product is everything, both favorable and unfavorable, that is received in exchange. It is a complexity of tangible attributes, including functional, social and psychological utilities or benefits. A product can be ideas, a service, a good or any combination of these three. These benefits meet the customer’s need and want in order to satisfy them. The study of a product includes group of basic works that are planned and decided considering the results of marketing and customer studies. These works are like the level of quality which to be offered to the market, the quantity of expected sales under competition, packaging in order to attract the customer and protect the product, branding and labeling it to distinguish the product from others products,. ..Etc.

4.5.5.2 Price.

“Price is the amount of money paid by the consumer for a product.” Economy defines price as the exchange value of a product or service always expressed in money. To the consumer the price is an agreement between seller and buyer concerning what each is to receive. Price is the mechanism or device for translating into quantitative terms (Rupees, Rail and Dollar) to the ultimate consumer, the price he pays for a product or service represents as sacrifice of purchasing power. Price always includes cost and percentage of profit is added to it. Price determination is related to several things like: Cost of product or service, competitive prices, discounts, other services added to products. In general we can say that price which is paid by the customer is value for the benefit which is received by him as a result of buying product or service from the side of quality, discount, and adding value like, delivery, and after sales services.

4.5.5.3 Promotion.

Perrault. (2000) describes promotion as “Communicating information between the seller and potential buyer or others in the channel to influence attitudes and behavior.” These activities are done by the organization in order to increase the ability of organization to sell and distribute its products and compete with others organizations and get the biggest market share. In order to achieve that many promotional methods like; advertising, sales promotion, publicity, personal selling, exhibitions and public relations, are used by marketing. So that promotion gives information about goods, or service to


customer in order to know the price, quality, use and distribution centers of goods and services.

4.5.5.4 Place / distribution.

Channels of distribution indicate routes or pathways through which goods and services flow, or move from producers to consumers. We can define formally the distribution channel as “the set of interdependent marketing institutions participating in the marketing activities involved in the movement or flow of goods or services from the primary producer to the ultimate consumer”. 75 This marketing element specializes in physical distribution of products and delivering the same from producer to consumer in the right place at the right time in the right quantity to achieve benefit to customer. This job is doing in many ways known as marketing channels, which is storing and making products available at the right time to satisfy customer needs. Distribution is a very important process because producing products and not delivering them to the customers at the right time and place is useless and the organization will not have a good reputation in the market and also it will not achieve its objectives.

4.5.6 Ability to Make Profit.

Marketing endeavors to satisfy customers and spent money in developing products and distribute it to make customers satisfied better than their competitors. So marketing at the same time must go for achieving profit for the organization, because achieving customer satisfaction only while organization makes a loss is not correct marketing and isn't considered smart marketing. But there are non-profit organization, and governmental organizations which don’t aim to make profit but aim to achieve satisfaction for their

customer, those organizations like social societies, governmental hospitals, post office, governmental universities and public schools all of which need to achieve satisfaction for their customers in return for achieving their objectives, so the organization must be committed by achieving customer’s aims from one side and developing group of activities that are designed to several satisfaction for customer and make profit at all times. 76

4.6  Marketing Functions.

Before speaking about marketing function we must know the marketing limitations. This helps to know from where these functions started and where they end. The starting point for marketing functions according to the modern marketing concept starts from the time of thinking about producing a product. While the ending point for these functions is when the customer receives the product and measures his level of satisfaction. From that we can say that, marketing functions include all the jobs and activities that are done from the time of product design till the time of reaching the customer. This means there are several functions done by marketing activity but their content approximately is same. We can classify marketing functions as follow:

**First: Management Functions:**

This includes management functions which is called Marketing Management.

1. **Planning:** Includes putting marketing objectives and marketing policies and strategies.

2. **Organizing**: It includes general organizing the marketing activity like designing structure, defining missions, responsibilities and authorities and rearranges it from time to time. No doubt organizing attempts to facilitate the marketing process and achieve its objectives.

3. **Directing**: this is the function of guiding, overseeing and leading the people. It consist issuing of orders and instructions, guiding and teaching the subordinates in the proper methods and supervising the subordinates to ensure that their performance confirms the plan.\(^{77}\)

4. **Controlling**: It includes follow-up and evaluation for carrying out all marketing functions from starting point to end point in order to know and measure the level of achievement qualification and know the weakness point to correct it and developing marketing activities.\(^{78}\)

**Second**: Exchange Functions:

This function includes several functions as below:

1. **Product study**: It includes concentrated process between marketing and production, in order to make product and define it’s features, quality, product quantity all these according to the needs, wants and desires of customers and the size of predicted demand, also define the price, package, brand and labeling for product and define thereafter sale services according to the nature of product.

