CHAPTER - II
A.HISTORY OF MARKETING

Marketing has been in existence for a number of millennium ever since people first started to barter the surpluses, they had accumulated. For most of that time, thought it had seen a peripheral activity, because in subsistence economies, such surpluses represented a relatively small part of the total.

After the Industrial revolution, made such surplus more common place, the "marketing" of these became the province of the 'salesman' with has specialized skill, Jone and Monieson suggest that the first academic discussion of 'marketing' can be traced back to the turn of the century, for instance, the E.D.James series of articles in Mill Supplies between 1911 and 1914. However, in the wider sphere of practical business management, it was only after 1945 that the newly fashionable advertising agencies began to redefine the discipline in a way, which came close to the modern concept of marketing. The 1950s was seen as the decade of advertising, the influence of agencies peaked and their clients appointed advertising managers to control these newly discovered resources.

Indeed, it was arguably only at the beginning of the 1960s that marketing in its modern form based upon a customer focus; in particular, making extensive use of marketing research to investigate customer needs and wants emerged on the scale that we now witness. This decade represented the hayday of the 'pure' marketing manager and especially of the few pioneers who become brand managers, a pinnacle of a new profession. Almost all of these pioneers however, practiced techniques, which was learned by a practical apprenticeship, rather than by the study classroom theory.

The discipline matured in the 1970s as led by Philip Kotler’s seminal text 'Marketing Management' (Prentice Hall, 1st Edition, 1967), the ideas, which had developed from practical experience were coded. Marketing
became 'reutilized' as an increasingly important function of management. Wolf and Smith (Handbook of Modern Marketing, Edition 1986) chart another aspect of marketing's progress during this time the influence of the field waned in the turbulent 1970s when strategic planning ascended. This change forced management to concentrate on reacting to environmental changes and consolidating competitive position to conserve scarce resources. There are the elements, which have now been, incorporated into modern marketing.

In the 1980s however, marketing lost much of to prestos self-confidence. Not least in terms of the new ideas being developed, the attention moved to techniques that are more aggressive with an immediate payback including derivatives of those developed by Michele's porters in his competitive strategy.

There derivations, however, conveniently ignored porter's long-term prospective.

Some what idiosyncratically, Dickson describes this for instance, as the FIVE ENVIRONMENT (5 E's) Mental model, the 'environment' being own company behavior, competition behavior, consumer behavior, channel behavior and public policy behavior.

As the recession at the end of the 1980's let company profits marketing activity — correctly seen as a long term investments (but incorrectly seen as expendable in the short term) — was often reduced as a part of organization, whose cost-saving measure. The attention indeed moved back to internal activities where cost reduction — the new focus of serious, management — could most easily he makes. As, the general loss of confidence continued to take something of a back seat in, an organization. Even in the traditionally strong areas of FMCG the growing power of the retailers undermined the confidence of the suppliers marketing management. Above all the shift from goods to services was called into question many of the basic tenets of marketing.

Beneath the surface, therefore was significant activity at the leading edge, and the support for some of the most cherished theories were being discretely downgraded. The battle for management minds had already been
won, apart from small minority (less than 20%) in the public sector who remained convinced that they knew what was good for their clients. The vast majority of managers accepted — without reservations — that the customers need and wants had to be paramount; even it was typically the care — they then did not know what to do to implement this philosophy.

In the academic circle, at least the leading edge researcher were questioning the viability of the main predictive models — including such basics as the product life cycle and Boston Matrix. It suggested that they were often misleading. This should be replaced by more practical and pragmatic theory which aimed to offer practitioners a framework for decision making. Thus, in the second half of the 1990s it seems likely that this practical approach may come to the fore: not unreasonably when, as our own research shows, managers want about all practical frame works to help than take the decision rather than predictions to usurp their roles. It is therefore this philosophy — empowering manager to take their own decisions — which perimeters much of the thinking.

MARKETING IN EVERYDAY LIFE

We all visit shopping centers, examine a retail displays compare process dealt with sales people and evaluate and purchase a wide range of products. We all play a role in marketing systems so we all know something about marketing. We all recognize brand name such as Nike and Britannia and their corporate and product symbol. Television advertising has been both an irritant and a source of pleasure to us all.

