Prologue

The first chapter of the present study elaborates upon the prelude to the marketing concepts - both classical and contemporary because marketing has undergone great changes in the present times. In this chapter, the researcher explains the concept of marketing, significance and types of marketing strategies, strategic planning process, and environmental scanning. This chapter has been developed on the following discussion:

"Marketing is so basic that it can not be considered a separate function. It is the whole business scene from the point of view of the final result, that is, from the customer's point of view.....Business success is not determined by the product bought by the customer."

* Peter F. Drucker.
1.1 Changing marketing concept in the present context.

Marketing is indeed an ancient art; it has been practised in one form or the other since the days of Adam and Eve. Its emergence as a management discipline, however, is of relatively recent origin. And within this relatively short period, it has gained a great deal of importance and stature. In fact, today most management thinkers and practitioners the world over, regard marketing as the most important of all management functions in any business.

Studies reveal that different organisations have different perceptions of marketing. And these differing perceptions have led to the formation of different concepts of marketing such as:

- The exchange concept;
- The production concept;
- The product concept;
- The sales concept; and
- The marketing concept.
We will soon what marketing means in each of the above concepts, how organisations following concepts other than the marketing concept suffer a disability and how organisations following the marketing concept reap great benefits. To facilitate the discussion on the subject, we shall go through a good number of definitions of marketing. A cursory glance through them would reveal that there are varying perceptions and viewpoints on the meaning and content of marketing.

Selected definitions of marketing

♦ Much of marketing is concerned with the problem of profitably disposing of what is produced.
♦ Marketing is a phenomenon brought about by the pressures of mass production and increased spending power.
♦ Marketing is the performance of business activities that direct the flow of goods and services from the producer to the consumer.
♦ Marketing is the economic process by which goods and services are exchanged between the producer and the consumer and their values determined in terms of money prices.

Marketing is designed to bring about desired exchanges with target audiences for the purpose of mutual gain.

Marketing activities are concerned with the demand-stimulating and demand-fulfilling efforts of the enterprises.

Marketing is the function that adjusts the organisation's offering to the changing needs of the market place.

Marketing is a total system of interacting business activities designed to plan, promote and distribute need-satisfying products and services to existing and potential consumers.

Marketing starts with the identification of a specific need on the part of the consumer and ends with the satisfaction of that need. The consumer is found both at the beginning and the end of the marketing process.

Marketing originates with the recognition of a need on the part of a consumer and terminates with the satisfaction of that need by the delivery of a usable product at the right time, at the right place and at an acceptable price.

Marketing is so basic that it cannot be considered a separate function. It is really the whole business seen from the point of view of the final result, i.e., from the point of view of the consumer.

Marketing is a viewpoint which looks at the entire business process as a highly integrated effort to discover, create, arouse and satisfy consumer needs.
Marketing is the delivery of a standard of living to society.

Marketing is typically seen as the task of creating, promoting and delivering goods and services to consumers and businesses. In fact, marketing people are involved in marketing 10 types of entities: goods, services, experiences, events, persons, places, properties, organisations, information and ideas. Physical goods constitute the bulk of most countries' production and marketing effort. The U.S. economy alone produces and markets each year 80 billion eggs, 3 billion chickens, 5 billion hair dryers, 200 million tons of steel, and 4 billion tons of cotton. In developing nations, goods – particularly food, commodities, clothing, and housing – are the mainstay of the economy.

As economies advance, a growing proportion of their activities are focused on the production of services. Services include the work of airlines, hotels, car rental firms, barbers and beauticians, maintenance and repair people, dog kennels and dog therapists, as well as professionals working within or for companies, such as accountants, lawyers, engineers, doctors, software programmers and management consultants. Many market offerings consist of a variable mix of goods and services. At the pure service and would be a psychiatrist listening to a patient or a quartet performing Mozart; at another level would be
the telephone call that is supported by a huge investment in plant and equipment; and at a more tangible level would be a fast-food establishment where the customer consumes both a good and a service.

By orchestrating several and goods, one can create, stage and market experiences. Walt Disney World's Magic Kingdom is an experience, one of visiting a fairy kingdom, a pirate ship, or a haunted house. So are Hard Rock Café and Planet Hollywood. There is a market for different experiences, such as spending a week at a baseball camp playing with some retired baseball great, paying to conduct the Chicago Symphony Orchestra for five minutes, or climbing Mount Everest.

Marketers promote time-based events, such as the Olympics, company anniversaries, major trade shows, sports events, and artistic performances. There is a whole profession of meetings planners who work out the details of an event and stage it to come off perfectly.