2. **Purchasing and Selling**: These include ownership transfer from producer to consumer and also include the negotiation process of selling and buying price and freight


conditions and others basic elements that facilitate the process of transferring ownership and achieving possession utility.

3. **Promotion**: This function includes designing promotion program in order to inform customer about product and create demand for it in the market to achieve good competitive position in the market. This promotional program (promotional mix) includes many things like personal selling, advertising, sales promotion and exhibitions.

**Third**: Physical Distribution Functions:

This group includes several functions, the most important being:

1. **Storing**: This function endeavors to make a product available to the customer at the right time, because production of some products are seasonal so that they are produced in large quantity and after that they are stored to be made available to the customer at the year round. Others products need to be ready for storing for sometime. In such situations we can see the importance of storing. Retailers and wholesalers need to store process in order to do selling and distribution of products.

2. **Physical transportation**: This function is doing transportation of product. It delivers the product from producer to customer at his geographical place, to the customers’ markets. So that we can say that physical distribution achieves place utility by using famous and well-known from of means of partitions.\(^7^9\)

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Fourth: Assistant Functions:

This group includes several and varied functions which contributes to assist previous marketing functions, in order to achieve its objectives, and without it the marketing process become difficult. These functions are:

1. **Financing**: This function is called commercial credit which is classified as short-term financing according to financial concept. As we know there is time interval between the process of production and process of selling the product. The product goes through marketing or distribution channels to reach the ultimate customer. To cover this period the selling process of the product is done by credit till thy get the money from the ultimate customer. This function also includes financing for promotion campaign done by producer or distributor.

2. **Market study**: This function is considered as the most important function that supports marketing activity. Through this function an organization can collect information about consumer and his wants, needs, motivations, interest and his income level. It can also collect information about expected demand for product in the market and size of competition. All of these help to produce the product of a certain quantity and quality to make the customer satisfied.

3. **Marketing mix**: Movement of the product from producer to ultimate consumer through marketing channels has many risks for example fire, breaking in and stealing. Such risks need good method to deal with it to reduce its negative impact. This situation needs insurance for product with good conditions with insurance companies and make contracts with it, in order to reduce the negative impact for these risks. Marketing risks include economic depression, competition, changing
customer taste, so that marketing attempts to study these risks to solve it and reduce its impact. 80

4.7 INTERNET MARKETING ENVIRONMENT.

An organization interacts with several changeable elements inside and outside the organization. It supplies goods and services to market and acquires men for the same. It also offers information to customers about products’ features, places of selling, warranty … etc. It gets information about the market like, size of selling, level of growth, competitors, customers’ opinion and … etc. From the other side the organization constitutes the other system with it’s relation with supplier of raw materials, component parts (fabricating parts), installation and accessories. 81 It also has a relation with supervisor organizations as banks and others authorities. So an organization has a very strong relation with marketing environment, which is constituted from different groups of elements which are divided to in two groups. The first group is under the control and the supervision of the organization. This group is called micro environment, while the other isn’t subjected to the control and supervision of organization and it called as macro environment. When we want to analyze the activities of organization we must take the elements of micro and macro environment as integrated group from interactive relations, because negligence of these factors result in failure of an organization in the market. But an organization works in a changeable environment, so it must know the changes that


happen in the organization’s environment to modify itself with these changes in order to achieve its objectives. 82

4.7.1 Micro Environment.

Micro environment is constituted from the relations that are created inside the organization, also the organization’s relations with suppliers, competitors, customers and mass media. All of these elements interact with the organization:

A. Organization markets its products to the market and gets revenue. Internet networks are considered as a new market for organization, so that it attempts to enter it and know its environment.

B. An organization gets information and data about customer satisfaction about it’s products, wants, needs and interest, by doing marketing research and using data collection methods. Internet network offers very important statistical information because it has public information banks.

