

# THE NATURE AND SCOPE OF MARKETING

Timeframe:	4 hours
Learning Outcomes:	<ul style="list-style-type: none"><li>Describe the nature and scope of marketing.</li></ul>
Recommended reading:	<ul style="list-style-type: none"><li>Awan, U. 2011, 'Green marketing: marketing strategies for the Swedish energy companies', <i>International Journal of Industrial Marketing</i>, (1)2, 1-10.</li></ul>
Multimedia:	<ul style="list-style-type: none"><li>Anaheimu. 2012, <i>Phillip Kotler "Marketing"</i>. [Video clip] YouTube, <a href="http://www.youtube.com/watch?v=84PewDOI5AY">http://www.youtube.com/watch?v=84PewDOI5AY</a> (accessed 10 January 2013).</li></ul>
Section overview	The first section of the Study Guide introduces the nature and scope of marketing. It provides you with an opportunity to review what you have studied in your previous year and introduces the content of this year's studies.

## The Nature and Scope of Marketing

Marketing Management year one introduced you to the most fundamental aspects of marketing. Kotler and Keller (2012: 23) explains that marketing is an organisational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organisation and its stakeholders. Cant, Strydom, Jooste and Du Plessis (2006: 19) posits that:



“Marketing is a combination of management tasks and decisions aimed at meeting opportunities and threats in a dynamic environment in such a way that its market offerings lead to the satisfaction of customer’s needs and wants in such a way that the objectives of the enterprise, the customer and society are achieved.”

According to the definition above, marketing combines tasks and decisions. The **scope** of marketing requires the following activities to be covered:

- Decisions concerning customers;
- Research concerning customers;
- Decisions concerning commodity;
- Decisions concerning price-determination;
- Decisions concerning distribution channels;
- Decisions concerning promotion and advertisements; and
- Decisions concerning after-sales services.

(Mundra, 2010)

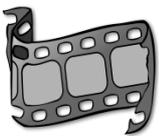
These issues are discussed in the study guide.

The **nature** of marketing can be described as both a science and an art. Marketing can be described as a science because it follows scientific practices. Products, customers, markets, distribution and promotional activities are studied using principles and rules specific to marketing. It is however not a science studied independent from other business functions because it integrates strategy with customer needs (Mundra, 2010).

Marketing is an **art** "which is acquired by studies and ability and by the proper training this is led to perfection (Mundra, 2010)". Marketing studies human behaviour and anticipates what will be experienced as needed to fulfil everyday life.

Understanding the nature and scope of marketing requires a grasp on the elements and functions of marketing management. We will start by looking at what is marketed.

Watch the video clip below. It is a discussion with Phillip Kotler about marketing.



- Anaheimu. 2012, *Phillip Kotler "Marketing"*. [Video clip] YouTube, <http://www.youtube.com/watch?v=84PewDOi5AY> (accessed 10 January 2013).

## What Do Organisations Market?

Ten types of entities exist that is marketed by organisations (Kotler and Keller, 2012: 27). These entities are discussed in **Table 1**.

**TABLE 1: TYPES OF MARKETING ENTITIES**

<b>Goods</b>	The bulk of most countries production and marketing efforts and include physical goods such as cars, fridges and TVs.
<b>Services</b>	As economies evolve, activities also become focused on the production of services such as airlines, hotels, car rental firms and bankers.
<b>Events</b>	Time-based events such as trade shows, the theatre and global events such as the world sporting events.
<b>Experiences</b>	Organisations create, stage and market experiences e.g. Walt Disney's Magic Kingdom which is experiential marketing.
<b>People</b>	Celebrity marketing is a major business in which high profile celebrities such as actors, musicians and sports stars are used to endorse products or services.
<b>Places</b>	Cities and provinces are marketed to attract tourists, business and new residents. Think of Las Vegas, a city in the middle of a desert, how was that marketed?
<b>Properties</b>	Ownership rights of physical property (buildings and land) or financial (stocks and bonds).
<b>Organisations</b>	Building a brand creates value. Organisations strive to build a strong image in the minds of their targeted customers creating a corporate identity.
<b>Information</b>	Marketing of information through text books, virtual sources, magazines e.g. schools and universities to data organisations.