Some aspect of marketing is, of course, more widely known than others. The brand name such as RIN and HAMAM are probably quite familiar and they identify corporations most consumers seldom encounter directly. These companies buy goods and services that were used to produce other goods and services, thus performing important marketing function behind the scenes.

What is marketing, and what is in it? As we see there are several ways to consider the subjects of marketing, so there are number of ways to define the
term itself. A person who is asked the question 'what is marketing' might answer that marketing as selling, advertising or retailing. But these are marketing activities not definition of marketing as a whole. At the broadest level, the function of marketing activity is to bring buyers and sellers together.

Say at the beach, the thirsty sunbathers seeks the Coke stand owner. The owner inform interested in selling soft drinks to satisfy the customers thirst. The owners marketing activities such as locating the stand at the beach and advertising the price on a signboard help bring buyers and seller together. The owners goal is to consummate a salt to satisfy a customer and this leads to the function of marketing.

FUNCTIONS OF MARKETING

Many people mistakenly think of marketing only as selling and promotion. No wonder everyday products are dumped into the markets. Television commercial, newspaper ads, hoarding, direct mails, sales calls are regular activity in say today life.

Marketing does the job of identifying customer's needs, developing good products and pricing, distributing and promoting them effectively. So as to sell these goods, the aim of marketing is to make selling superfluous. The aim is to know and understand the customers so well that the products or services fit and sell itself.

Thus we define marketing as a social and managerial process by which individual and group obtain what they need and want through creating and exchanging the products and value with others.

The concept of markets finally brings us full circle to the concept of marketing. Marketing means working with markets to bring about exchanges for satisfying human needs and wants. Thus we return to our definition of marketing as a process by which an individuals and as a process by which an individuals and groups obtain what they need and want by creating exchange products and value with others. Exchange processes involve work. Sellers must search for buyers, identify their needs, design goods, products, promote
them, store and delivery them, and set prices for the. Such activities as product
development research; communications, distribution pricing and services are
core marketing activities. Marketing is just not findings enough customers for
the company’s current output but this is too limited a view. The organization
has a desired level of demand for its products. Companies must do more than
make good products – they must inform consumers about product benefits and
carefully position products in consumer’s minds. To do this they skillfully use
the mass promotional tools of advertising, sales promotion and public relations.

The definition of marketing indicates that marketing includes many
interrelated and interdependent activities meant to encourage, exchange and
build relationship. The term marketing-mix describes the result of
management’s creative effort to combine these activities. Faced with a wide
choice of product features, messages, prices, distribution methods and other
marketing variables the marketing manager must select the combine
ingredients to create a marketing mix that will achieve organizational
objectives. The marketing mix may have many facets, but its elements could
be placed in four basic categories, products, place (distribution), promotion and
price. These are commonly regarded to as the 4P’s of marketing – because
they can be influence by the managers – as the controllable variables of
marketing. Because virtually every possible marketing activity can be placed
in one of these categories, the 4P’s constitute a framework that can be used to
develop plans for marketing efforts. Preparing a marketing strategy requires
considering each major category of the marketing mix and making decisions
about the development of sub strategies with the category.

THE FIRST ELEMENT – PRODUCT

The term product refers to what the business or non profit organization
offers to its prospective customers or clients. The offering may be tangible
goods, such as a free offer, a service such as an airline trip, or intangible ideas
such as the importance of parent’s reading to their children.
Because customers often expect more from an organization than a simple, tangible product, the task of marketing management is to provide a complete offering – a ‘total product’ – that includes not only the basic good or service but also the ‘extras’ that go with it. The product the customer receives in the exchange process is the result of a number of product strategy decisions. Developing and planning a product involves making sure that it has the characteristics and features of customer want. Selecting a brand name, designing a package, developing appropriate warranties and service plans and other product decisions are a part of developing the right product.

**THE SECOND ELEMENT – PLACE**

Determining how goods get to the customers, how quickly, and in what condition involves formulating a strategy including place, or distribution. Transportation, storage and material handling and the like are physical distribution activities. Selecting wholesalers, retailers and other types of distributors is also a place activity.

A channel of distribution is the complete sequence of marketing organizations involved in bringing a product from the producers to the consumer. Its product is to make possible transfer of ownership and or possession of the product. It is important to realize that distribution mixes very widely even among companies selling directly competitive products.