C. An organization offers information about its products and policies to market forces, by using promotional methods like advertising and personal selling. This information has now become available on the internet network. 83

4.7.1.1 The Organization.

When an organization wants to make a marketing plan, the marketing department must look to the benefits of others departments which influence the achievement of the marketing programs directly, like higher administration, financial, research and development, purchasing, accounting and production. A marketing manager must take

decisions that do not conflict with higher administration objectives. When a marketing manager is doing his work he must co-operate with different project’s functions. Research and development department gives its attention to designing an attractive product; the production department produces the products in right quantity and at the right time with the right quality. Accounts supervise and control the expenses and revenue to know if the organization achieves its objectives. The objectives of these functions have an influence on the marketing activity.  

4.7.1.2 Suppliers.

Suppliers are groups of organizations or people who supply basic materials to organizations for producing goods and services. Any activities that happen in the suppliers’ environment have an effect on the marketing activity of the organization. The marketing department must keep an eye on the prices of raw materials, because increasing prices of raw materials lead the organization to increase the prices of it’s products. Also the unavailability of raw materials as a result of strikes, wars and other disasters may leads to an irregular supply of products to buyers. In the short term this means that the organization can’t take advantage of available selling opportunities. In the long term this leads to damage in the reputation of the organization and it will lose its customers.

4.7.1.3 Intermediaries.

Intermediaries are a group of people that help the organization in transporting, promoting and distributing its products in the markets. They are specialist organizations

84 Mohamoud, Saied, Op.Cit., P. 120.
in the transportation and storing of products, agents of marketing services and financial institutes. The organization must select those intermediaries carefully, because wrong selections withhold the best marketing opportunities from organization.

4.7.1.4 Customers.

An organization must know its customers, because it deals with many people. Each group has special features that have an influence on the kind and size of their needs for goods and services. Each customer from those customers constitutes a unique market from others markets. These markets are:

A. Consumption market: It constitutes from individuals and family who buy goods and services for personal consumption.

B. Producer market: These are organizations which buy products for using it in their production process.

C. Intermediaries market: These are organizations which buy goods and services in order to sell it and gain profits.

D. Government market: Governmental organizations these buy goods and services for using it in the field of social services.

E. International market: It constitute from customers, producers, intermediaries and governmental institutions, those available outside the country of production.\(^8^5\)

4.7.1.5 Competition.

An organization faces several competitors. This factor is very important and we can’t ignore it. Frankly if the organization can’t satisfy its customer’s needs and wants in perfect manner as competitors, it will lose their customer and it will not be stead fast in the market. In many times the competitors determine what things are to be sold in the market and at what price, not by customers. An organization must know that competition is not only in the market and getting the biggest share of consumers; however, it may be in the human resources, raw materials, finance and the right of using new techniques. Studying competition aims to evaluate competitors' strategies, so that the organization must determine the target markets, competitors marketing plants, their markets, types of competition, the level of customer satisfaction and the level of competitors' products quality.  

From above we can see that internet network plays an important role for the elements of micro environment that effect the marketing organization through:

A. Increasing the kind and number of people, those which deal with organization as a result of changing to international level.

B. International orientation to new markets, and not only to domestic market and build new strategies for organization.

C. New decisions about marketing mix to be in the same level of international markets.

4.7.2 Macro Environment.

Macro environment is a wider concept than micro environment. It includes the factors, that influence all the micro environment’s factors, organization and it’s suppliers, intermediaries, customers, and competitors who are available in an effective force and have an influence on the organization's activity. These factors do not surrender to the control of organization’s management, these forces are novel and have new risks, so that the organization must watch it carefully and modify it’s situation with the new forces.

4.7.2.1 Demographic Elements.

These elements constitute very important interest to the organization because markets consist of individuals. The development of the demographic environment is not under the control of an organization, but the organization can watch it and analyses it and it can expect the changes in the demographic environment from the most elements of demographic environment are:

- Number of people.
- Fertility rate.
- Rate of growth.
- Size of family.
- Death rate.
- Emigration rate.
- Educational level.

