

## **COURSE: FUNDAMENTALS OF MARKETING**

### **LECTURE 3: MARKETING ORIENTATION**

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#### **Lecture learning outcomes:**

**At the end of the lecture, you will be able to:**

- a. Examine concept of selling
- b. Discuss Functions of exchange in marketing
- c. Discuss the difference between selling and of marketing

### **MARKETING ORIENTATION**

The marketing concept holds that the key to achieving organizational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors. Under marketing concept, the emphasis is on selling satisfaction and not merely on the selling a product. The objective of marketing is not the maximization of profitable sales volume, but profits through the satisfaction of customers. The consumer is the pivot point and all marketing activities operate around this central point. It is, therefore, essential that the entrepreneurs identify the customers, establish a rapport with them, identify their needs and deliver the goods and services that would meet their requirements.

Customers provide payment to an organization in return for the delivery of goods and services and therefore form a focal point for an organization's marketing activity. Customers can be described by many terms, including client, passenger, subscriber, reader, guest, and student. The terminology can imply something about the relationship between a company and its customers, so the term 'patient' implies a caring relationship, 'passenger' implies an ongoing responsibility for the safety of the customer, and 'client' implies that the relationship is governed by a code of ethics (formal or informal).

It holds that the key to achieving its organizational goals consists of the company being more effective than competitors in creating, delivering, and communicating customer value to its selected target customers. The marketing concept is the most followed ideology by top companies. This is because, with the rise of economy, consumers have become more knowledgeable and choosy as a result of which the

organization cannot concentrate on what it sells but rather it has to concentrate on what the customer wants to buy. The market concept thus relies on three key aspects:

1. **What is the target market** -The first step is to determine exactly what the target market is. This can be done by market research and deciding which target market will give the best returns
2. **What are the needs wants and demands of the target market** - A further step in marketing research is the consumer preferences study. This study will help the firm determine the needs wants and demands of the target market thereby helping the firm in deciding their strategies.
3. **How best can we deliver a value proposition** - In this step, the firm decided what strategy it needs to adopt. What kind of value should the firm create and deliver. How should it integrate its different departments? Then firm decides how to apply the marketing concept within itself to deliver a better customer experience (Uttarakhand Open University).

## **Marketing orientation**

Market orientation is a business approach wherein the processes of product development and creation are focused on satisfying the needs of consumers. It is a type of marketing technique that designs products with qualities that consumers want, which is completely different from the conventional marketing approach. In the conventional approach, the business prioritizes the promotion of existing products by establishing features that can be key selling points.

- Market orientation is a marketing approach wherein the processes of product development and creation are focused on satisfying the needs of consumers.
- Marketing orientation is the business approach that dictates all the processes within that organization. It comes in several types: sales orientation, market orientation, production orientation, and societal orientation.
- Market orientation offers several advantages, including product differentiation and increased consumer satisfaction.

Market orientation is more of an approach to product design rather than promotion. It means that the priority is to analyze the target audience and determine their needs instead of undertaking any promotional or sales activity. The needs are kept in mind while developing and upgrading the product offering.

A market-oriented organization uses a customer-centered approach, which means that the most pressing concerns, immediate needs, and personal preferences of the consumer base must be researched.

The strategy must be focused on values, culture, and other behavioral traits of the consumer base. Thus, the development efforts of the organization are focused on characteristics that are most widely demanded. This enables companies to adapt to different markets and enhance competitiveness.

### **Advantages of a Market-Oriented Strategy**

- Most consumers are in touch with market trends and clearly understand their needs and aspirations. Performing data analysis can reveal trends and desires that are not explicit. It can be instrumental in anticipating consumer needs and adapting the market-oriented organization as one that shapes consumer behavior rather than one that reacts to it.
- Consumer demands can often seem impractical, but their knowledge can be vital in the long-range decision-making process. Ideas that are not cost-effective in the status quo can be employable amid changed market conditions in the future. They can be used for long-term development strategies.
- Data collected for product development can also be used post-launch to improve customer service. Efficient product support that addresses concerns raised by consumers is essential in maintaining a high degree of consumer satisfaction. It enhances brand loyalty and word-of-mouth advertising by existing consumers.

### **Disadvantages of a Market-Oriented Strategy**

- An excessive focus on addressing the needs and desires of consumers reduces the scope for innovation in an organization. Thus, market orientation is based on reacting to market trends rather than creating them.
- Consumer desires are not fixed and can change very rapidly. A standalone market-oriented strategy cannot guarantee a huge market share, given that rival companies serving the same consumer needs can quickly come up in the market.

### **The Concept of Selling**

The Selling Concept proposes that customers, be individual or organizations will not buy enough of the organization's products unless they are persuaded to do so through

selling effort. So organizations should undertake selling and promotion of their products for marketing success. The consumers typically are inert and they need to be forced for buying by converting their inert need in to a buying motive through persuasion and selling action. The consumers typically show buying inertia or resistance and must be coaxed into buying.