**THE THIRD ELEMENT – PROMOTION**

Marketers need to communicate with customers. Promotion is the means by which marketer ‘talk to’ existing customers and potential buyers. Promotion may convey a message about the organization, a product, or some other element of marketing mix, such on the new low price offered during a scale period. Simply put, promotion is marketing communication.

Advertising, personal selling, publicity and sales promotion. Each offers unique benefits, but all are the forms of communications that inform, remind or persuade. Different firms emphasize different form of promotional communications. Some firms advertise heavily whereas other advertise hardly
A firm's particular combination of communication tools is its promotional mix.

THE FOURTH ELEMENT — PRICE

The amount of money, or sometimes goods or services, given in exchange for some thing is its price. In other words, price is what is exchanged for some thing is its price. In other words, price is what is exchanged for product. Just as the customers buys a product with cash, as a company buys the customers cash with the product. In not-for-profit situations, price could be expressed in terms of volunteered time to efforts, votes and donations. The marketers must determine the best price for their products. To do so, they must ascertain a product's value, or what it is worth to consumers. Once the value of a product is established, the marker knows what price to charge. However, because consumer's evaluation of a product's worth change over time, prices are subject to rapid change.

THE ART OF BLENDING THE ELEMENTS

A manager selecting a marketing mix may be like a chef preparing a meal. Each realizes that there is not one best way to mix ingredients. Various combinations may be used and the result will still be satisfactory. Marketing mix vary from company to company and from situations to situations. The field of marketing encompasses such differing approaches because the design, implementation and revision of marketing mix are creative activity. Some experts claim that marketing or could be a science. Certain aspects of marketing, such as the gathering and analyzing of information by marketing researchers, are indeed scientific in nature. The fact remains, however, that there are no put solutions in marketing. Even frequently encountered problems have unique aspects requiring creative solutions. The absence of certainty may annoy those who are accustomed to solving math's or accounting problems and arriving at one 'right' answer. However, marketing is different. It's relationship to the ever changing environment requires that it be dynamic, constantly altering its approaches to suit the market place. Each product's
marketing mix must be critically analyzed and altered as the environment changes and new problems develop.

ELEMENTS OF THE PROMOTIONAL MIX

To achieve desired sales results, entrepreneurs must consider all forms of promotion and decide which ones should be used and in what proportion. Naturally, the aim of every small business owner is to get the most from every dollar spent for promotion. The combination of different forms of promotion is called the promotional mix. The makeup of the promotional mix varies with the product, the nature of the potential customers, the general market conditions and the funds available.

Advertising is a non-personal sales message that is paid for by an identified company. It promotes the company’s products, services or image. It is directed towards a mass audience. The fact that advertising is paid for distinguishes it from personal selling. Advertising media are the channels of communication used by advertisers to send their messages to potential customers. Advertising media include radio, television, newspapers, magazines, direct mail and billboards.

Sales promotion is any sales activity that supplements or coordinates advertising and personal selling. Sales promotion includes from samples, coupons, contests and other special incentives intended to stimulate sales.

Display or visual merchandising is an important part of promotion. It is the display of a product at or near the point of purchase. Visual merchandising includes attractive window and interior displays and eye-catching exterior signs.

Public relation is the total process of building goodwill towards a business. One approach to building public relations is to hire a company to promote the business goals of the owner. The fee is usually determined by the amount of time the public relations firm must spend to accomplish the small business owner’s goals.
Publicity is free advertising for the business. For example, when a newspaper covers the opening of a new business, the owner does not pay for it.

Personal selling is the direct effort made by a sales person to convince a customer to make a purchase. It is directed towards one person or at a small group through direct communication.

PROMOTION MEDIA

The use of any of the media to promote the small business should be based upon the target market to be covered. This market, for those consumers whom the marketer wants to purchase his product or service. Other considerations include the size and type of audience, the promotion costs, the time or space available, and the suitability of the medium to the consumers.

The promotional messages need to be repeated several times in order for the buyer to remember it. In general, it must run at least six times within the customer's decision period in order to be most effective in most media presentation. An advertisement placed only once on the radio or television is usually highly ineffective. Different media provide different advantages to different types of businesses though and one must decide which is best for a small business.