All of these elements influence the consumer behavior because these elements influence the buying decision of customer for the products of organization. All demographic information and its growth orientations help an organization to know
these changes and work according to it. In short and middle term these elements are not serious but in long term it is very serious to the organization. The organization can make a list of the growth orientation of the demographic elements and analyses it to know what elements will be affected by the organization activity. Internet network is very important in this field because it offers periodical statistical information about the demographical changes. The relationship between internet and demographical forces is very strong because we can divide the internet market according to children, adult-teenage, most of internet users are teenage and adult. 87

4.7.2.2 Economic Elements.

The numbers of people are important but buying power has great importance for marketing. The level of buying power is related to the level of income, prices, personal saving and ability to get loan. Level of buying is affected by depression, higher level of unemployment, and cost of borrowing. The distribution of income is different from person to person but this is an objective phenomenon so that when the organization decides to select a segment from the market it must go from the financial situation of prospective customers. This means the buying power of this segment helps to determine the expenses of this segment for buying a specified product. The organization is affected by production expenses, because there are some elements of costing that are not under the control of organization like, prices of raw materials, equipments, machines, salaries that are determined by government or associations and the rents of building and real estates, if these expenses increase it will lead to decrease in the flexibility of marketing and this

leads to decrease in profits and vice versa. The general increasing of production cost leads to growth in prices and increasing the inflation, so that the prices of some products become more than customers’ buying power so that they will not buy the products and change the methods and manner of buying. 

4.7.2.3 Natural Forces.

Natural forces have an influence on the organizational activity specially with cases of rational using of these sources and importance of environment conservation which are getting global orientation. There are big problems facing a producer like scarcity of raw materials and energy. This puts the responsibility of searching better methods of using available sources, on the organization. Also organization must look for alternatives for these resources, so the organization must follow-up the activities of other organizations especially those doing scientific research in the field of alternatives resources and renewed energy. The most important problems of natural environment are:

- Scarcity of raw materials.
- Increasing the prices of energy.
- Increasing the environment pollution.
- The intervention of government in the rational using of natural resources and reproduction of it.  

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4.7.2.4 Technology.

The orientations of technological and scientific development must be followed up by an organization. If the organization doesn't pay enough attention to scientific research it will get bad results which lead it to go out side the market. Most researches are done by organizations in a secret manner, in order not to be known by competitors. But the marketing management must not go about discovering what others competitors are doing in research, but it must use all available capabilities in order to know the development orientation of applied research and look for new alternative methods for organization activities. The economy’s growth rate is affected by how many major new technologies are discovered. Every new technology is a force for “creative destruction”. The marketer should monitor the following trends in technology: the pace of change, the opportunities for innovation, varying R & D budgets and increased regulation. It is difficult to predict all the new technological development, that is done by scientific research center but the organization must follow up the orientations of technological developments, which have these features:

- The speed of technological development.
- New production manners, new products that create new needs.
- Growth of investments in the field of scientific research.
- Development the available products.
- Governmental supervision on the kind of products.

4.7.2.5 Political Elements.

An organization must know about the governmental laws and legislations in order to make it’s transaction in the markets in a perfect way, selecting the field of investment, searching for the ability increasing the capacity of production in the framework of availability of legislations. The organization must not only know the laws but it must use it.

Even in market economies, government policies are an important factor, though their restraining influence is relatively less.\textsuperscript{91} From the most effected political elements on the organization activities are:

- Legislations of business sector

- Increasing the number of government organization

- Increasing the number of consumer protection associations.

4.7.2.6 Cultural Environment.

Cultural environment elements have an impact on the consumer's behavior. Because consumers have habits, values and traditions which are always fixed. These traditions constitute relations and behaviors which affect in daily life of people. These traditions are inherited from generation to generation and become strong by laws and governmental authorities. Out of the most affected elements of cultural environment is religion, because it constitutes the basic traditions which are so difficult to change, it is not like secondary traditions. Marketing management can change secondary traditions only. So it must study different relations in the society in order to know the orientations of developments

and changes in the culture environment and it’s impact on the organization activities. 92

Some of the features of cultural environment for any society are:

- Hold by basic cultural values.
- Availability of sub-cultures.
- Secondary traditions change from time to time.

We can express cultural values as follows:-

- Individual relationship with his self.
- Mutual relationship between individuals.
- The relationship between individuals and organizations.
- Individuals’ relationship with society.
- Relationship between environment and individual.
- People’s relationship with religion.

From all of those points we can say the study of marketing environment is a very important step in the process of analyzing the abilities of marketing and knowing the risks which will face organization. The constituted relationship between different elements of environment and organization are different from their features or from their impact, from this site the impact of organization on these elements is different, because these elements submit to organization or not, so that organization must analyses these elements and accommodate itself with these elements.