

**Indian Institute of Technology Kanpur  
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Course Title  
Marketing Management – 1**

**Lecture: W1.I.5  
Introduction To Marketing**

**by  
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Dr. Shashi Shekhar Mishra: Hello, and welcome to our course marketing management 1, we are in continuation of our previous session on introduction to marketing, I have with me my senior colleague Prof. Jayanta Chatterjee.

Prof. Jayanta Chatterjee: Hello.

Dr. Shashi Shekhar Mishra: From department of Industrial and Management Engineering, IIT Kanpur. So we are going to continue what we have discussed till now, I will just give you a quick recap of what we have discussed till now. We talked about what marketing is, wherein we talked about two different perspective on marketing, that is marketing as a social process, and marketing as an organizational function.

So in the social process we talked about marketing as an exchange of value, and in organizational function and a set of activities we talked about creating communication and delivering of value to the customer for managing customer relationship, and the benefit of organization and its stakeholders. Then we have tried to illustrate these concepts which we have discussed till now through some of the case studies in Indian context from the both product and service side.

And we have also discussed about the differences in the marketing of product and the services, the differences in the marketing of physical goods and the services. So in continuation of that we are going to talk about evolution of marketing concept.

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Dr. Shashi Shekhar Mishra: So when we talk about the evolution of modern marketing practices probably we need to go probably at the earlier of twentieth century where this production focus was there which was probably the first concept, certain people like to call it as production concept where the emphasis was on producing at the cheapest cost making it available or affordable to the customer and making it widely available.

So the assumption was if a product is widely available and it is affordable or probably at the cheapest possible cost then probably customers will prefer it. The focus was on economies of a scale producing a standardized kind of products. So you have a product which is very similar, probably standardized offering which is available to all the customers so there was no variety in those products which offerings, which were available at that point of time. And this was probably one of the shortcomings of this concept, that customer is variety seeking or probably whatever they want they will get only a single type of offering or a standardized type of offering.

There was no customization or probably no variants were available, and this was a major shortcoming of this problem, this concept which was this concept was followed by the product concept. Product concept was basically something which was push of engineering and R and D department in the organization where if you make a product which is very superior in its performance, then probably the idea was that the customer will prefer that kind of product.

However the problem with this kind of product concept is that a product may be very superior in terms of its engineering or probably its design, but it may not be suitable to the needs of the consumer or it may not fit into the consumer environment, customer environment are – it may not suits or probably be compatible with the kind of thing customer is looking for.

So we talked about yesterday the example of Tata Nano where we have seen even the competitors of Tata will probably praise about this Tata Nano in terms of its engineering and its design and its manufacturing, and then coming out with a product which was so affordable to the masses it should have ideally changed the landscape of transportation in the India. However the customers have not probably perceived it the way it was probably thought by the company.

So that is where product concept has its shortcomings in the sense that product might be a very good in terms of its engineering or the design, but it may not be suitable to the customer requirements. The product concept was followed by this selling philosophy where the product was pushed from the company through different types of sales, promotion, and different type of basically discounts, heavy discount.

And the idea was if you push the product to the customer the customer will take them, but sometimes it may happen that whatever push we provide from the firm side the customer may not like to have that, because they may not having the capacity or probably they may not be having the need for certain kind of products which might be pushed by the company side. This was this selling concept was followed by this marketing which was the evolution of that.

First you understand in the selling concept the push was from the company side, in the marketing concept the focuses are probably the locus has changed from the firm to basically customer side where the idea was the customer was the central point. Important thing was that it is very important to understand the customer needs and then design the offering, and then offer it to the customer in the most suitable manner.

However in this marketing concept if we look into the definition we will find out that it is being seen as something which is an organizational functionalities are basically a sole activity of one department of marketing or sales, which was probably evolved in the – further evolved in this market orientation concept where it was believed or where it was said.

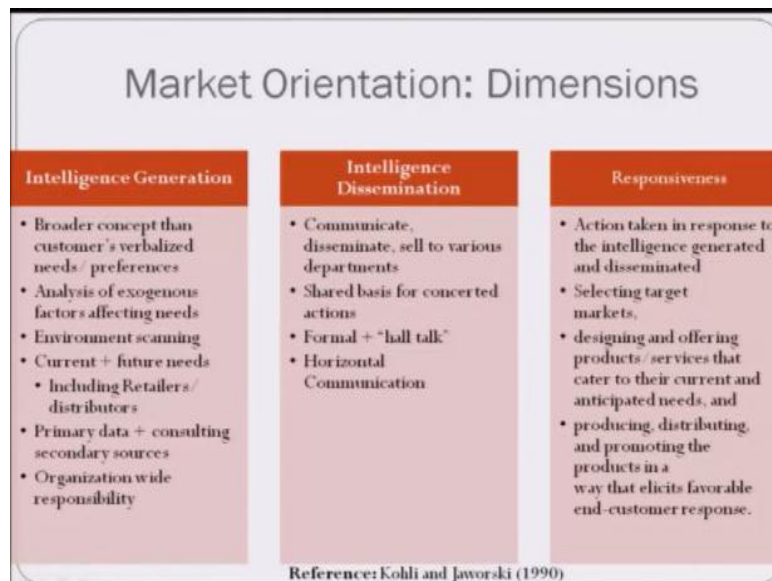
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Dr. Shashi Shekhar Mishra: That marketing is an organization wide generation, marketing is basically organization wide activity. So it is not the responsibility of only marketing and sales, marketing has to probably embower by the entire organization. And I will just briefly elaborate more on this concept of market orientation, that market orientation is defined as an organization wide generation of market intelligence pertaining to the current and the future needs of the customers, dissemination of this intelligence across the department.