Celebrity marketing has become a major business. Years ago, someone seeking fame would hire a press agent to plant stories in newspapers and magazines. Today every major film star has an agent, a personal manager, and ties to a public
relations agency. Artists, musicians, CEO’s, physicians, high-profile lawyers and financiers, and other professionals are drawing help from celebrity markets. In the art world, Andy Warhol clearly applied entrepreneurial marketing principles to build his own fame. Management consultant Tom Peters, himself a master at self-branding, has advised each person to become a "brand".

Places – cities, states, regions, and whole nations – compete actively to attract tourists, factories, company headquarters, and new residents. Stratford, Ontario, in Canada was fairly run-down city with one asset, its name and river called Avon. This became the basis for an annual Shakespeare festival that put Stratford on the tourist map. Ireland has performed as an outstanding place marketers, having attracted more than 500 companies to locate their plants in Ireland. It operates the Irish Development Board, the Irish Tourist Board, and the Irish Export Board, responsible for inward investment, tourists and exports, respectively. Place marketers include economic development specialists, real estate agents, commercial banks, local business associations, and advertising and public relations agencies.

Properties are intangible rights of ownership of either real property or financial property. Properties are bought and sold, and this occasions a marketing effort. Real estate agents work for property owners or seekers to sell to buy residential or commercial real estate. Investment companies and banks are involved in marketing securities to both institutional and individual investors.

Organisations actively work to build a strong, favorable image in the mind of their publics. We see corporate identity ads by companies seeking more public recognition. Philips, the Dutch electronics company, puts out ads with the tag line, “Let’s Make Things Better”. The Body Shop and Ben & Jerry’s gain attention by promoting social causes. Other companies own their visibility to a dramatic leader, such as Virgin’s Richard Branson or Nike’s Phil Knight. Universities, museums, and performing arts organisations all lay plans to boost their public image to compete more successfully for audiences and funds.

Information can be produced and marketed as a product. This is essentially what schools and universities produce and distribute at a price to parents, students, and communities. Encyclopedias and most nonfiction books market information. Magazines such as Road and Track and Byte supply considerable
information about the car and computer world, respectively. We buy CDs and visit the Internet for information. The production, packaging and distribution of information is one of society’s major industries.

Every market offering includes a basic idea at its core. Charley Revson of Revlon observed: “In the factory, we make cosmetics; in the store we sell hope”. The buyer of a drill is really buying a hole. Products and services are platforms for delivering some idea or benefit. Marketers search hard for the core need they are trying to satisfy. A church, for example, must decide whether to market itself as a place of worship or a community center; the design of the church will be different depending on the choice.

1.2 Significance and types of marketing strategies.

Marketing strategy is the complete and unbeatable plan designed specifically for attaining the marketing objectives of the firm. The marketing objectives indicate what the firm wants to achieve; the marketing strategy provides the design for achieving them.
It is the marketing strategy that decides the success at the business unit level which in turn decides the total corporation's success. The linkage between marketing strategy and overall corporate success is indeed direct and vital. And in this linkage lies the significance of marketing strategy.

In the above sections, we explained that the target market and the marketing mix together constitute the marketing strategy of any firm and that no other clue is required to understand the marketing strategy of the firm. It follows that it should be possible to state in precise terms the marketing strategy of any firm, through its target market and marketing mix.

After discussing in detail the various ramifications of marketing strategy in the preceding pages, we have to now return to the same basic theme. Undoubtedly, it is competition that necessitates strategy. Coping with competition is the main aim of strategy. By the same token, it can also be said that in a marketing environment that is devoid of competition, the scope and need for strategic planning and marketing strategies will be less.

It is the presence of competition that primarily renders the marketing task strategic in character. Only in competitive
market, a firm has to necessarily move out, study its competitors, and move its policies, people and products in combat like action i.e., in a strategic manner. Strategy will help the firm acquire a competitive consciousness.

Since business growth is achieved primarily through such a competitive consciousness, strategy also becomes fundamental to achieving growth in any business steeped in competition. Marketing strategy essentially represents the competitive posture of the firm in the market.

1.3 Strategic planning process in the present perspective.

Of the numerous definitions offered for marketing, we can distinguish between a social and a managerial definition. A social definition shows the role marketing plays in society. One marketer said that marketing's role is to "deliver a higher standard of living". A social definition that serves our purpose follows:

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 chapter one: Preliminary - Conceptual and Philosophical Phase.

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.

For a managerial definition, marketing has often been described as "the art of selling products." But people are surprised when they hear that the most important part of marketing is not selling! Selling is only the tip of the marketing iceberg. Peter Drucker, a leading management theorist, puts it this way:

There will always, one can assume, be need for some selling. But the aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself. Ideally, marketing should result in a customer who is ready to buy. All that should be needed then is to make the product or service available.

When Sony designed its Walkman, when Nintendo designed a superior video game, and when Toyota introduced its Lexus automobile, these manufacturers were swamped with orders because they had designed the "right" product based on careful marketing homework.