Newspapers provide the flexibility, longevity and graphic presentation necessary and appropriate for many entrepreneurs with a short lead time. This is the actual time that is required by the medium in order to schedule your advertisements. Usually newspapers require only five to seven days for this. Grocery stores, department stores and fashion clothing stores will often run weekly ads in the local newspapers, especially since they may not know that items will be on sale until the week before the event. Newspaper and space rate are based on the circulation. Higher the circulation, higher the rates.

The radio is more common for advertising today than ever before. There are over 174 million adults exposed to radios in India today. Radios reach a wide area of customers and provide great flexibility with a short lead time. It is important that any message promoted over the radio be repeated a
number of times. Radio advertising is generally sold in amounts of 15, 30 and 60 second spots. The 30 and 60 second spots are most popular. Costs will vary according to the time of day, the size of the listening audience and the particular station. It is important to remember that different radio stations attract different target markets.

Television ranks second to local newspapers in terms of promotion dollars. The average person watches over six hours of television per day and over 42 percent of all homes in India have television sets. It allows both a visual as well as an audible message. Television advertising is sold in time units of 10, 20, 30 and 60 seconds. The 30 second television advertisement is the most common. Rates will vary according to stations as well as the time of day.

Magazines provide a very specific audience. They are generally limited to specific topics or geographical areas. However, many nationally distributed magazines have wide appeal for the advertising dollar. Unlike radio, television or even newspapers, magazines last for long periods and are often read by more than one reader. The advertisement will last as long as the magazines.

Direct mail has grown enormously since its beginning. Direct mail reaches a specific target market and may even be used in the form of catalogues, letters, post cards and coupons.

PROMOTION BASICS

Why does one buy a television, watches, cars and even toothpaste.

We buy them primarily as a result of promotion. Promotion is a part of our daily lives. The clothes we choose to wear and the food we choose to eat are almost entirely the result of promotion.

Promotion is one of the major elements of the marketing mix of the business. Promotion is a form of persuasive communication, or getting others to do what you want them to do. Its function is that of informing consumers about a product or service and influencing them to buy that product or service. There are many different promotional tools used by businesses to enhance the
image of the product, such as mailings, speeches, presentations, contests, packaging, films, catalogues, coupons, posters and even endorsements by famous people. Promotion is an important part of business strategy in surviving today's competitive marketplace. Circulars, price lists, or business cards, directories also provide a specific target market. The most common form of directory is the yellow pages of the local telephone book. The directory provides a long lasting advertisement, usually published annually. Often its life expectancy is the longest of any promotional message—a year or more or as long as the directory lasts.

Outdoor promotions are an area that is often under-used but still successful. The use of bill boards, buses and taxies may be developed and effectively used.

Outdoor promotions are an excellent way to reach travelers, often with many repeat readers. It should be understood however, that the promotional mix always varies with the product and the market. The owner of a roadside fruit stand has his own promotional mix modest though it may be— which is just as individual as the promotional mix of a large national airline. The mix is rarely the same for any two businesses or for different time period in the same business.

Effective use of promotion should be a valuable tool to any small business owner or entrepreneur. With an increased understanding of the wants and needs of the customers, you will be better able to supply the goods or services that will increase your profitability.

1. Identify terms in the promotion basics article that are used in promotion and are specific to that industry. Determine the meanings of these words and practice using them in sentences that show clear understanding.

2. Compare the promotional methods used by a local small business and a large business (i.e., local pharmacy versus chain drug store). You should find many differences. Explain the differences and why they exit. Is there any disadvantage to the small business as it tries to promote its business?
3. Prepare a list of 10 different types of products or services. For each product, determine which type of promotional methods would be best for informing consumers about the product or service. Why is the method selected?

4. In terms of four to six persons, develop a chart for the following products and services, comparing the differences among them.

5. In terms of four to six, brainstorm strategies to promote school. The value of developing a public relation program for the school to be reopened within the community. Try to use all six elements of the promotional mix to better accomplish the task. Can all six elements be used effectively or not?

THE HIERARCHY OF EFFECTS AND THE PROMOTIONAL MIX

Not all the customers are on the same step of the promotion staircase. Consumers on different steps will respond to different sorts of appeals. This suggests that the different elements of the promotional mix may be more effective with different consumers.

To some extent, they are in general terms, the relative importance of advertising and personal selling at different steps in the hierarchy of effect, classified as pre-transaction, transaction and post transaction stages of the buying process. The transaction may be roughly defined as period in which the exchange agreement or the negotiations of the terms of sales become final.