Ideas	“Friends don’t let friends drive drunk” or “Don’t drink and Drive”. Who markets this?
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(Kotler and Keller, 2012: 27)

Marketing is all around us and we are often not aware of it. Why do we market these elements? This is discussed in the next section.

## Core Marketing Concepts

The core marketing concepts, which must be understood to grasp the marketing function, is diagrammatically displayed as follows:

**FIGURE 1: CORE MARKETING CONCEPTS**



(Srivastava, 2011)

These elements are discussed briefly below:

**TABLE 2: DISCUSSION OF MARKETING CONCEPTS**

<b>Needs, Wants and Demands:</b>	Needs are the basic human requirements, wants are desires for specific satisfiers of these needs and demands are wants for specific products backed by the ability and willingness to buy them. A marketing-oriented company will achieve much by learning about the needs and wants of their customers and then provide products / services that will satisfy these needs and wants.
<b>Target Market, Positioning and Segmentation:</b>	Segmentation identifies the profile of a distinct group of customers. From this, marketers identify a segment that presents the greatest opportunity, namely the target market and positions the product / service accordingly.
<b>Offerings and Brands:</b>	This is the value proposition or benefits that the company will offer in order to satisfy the need which over time becomes an associated item or a brand
<b>Value and Satisfaction:</b>	Value is the customer’s estimate of the product’s overall capacity to satisfy their needs. Satisfaction depends on a product’s perceived performance in delivering value relative to the expectation of the customer.
<b>Marketing</b>	The product needs to reach the targeted market and this is achieved through various channels,

<b>Channels:</b>	namely communication, distribution and service channels.
<b>Supply Chain:</b>	This is the channel from production to consumption of the product / service. The control of the supply chain usually determines the success of penetration into the target market.
<b>Competition:</b>	A market consists of all the potential customers sharing a particular need or want who might be willing to engage in exchange to satisfy that need or want. This leads to companies experiencing current and potential rival offerings as well as substitutes that a customer is exposed to for choice.
<b>Marketing Environment:</b>	Broken into the task and broad environment, companies must pay close attention to these environments and their trends, making timely adjustments to their marketing strategies if required.

(Srivastava, 2011)

Read more about trends in marketing in the article provided below.



- Green marketing: marketing strategies for the Swedish energy companies (Awan, 2011)

## Marketing Management

Marketing Management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value (Kotler, 1973: 42).

Strategic planning is the managerial process of developing and maintaining a viable fit between the organisation's objectives and resources and its changing market opportunities. The aim of strategic planning is to shape and reshape the company's businesses and products so that they combine to produce satisfactory profits and growth.

Several tasks are incorporated within marketing management. These have been listed by Kotler – as early as 1973 – and are provided below:

- Developing market strategies
- Capturing marketing insights
- Connecting with customers
- Building strong brands
- Shaping market offerings
- Delivering value
- Communicating value
- Creating long-term growth

(Kotler, 1973: 43)

Developing a marketing strategy and implementing this strategy is the core function of a marketing manager. The marketing strategy must be researched and focussed on both the business and its clients' needs. Before we can continue with that we have to briefly explain marketing research.

## Marketing Research

Marketing research specifies the information required to address the prescribed issues, designs the method for collecting information, manages and implement the data collection process, analyses the results and communicates the findings and implications. It is the systematic design, collection, analysis, and reporting of findings relevant to a specific marketing situation facing the company (businessdictionary.com, 2013a).

Environments are constantly changing, so companies need to look for information on a regular basis. Market research can be used to gather such information. Every marketing research problem should be conducted using a number of sequential steps. Remember the aim of marketing research is to obtain information to be used to improve the profitability and/or service delivery of a company. Strydom, Cant and Jooste (2002: 149) propose that these steps include the following (Figure 2):

**FIGURE 2: MARKETING RESEARCH STEPS**



(Strydom, Cant and Jooste, 2002: 149)

Each of the above mentioned steps involve numerous aspects that are not discussed in the Study Guide. Only a brief discussion is provided of each step as introduction into the marketing research concept.

### Define the problem

The research problem relates to any aspect the company would like more information on. It does not necessary mean something is wrong. Any new opportunity might also require the company to uncover information before it makes certain decisions. Defining the problem consist of three parts, namely identifying questions that the research should answer, secondly identifying the affected target market, and lastly which aspects within the internal and external environment can affect the situation (Solomon, Marshall and Stuart, 2012: 132).