So cutting across the functional boundaries inside the organization and then coming out with a coherent one single response from the organization side so that is responsiveness, so these three dimensions.

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Prof. Jayanta Chatterjee: Before you move to these three dimensions I just thought I will interject about your first slide.

Dr. Shashi Shekhar Mishra: Yeah.

Prof. Jayanta Chatterjee: If you can just go to your first slide where you showed the evolution of marketing, you know I can so easily see this, it has happened in front of me during my childhood, for example if I take a product like toothpaste it only came in white color and it was available in three sizes, small, medium size, and the large size, and that is it, and today if I look at because of the evolution of marketing concept, today toothpastes are maybe you know they are in all kinds of color, there is blue.

Dr. Shashi Shekhar Mishra: Yeah

Prof. Jayanta Chatterjee: There is red, there is white, then there are mixed colors and then there are addition of paper maintain other products and so.

Dr. Shashi Shekhar Mishra: So product differentiation has been extended so.

Prof. Jayanta Chatterjee:: And the most important thing is what has happened is that now if anybody wants to get into toothpaste market they cannot actually start here, they have to start somewhere here.

Dr. Shashi Shekhar Mishra: Yeah

Prof. Jayanta Chatterjee: Because they have to now understand that where is the gap, what is a particular type of customer segment missing?

Dr. Shashi Shekhar Mishra: Yeah

Prof. Jayanta Chatterjee: And you have to come up with that value proposition, so today as some toothpastes will not talk about cleaning the teeth they will about freshness of breath they will talk about your kissability if I can use that word, so the value proposition is now driving and very narrow value proposition or very initial value proposition for a very particular type of customer segment and, and then coming up with the product which exactly meets that need.

Then you can have actually a mix of needs also then you have another kind of springs, so today you can have a toothpaste which has salt in it, which has soda in it, which has peppermint in it, and it is positioned for a particular type of market segment, so even when you are targeting a toothpaste for the youth market in that itself there will be five variants, so therefore making just only one toothpaste which is white and in just three sizes today is absolutely not, a no-no, today we have to look at this different strokes for different folks.

Dr. Shashi Shekhar Mishra: Yeah

Prof. Jayanta Chatterjee: And as a marketing person we have to start therefore with the specific segments requirement in mind and then go backwards that what product will satisfy and then talk to the production people, interact with them, and come up with the final product.

Dr. Shashi Shekhar Mishra: Yeah

Prof. Jayanta Chatterjee: So you are talking about market orientation.

Dr. Shashi Shekhar Mishra: Yeah so I just add on what you have said in fact if we talk about in fact in this toothpaste market if you see currently the segment which is growing the fastest because all those traditional or mass segments are probably stagnant or they are not doing that well the segment which probably the maximum growth is this sensitivity.

Prof. Jayanta Chatterjee: Yes.

Dr. Shashi Shekhar Mishra: Which is growing at a very fast pace in the Indian market and you will see that competition is heating up in that segment and that is where you have, this is where the utility of this market orientation concept comes into the picture that market intelligence or intelligent generation has to be dynamic in nature it has to be done organization wide or across the department and that information has to be collected, basically it has to be basically sorted and probably has to be further processed

So that you can disseminate that information across the organization, you go back to your production people, you go back to your R and D people, ask them can we come out with the solution to probably this kind of evolving trends in the market and then probably when you basically disseminate and then, then you come out with your one coherent probably a response which is organizational response as a result of these two things and.

Prof. Jayanta Chatterjee: That is why some people very rightly have summarized this as sense share and respond.

Dr. Shashi Shekhar Mishra: Yeah.

Prof. Jayanta Chatterjee: And as you mentioned earlier that marketing responsibility still is to be the customer's representative to the organization.

Dr. Shashi Shekhar Mishra: Yes.

Prof. Jayanta Chatterjee: But today it is not that marketing brings a requirement and hands over to R and D, today most of the new products are developed by a cross functional teams where marketing, design, research development, production, materials, supply chain people, all sit together and interactively so this is not a very sequential process.

Dr. Shashi Shekhar Mishra: Yeah.