In the pre-transaction stage, the consumer becomes aware of a brand, acquires knowledge and formulates likes, dislikes and preferences. The purpose of this stage is to inform and advertising generally plays a larger role than personal selling. In the transition stage, personal selling is important because the consumers will be persuaded to make positive evaluation, develop a conviction and actually make a purchase. In the post-transactional stage advertising reminds and reassures consumers about their satisfaction.
TABLE 2.1

THE RELATIVE IMPORTANCE OF ADVERTISING AND PERSONAL SELLING RELATING THE JOB TO BE DONE

<table>
<thead>
<tr>
<th>PURPOSE</th>
<th>STEPS IN THE HIERARCHY OF EFFECT</th>
<th>STAGES IN THE CONSUMER DECISION MAKING PROCESS</th>
<th>GENERAL OF PROMOTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRE TRANSACTION</td>
<td>Awareness</td>
<td>Problem recognition, search information, to</td>
<td>Information to aid in recognition and</td>
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<td></td>
<td>knowledge liking preferences</td>
<td>creative a positive feel</td>
<td>understanding</td>
</tr>
<tr>
<td>TRANSACTION</td>
<td>Conviction</td>
<td>Evaluation</td>
<td>Persuasion</td>
</tr>
<tr>
<td>POST-TRANSACTION</td>
<td>-</td>
<td>Post-purchase satisfaction</td>
<td>Reminder and Reassurance</td>
</tr>
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CHOOSING A PROMOTIONAL MIX

A major decision to be taken before ‘talking’ to the customer is what promotional mix to use. Just as there are separate elements to the overall marketing mix, as there are different ‘media’ which may be used to reach the customers set – different ‘media’ may have varying degree of effectiveness. Typically, the major decision is on what medium to concentrate the main message(s). The campaign may often revolve around just one medium be it a television commercial or personally selling. Even so, other media will probably be used, and the balance between the must be considered carefully. There is a wide variety of specific techniques, which may be used to
communicate with customers. Broadly speaking, they can be grouped into three main categories in terms of decreasing impact on customers.

- Direct contact
- Indirect contact
- Complementary support

THE PROMOTIONAL LOZENGE

To put these in more memorable context than just the rather amorphous 'making mix' (even though that does convey exactly what is involved) one must look at the 'promotional lozenge'. Once again, it is shaped like a diamond, but we could call it lozenge because it does not have any clear cutting edges. It generally much less well defined, softer at its extremes. There is definitely a quality of trial and error involved.

This lozenge is not as arbitrary as to may seek. It is actually organized along two dimensions. The vertical one is obvious. It is the more from direct (Sales) to indirect (advertising) contact with customers.

Perhaps less, obvious but in many respects more important, is the horizontal dimension. This shown the flow overtime, from the start with the establishments of a general interest via public relations (PR) through investments in image building with advertising and much of the selling process to the very immediate impact of sales promotional devices at the point of sales.
It also demonstrates the gradation from the long-term investment in public relations and advertising/sales to the very short-term effect of promotion.

The demands posed by products/services packages determine the actual shape of the lozenge – another reason for choosing a soft, malleable lozenge rather than a hard diamond. If one needs the face-to-face (sales) contact to explain a complex package and the price of this is sufficiently high to cover the high costs this implies, then the lozenge becomes almost an inverted triangle.

The advertising element is almost missing though even in the almost pure sales environment there will remain some element indirect contact – often in form of direct mail – to generate prospects for the face-to-face contact. The ‘point of sale’ here is a time (not a place) and the promotional element is usually only seen in the form of discounting the price. Almost the exact reverse occurs for fast moving consumer goods where the low unit price means the face-to-face selling is simply not an economic proposition.
Here 'sales' drops out of the picture, but not totally for someone has to persuade distribution chains to carry the product/services package to the 'point of sale' (where here is place not a time). On the other hand most of the effort must by necessity be invested the indirect communications. One again, though, the promotion (here used at the point of sale) is very short-term again usually in the form of some price reduction (either directly or indirectly). One can play many different games with the lozenge, but will finish with one which distorts it to show – quite realistically – advertising (for, say a consumer durable or a car) proceeding face – to – face activity in the retail outlet.