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Today we are going to take an overview of marketing. This overview will be sub-divided into four sections:

- 1 Definition of marketing (the marketing orientation)
- 2 Why adopt a marketing orientation?
- 3 Marketing and sales
- 4 Marketing and the company

These four sections outline why every business should adopt the marketing approach.

Definition of marketing

'Marketing is the identification and profitable satisfaction of customers' needs'

A firm's profits, indeed its very survival, depend on the satisfaction of its customers' needs. This very simplicity makes marketing a subtle concept and one which is difficult to make operational.

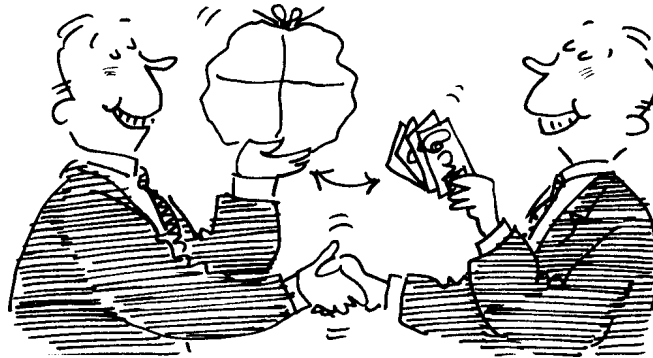
Marketing has three components:

- Identifying needs
- Satisfying them
- Making a profit

You could say there is a *matching* process in operation, i.e. that of matching the company's capabilities to the wants of its customers. But remember, whether or not a formalised matching process is instituted, for a firm to be profitable, some sort of match must exist.



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Over the years, some business people have been able to develop very successful, 'intuitive' matching.

So what is the point of marketing at all? The answer lies in the nature of the modern business environment. Today, companies face a complex and rapidly changing environment. One wrong decision, or misallocated resource, could spell disaster: Today's business environment is one of high risk.

Marketing, therefore, is concerned with attempting to reduce risk by systematically applying formal techniques to assess the situation and develop the company's response to it.



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Why adopt a marketing orientation?

Simply because marketing makes a firm more profitable!

You must be saying, 'Well, they would say that wouldn't they!'. But you don't have to believe *us*. Have a look at Figure 1 which is drawn from a major UK study of marketing practice. Basically, the bar chart shows the breakdown of the sample (some 1700 companies) by 'orientation' (i.e. how they approach their business) and profit performance.

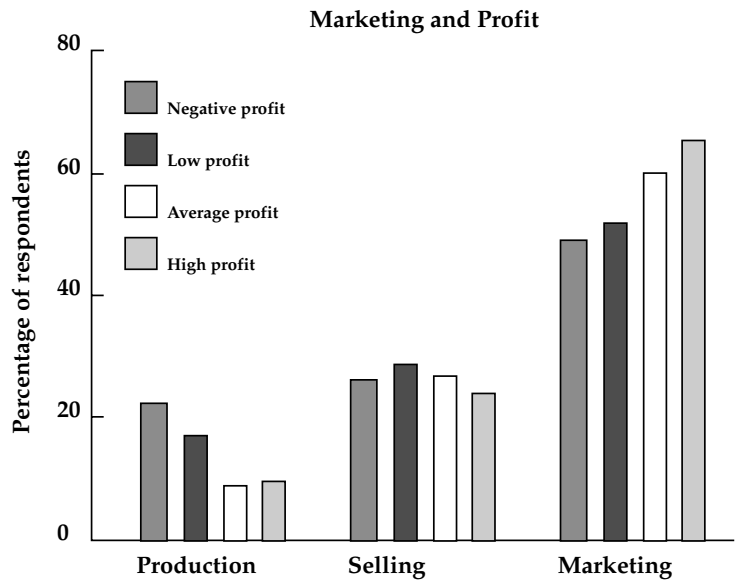


FIGURE 1 *Marketing and Profit*



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You will notice that the marketing oriented firms are skewed to the high profit band. If company orientation had no effect on profit then each of the three orientations should display similar distributions. This seems to suggest that a marketing orientation enhances profitability (while a production orientation depresses it).

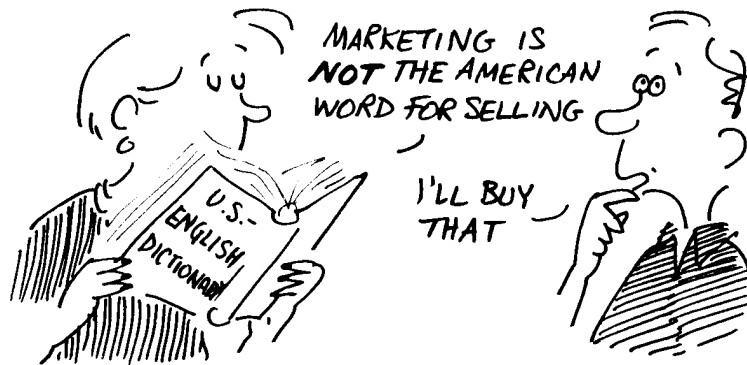
This is very important; marketing is relevant to the most basic business objective, i.e. profit and it is worth the attention of any manager who is interested in improving his or her performance.