The aim is to sell what they make rather than make what the markets wants. Such marketing carries high risks. It focuses on creating sales transactions rather than on building long term, profitable relationships with customers. These industries are seen having a strong network of sales force. This concept is applicable for the firms having over capacity in which their goal is to sell what they produce than what the customer really wants. The selling philosophy assumes that a well-trained and motivated sales force can sell any product. However, soon companies began to realize that it is easier to sell a product that the customer wants, than to sell a product the customer does not want.

Selling is the sum total of all those activities that push the commodities to the buyers at a profitable price. This includes the following:

**a) Product Planning:** Product-planning refers to planning or forecasting of consumer wants and desires in terms of price, quality, quantity, time etc to meet the requirements of consumers as demanded by them.

**b) Contractual:** In this function, the seller finding out and locating the consumers and establishing and maintaining relation with them.

**c) Demand Creation:** This includes all efforts of sellers to induce buyers to purchase their products. In order to increase sales, demand creational efforts like personal selling, advertising etc are undertaken by seller.

**d) Negotiation:** Negotiations as to terms of quality, quantity, price of the product, time and mode of transport, payments etc are to be made with the prospective buyers.

## **B. Functions of Physical Supply**

**1) Transportation:** Transportation refers to the physical movement of goods from places of production to places of consumption. The transport function of marketing involves the selection of particular mode of transport, depending upon the speed and cost.

**2) Storage:** Storage refers to the holding and preserving of goods between the time of their production and the time of their sale. It facilitates the steady and continuous flow of commodities to the market throughout the year and it also helps to adjust the supply of goods to the demand.

## **C. Facilitating Functions**

**1) Financing:** The service of providing the credit and money needed to meet the financial requirements of the various agencies engaged in the various marketing

activities. Even though finance smoothen the process of exchange and acts as a lubricating oil to the wheel of marketing.

**2) Risk Bearing:** Marketing involves a number of risks. The risk may be loss of goods due to fire, flood, cyclone, earthquake, theft etc. Some of this risk can be avoided through proper planning like insurance and hedging.

**3) Market Information:** The function of marketing information refers to the collection, analysis and interpretation and communication of marketing information to the concerned people for efficient marketing.

**4) Standardization:** Standardization is a measure of designation for quantity. It consists of list of specifications based on size, colour, appearance, shape, amount of moisture etc. In other words, it is refers to the act of grading.

**5) Pricing:** Pricing is the process of determining the value of a product or service in terms of money before it is offered to the market for sale.

**6) Branding:** Branding is the process of identifying the name of a producer with his product by affixing to the product the trade name represented by words or designs.

**7) Packaging:** Packaging is the use of containers and wrapping materials plus decoration and labeling to protect the product, to help and promote its sales, and to make it convenient for the customers to use the product. In short, it is the art of designing and producing the package for a product.

**8) Salesmanship:** Salesmanship is the process of understanding, appreciating and influencing customers to buy a commodity or service for mutual benefit.

**9) Advertising:** Advertising means informing the public about the existence of a particular product or service, stimulating their desire for the product or service and inducing them to buy the same.

## **DIFFERENCE BETWEEN SELLING AND MARKETING**

The old sense of making a sale is telling and selling, but in new sense it is satisfying customer needs. Selling occurs only after a product is produced. By contrast, marketing starts long before a company has a product. Marketing is the homework that managers undertake to assess needs, measure their extent and intensity, and determine whether a profitable opportunity exists. Marketing continues throughout the product's life, trying to find new customers and keep current customers by improving product appeal and performance, learning from product sales results, and managing repeat performance. Thus selling and advertising are only part of a larger marketing mix-a set of marketing tools that work together to affect the marketplace (Madhu S Kumar, Sscasc Tumakuru)

<b>Marketing</b>	<b>Selling</b>
Marketing includes selling and other activities like various promotional measures, marketing research, after sales service, etc.	Selling is confined to persuasion of consumers to buy firm's goods and Services.
It starts with research on consumer needs, wants, preference, likes, dislike etc., and continues even after the sales have taken place.	Selling starts after the production process is over and ends with the handing over the money to the seller by the buyer.
Focus is on earning profit through maximisation of customers' satisfaction.	Focus is on earning profit through maximisation of sales.
Customer's need is the central point around whom all marketing activities revolve.	Fragmented approach to achieve shortterm gain.
It is an integrated approach to achieve long term goals like creating, maintaining and retaining the customers.	All activities revolve around the product that has been produced.
Stresses on needs of buyer.	Stresses on needs of the seller

### **Differences between Traditional and Modern Marketing**

<b>Sl.No.</b>	<b>Traditional Marketing</b>	<b>Modern Marketing</b>
1	It is concerned with the performance of activities necessary to secure the distribution and sale of goods which the producer has	It is concerned with the performance of activities necessary to secure the distribution and sale of goods as are needed by the consumer
2	It focuses on sellers needs as it is Sales-Oriented Marketing	It focuses on consumers' needs as it is Consumer-Oriented Marketing
3	The selling efforts of a concern are Company-Oriented	The selling efforts of a concern are Market-Oriented
4	It aims at profit through increased sales volume i.e. more sales	It aims at profit through increased sales to the satisfaction of the consumers and profit to the sellers

5	It aims at short-term objectives i.e. short-term profits	It aims at long-term objectives i.e. long-term profits
6	It can be successful only in a country where there is a seller's market	It can be successful only in a country where there is a buyer's market

### **Process of Marketing (Keting)**

The marketing process involves five steps: The first four steps create value for customers and build strong customer relationships in order to capture value from customers in return.