Page 12
CHAPTER ONE: PRELIMINARY - CONCEPTUAL
AND PHILOSOPHICAL PHASE.

The American Marketing Association offers the following definition:

Marketing (management) is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, services to create exchanges that satisfy individual and organisational goals.

Coping with exchange processes calls for a considerable amount of work and skill. Marketing management takes place when at least one party to a potential exchange thinks about the means of achieving desired responses from other parties. We see marketing management as the art and science of choosing target markets and getting keeping, and growing customers through creating, delivering, and communicating superior customer value.

Business people often use the term markets to cover various groupings of customers. They talk about need markets (the diet-seeking market); product markets (the shoe market); demographic markets (the youth market); and geographic markets (the French market). Or they extend the concept to cover other markets, such as voter markets, labour markets, and donor markets.∗

CHAPTER - ONE: PRELIMINARY - CONCEPTUAL AND PHILOSOPHICAL PHASE.
1.4 Formulating marketing strategies for 21st century.

Marketing strategy is not a nebulous idea. It is a well-outlined game plan. And there are definite ways of formulating it. Basically, formulation of marketing strategy consists of two main steps:

- Selecting the target market
- Assembling the marketing mix

The essence of the marketing strategy of any firm can be grasped from the firm’s target market and its marketing mix. The target market shows to whom the firm intends to sell the products; the marketing mix shows how the firm intends to sell. Together, they constitute the marketing strategy platform of the firm. Other elements of marketing strategy, as we shall see subsequently, are matters of detail.

**Selecting the target market**

To say that target market selection is a part of marketing strategy development is an understatement. It does not fully
bring out the import of the inseparable linkage between the two. When the selection of the target market is over, an important part of the marketing strategy of the firm is already determined, defined and expressed.

The firm may not be interested in all the segments. There may be segments assuring immediate profits; there may be segments demanding heavy investments by way of market development; some other segments may show very great potential but may display tough barriers to entry. As such, the question, which segments, the firm should select as its target market, assumes crucial importance.

The example of Reliance Industries

To cite an example, when Reliance Textiles, now Reliance Industries, entered the Indian textile market in 1967, it found that the textile market of India consisted of many distinct segments, spread over the entire rural and urban India. It was a Rs. 5000 crore market with cotton textiles taking more than 70 percent share, and the rest shared by silks and synthetics. Reliance was coming out with a costly product – high quality synthetic fabrics, saris, suitings and dress materials. Reliance had to select its target market for this product. It spotted the
well-to-do and fashion loving upper middle class of urban India's as its target market. The decision came through a combined process of analytical exercise and executive judgement. Of the many distinct segments, the company deliberately chose the one that was most profitable and was also most suited to its offer.

In effect, target market selection boils down to deciding – what parts of the market are we going to serve? What parts of the market we choose not to serve? And, what is the logic of selecting a particular segment? In other words, it is basically a question of balancing the attractiveness of the various segments with the objectives of the firm and with the resources of the firm. And that is the first burden of marketing strategy formulation. When the right target market for the firm is selected, half the job of marketing strategy formulation is over. It is thus evident that target market selection is fundamental to marketing strategy formulation. Target market often determines the broad contours of the marketing strategy.

After all, the whole purport of marketing strategy is only to serve the target market effectively and successfully. So target market selection and marketing strategy are not two different entities. They are parts of a unified process.
Assembling the marketing mix

Thus, deciding the weightage to be assigned to each of the four Ps is the crux of marketing mix formulation. In a given situation, one firm may formulate its marketing mix with maximum weightage on the product as such, banking on the technological superiority and functional benefits of its product. It may provide average weightage to price, distribution and promotion. It means the firm puts in extra effort and investment on product. It may opt for a better design or an improved formula and bring out a product with a significant speciality. And this superior product forms the core of its marketing mix. *

1.5 Environmental scanning - SWOT analysis.

Successful companies taken an outside-inside view of their business. They recognise that the marketing environment is constantly spinning new opportunities and threats and understand the importance of continuously monitoring and adapting to that environment. One company that has continually reinvented one of its brands to keep up with the changing marketing environment is Mattel with its Barbie doll:

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Mattel’s genius is in keeping its Barbie doll both timeless and trendy. Since Barbie’s creation in 1959, the doll has filed a fundamental need that all girls share: to play a grown-up. Yet Barbie has changed as girls’ dreams have changed. Her aspirations have evolved from jobs like “stewardess,” “fashion model,” and “nurse,” to “astronaut,” “rock singer,” and “presidential candidate”. Mattel introduces new Barbie dolls every year in order to keep up with the latest definitions of achievement, glamour, romance, adventure, and nurturing.