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Marketing and sales

Marketing is *not* an American word for selling and selling is not the same as marketing.



Selling is simply that part of marketing concerned with persuading customers to acquire the product or service which best matches the organisation's capabilities with its customers' wants.

If the marketing job has been done well, such selling may still be tough, but it will be effective. If not, salesmen all too often find themselves trying to sell what the producing organisation wants the customer to want, i.e. not necessarily what the customer actually wants. This is very important, because although a customer may be persuaded to buy a product once, to develop repeat purchases the product must satisfy the customer's needs precisely.

Selling, then, is the *last* stage in the marketing process.



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Marketing and the company



There seem to be four factors which influence success. Researchers have presented these factors as the 'virtuous circle of best marketing practice' as shown in Figure 2.

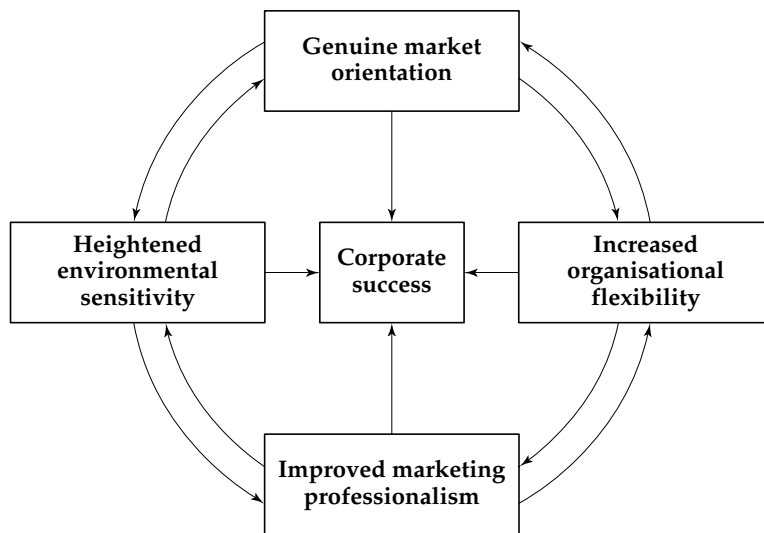


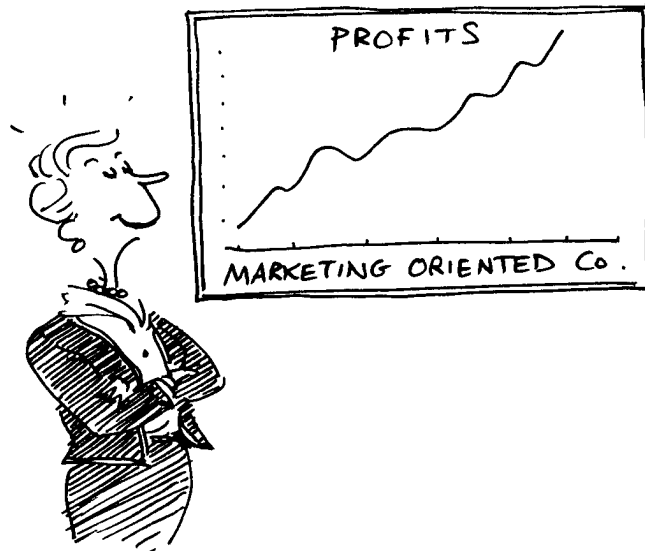
FIGURE 2 *The Virtuous Circle of Best Marketing Practice*



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The 'virtuous circle of best marketing practice' is made up of four major elements:

- *Genuine market orientation* – the identification and satisfaction of customers' needs.
- *Heightened environmental sensitivity* – a commitment to monitoring, scanning and assessing changes in the marketplace.
- *Organisational flexibility and adaptability* – the need to avoid an over-rigid structure within the company and a mechanism for changing this structure in line with changes in the environment.
- *Increased marketing professionalism* – a commitment to the recruitment of trained marketing professionals and the realisation of the benefits of on-going training.





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Summary

Marketing can be defined as 'the identification and profitable satisfaction of customers' needs'. There are three elements to this definition: identifying needs, satisfying them and making a profit.

You could say marketing is a 'matching' process – matching the capabilities of the company to the wants of its customers. Marketing is important to managers because it has a beneficial impact on company profitability.

Marketing is not an American word for selling. Selling is the last stage of the marketing process.

The research seems to suggest that a marketing oriented company is likely to be more successful because of four major factors:

- The company is *genuinely* marketing oriented (not just saying they are marketing oriented)
- They are sensitive to the environment in which they operate. They monitor customer attitudes, competitive action, changes in society, the economy, legislation, etc.
- They have flexible organisations that can adapt to meet the changing needs of the market
- Their staff demonstrate increased marketing professionalism – employing trained marketing professionals and acknowledging the benefits of on-going training