**Stage – 1:** Marketers must assess and understand the marketplace and customers needs and demands.

**Stage – 2:** Marketers design a customer driven marketing strategy with the goal of getting, keeping and growing target customers. This stage includes market segmentation, targeting and position.

**Stage -3 :** This step involves designing a marketing program that actually delivers the superior value. This step includes designing products and services, pricing the product, distribution and finally promoting the product.

**Stage – 4:** The first three steps provide the basis for the fourth step that is building profitable customer relationships and creating customer satisfaction.

**Stage -5:** And finally, the company reaps the reward of strong customer relationship and satisfaction by capturing value from customers.

### **Functions of Exchange**

Function of exchange is defined "as the process of passing goods into the customer's hands". This function is divided into three categories

**Selling:** Sales function is the pivotal factor in any organisation. It involves transfer of title of goods to the buyer. Selling is to create demand for a product even against keen competition. The function of the salesman is to create demand, find out buyers, giving them the information of the availability of goods to satisfy them and assure them of reasonable prices.

### **Elements of Selling**

a) **Product Planning:** It is the starting point to decide the precise nature of product. For this, the physical factors (colour, design, feature etc.) and non-physical factors (utility, value, quality etc.) are to be analysed.

b) Sales Research: It is required, as a part of marketing research to assess the exact need of the consumers by analysing and interpretation of data collected.

c) Creation of demand : It is a process by which latent demand is converted into effective demand. It is an art. Personal and non-personal (Direct and Indirect) methods are used to convert the latent demand into effective demand. Advertisement and publicity are direct methods and demonstrations, exhibitions, providing samples etc., are the indirect methods.

d) Determining terms of sale. A seller has generally to decide various terms and conditions like price fixation, concessions, discount, form of delivery, transfer of ownership method in advance to avoid any legal problem.

e) Customer Service: Customer service is generally considered as "after-sales services" to satisfy customers and establish direct relations with customers in the new marketing environment.

### **Kinds of Selling**

There are different kinds of selling which includes personal selling, sales advertisement, sales by inspection, sales by samples, sales by description etc.

**Buying:** Buying is the most important marketing activity. The primary purpose of buying is to assemble goods upon demand, for resale or use in production' or personal consumption. At the time of buying, the following points must be taken into consideration:

a) Quality : Quality product is most important for customer satisfaction.

b) Quantity : Exact assessment of quantity is required to avoid overstocking or under-stocking as both are dangerous for the marketer.

c) Timing : Some products have specific demand in specific season. Therefore, in the case of seasonal products, timing of purchase is a critical factor.

e) Source of : Before placing the order, it is always better to know the supply location and source of supply of goods.

### **Elements of Buying.**

The elements of buying include estimation of the demand, locating sources of supply, assembling, merchandising, market news, negotiation of terms and transfer of title and delivery.

### **Kinds of Buying**

There are different kinds of buying. These are:

a. Hand to mouth : It is buying in small quantity; Expenses in transport, storage etc., are saved, involve less capital.

b. Forward buying : It is also known as "Speculative Buying". This is practised usually by the retailers, when prices move UP. "

- c. The other types of buying are buying by inspection, buying by samples, buying by description, period buying, reciprocal buying, concentrated buying and scattered buying.

Buying is one of the functions of exchange that refers to all such activities in the assembling of goods, under a single ownership and control. This function involves the following:-

**a) Planning:** The buyers must plan in order to determine their needs. Business buyers must study their own markets to know the quantity and quality of goods that are required by final users.

**b) Contractual:** This involves finding out the sources of supply, keeping in touch with them, to get the goods quickly, reasonably, sufficiently and regularly.

**c) Assembling:** This is one of the important functions where goods produced at different places must be assembled in order to serve promptly the needs of manufacturers, wholesalers, retailers and consumers. Assembling is a process of collecting goods from different places (big or small town, village etc.) and putting it together at central place or its further movement to the factory or consumers. The main advantage of assembling is basic Marketing Function that facilitates widening of market, grading, reduces cost of transportation and handling, regularise the supply of seasonal products, provides facilities

**d) Negotiation:** The terms and conditions of purchase are negotiated with the seller. After this final agreement are made and the transfer of titles take place.

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