Barbie also reflects America’s diverse population. Mattel has produced African American Barbie dolls since 1968 – the time of the civil rights movement – and the company has introduced Hispanic and Asian dolls as well. In recent years, Mattel has introduced the Crystal Barbie doll (a gorgeous glamour doll), Puerto Rican Barbie (part of its “dolls of the world” collection), Great Shape Barbie (to tie into the fitness craze), Flight Time Barbie (a pilot), and Troll and Baywatch Barbies (to tie into kids’ fads and TV shows). Industry analysts estimate that two Barbie dolls are sold every second and that the average American girl owns versions of Barbie. Every year since 1993, sales of the perky plastic doll have exceeded $1 billion.
Many companies fail to see change as opportunity. They ignore or resist changes until it is too late. Their strategies, structures, systems, and organizational culture grow increasingly obsolete and dysfunctional. Corporations as mighty as General Motors, IBM, and Sears have passed through difficult times because they ignored macro environmental changes too long.

The major responsibility for identifying significant marketplace changes falls to the company’s marketers. More than any other group in the company, they must be the trend trackers and opportunity seekers. Although every manager in an organization needs to observe the outside environment, marketers have two advantages: They have disciplined methods – marketing intelligence and marketing research – for collecting information about the marketing environment. They also spend more time with customers and more time watching competitors.

Successful companies recognize and respond profitably to unmet needs and trends. Companies could make a fortune if they could solve any of these problems: a cure for cancer, chemical cures for mental diseases, desalinization of seawater, nonfattening tasty nutritious food, practical electric cars, and affordable housing.
CHAPTER ONE: PRELIMINARY - CONCEPTUAL AND PHILOSOPHICAL PHASE.

Enterprising individuals and companies manage to create new solutions to unmet needs. Club Mediterranean emerged to meet the needs of single people for exotic vacations; the Walkman and CD Man were created for active people who wanted to listen to music, Nautilus was created for men and women who wanted to tone their bodies, Federal Express was created to meet the need for next-day mail delivery. *

Many opportunities are found by identifying trends.

A trend is a direction or sequence of events that have some momentum and durability. One major trend is the increasing participation of women in the workforce, which has spawned the child day-care business, increased consumption of micro-wavable foods, and office-oriented women's clothing.

More and more workplace and child-care centers are installing monitoring setups such as the "I See You" equipment from Simplex Knowledge in White Plains, New York. Not created to monitor child-care providers, the system allows parents to see their children at different points throughout the day. Via still photos taken by a camera in the child-care center and posted on a secure Web site on the Internet, working parents who long to spend

more time with their young ones get reassuring glimpses throughout the day.

Although shopping malls are in decline, there’s been a boom in niche malls that cater to the needs of working women. Shops at Somerset Square in Glastonbury, Connecticut is one such open-air shopping center. It features a customized retail mix of specialty shops, targeted promotions, and phone-in shopping, in which shoppers phone ahead with sizes and color preferences while store employees perform a “wardrobing” service. Many of the stores also informally extend hours for working women who find time to shop only before or after work.

We can draw distinctions among fads, trends, and mega trends. A fad is “unpredictable, short-lived, and without social, economic, and political significance”. A company can cash in on a fad such as Pet Rocks or Cabbage Patch dolls, but this is more a matter of luck and good predictable and anything else.

Trends are more predictable and durable. A trend reveals the shape of the future. According to futurist Faith Popcorn, a trend has longevity, is observable across several market areas and consumer activities, and is consistent with other significant indicators occurring or emerging at the same time.
John Naisbitt, another futurist, prefers to talk about mega-trends, which are "large social, economic, political, and technological changes are slow to form, and once in place, they influence us for some time – between seven and ten years, or longer". Naisbitt and his staff spot mega-trends by counting the number of times hard-news items on different topics appear in major newspapers. The 10 mega-trends Naisbitt has identified are:

- The booming global economy,
- A renaissance in the arts,
- The emergence of free-market socialism,
- Global lifestyles and cultural nationalism,
- The privatization of the welfare state,
- The rise of the Pacific Rim,
- The decade of women in leadership,
- The age of biology,
- The religious revival of the new millennium,
- The triumph of the individual.

Trends and mega-trends merit marketers’ close attention. A new product or marketing program is likely to be more successful if it is in line with strong trends rather than opposed to them. But detecting a new market opportunity does not guarantee its
success, even if it is technically feasible. For example, today some companies have created portable “electric books” in which different book disks can be inserted for reading. But there may not be a sufficient number of people interested in reading a book on a computer screen or willing to pay the required price. This is why market research is necessary to determine an opportunity’s profit potential.

* Chhabra, T.N.: Marketing Management, Dhanpat Rai & Sons, New Delhi, 2004