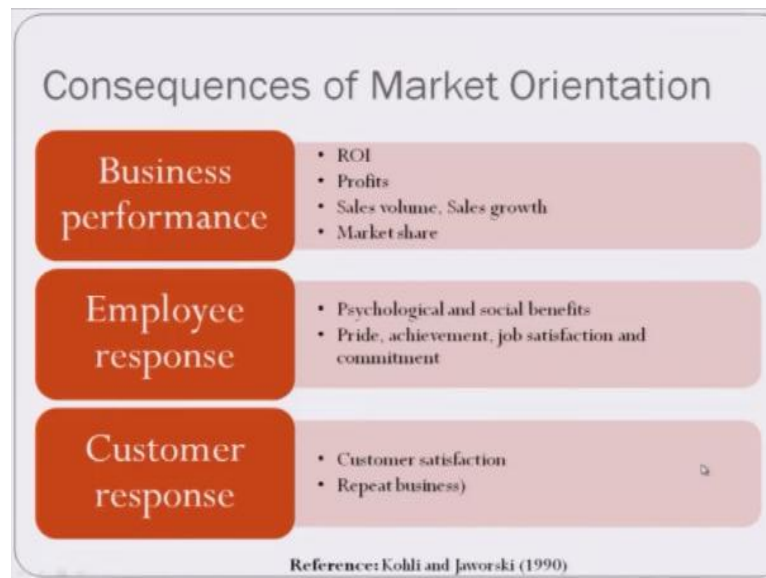
Prof. Jayanta Chatterjee: This is a back and forth.

Dr. Shashi Shekhar Mishra: Back and forth.

Prof. Jayanta Chatterjee: And number of loops happen and to come before you come out with the final response.



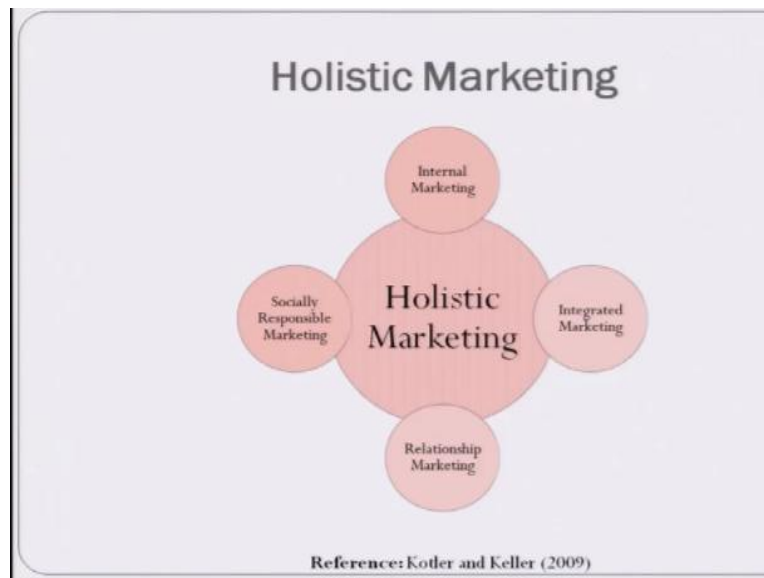
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Dr. Shashi Shekhar Mishra: Yeah, so the to the consequence of this market orientation is that it should ideally leads into, lead you in a business performance, it will help you in probably coming out with a suitable response from the employees side, we were discussing yesterday the case of Disney and it will also probably generate the favorable response from the customer side. Followed by this, this marketing concept, this market orientation concept the probably the most modern concept we can talk about is this holistic marketing which was a contribution of Kotler and Keller and where they have talked about that marketing happens at the different fronts actually from the organization.

So there were four dimensions inside this holistic marketing part where we talked about internal marketing that is.

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Dr. Shashi Shekhar Mishra: Marketing to your own employees, the marketing across the departments, marketing to your top management or senior management, and then integrated marketing, you come out with one single message from the organization, now you have so many different platform to talk about so you but there cannot be different messages from one organization and reaching to this different platforms this, this, this there has to be a one unified or single communication from the organization side.

The message should be coherent and then the third aspect of this holistic marketing was this relationship marketing where you manage your relationship with your customers, your distribution partner, different types of distribution partners like retailers, wholesalers or whatever different form, form of your supply chain model.

And your distribution models are. So you basically manage your relationship with your suppliers because they are, this even the supplies are very important source of ideas and probably the changes which are happening. So even the integration of the supplier in your value chain and we will talk about later is very important thing and then.

Prof. Jayanta Chatterjee: So I think this what you are saying is that this relationship should be sort of considered within inverted comma, that means it is not only relationship with customers.

Dr. Shashi Shekhar Mishra: Yeah.

Prof. Jayanta Chatterjee: But it also means relationship with suppliers, relationship with channel partners.

Dr. Shashi Shekhar Mishra: Yeah.

Prof. Jayanta Chatterjee: So I think even today I want to in the next session talk a little bit about aspects of electronic marketing which also necessitates a much higher focus on relationship marketing. So in this course I think our emphasis on relationship marketing or the shifting focus from acquisition of customers to retention of customers and loyalty of customers, customers becoming part of your marketing team or what we call customer advocacy.

So this particular topic is a central theme of our course and we will come back to this again and again from different perspective and I think this newly emerging area is socially responsible marketing, this is also something that we will perhaps spend one or two sessions on this particular topic.

Dr. Shashi Shekhar Mishra: Yeah because now this is becoming increasingly important that whatever you do in an organization it has to be socially responsible, otherwise if you are not doing it probably in that way the society's response are in general attitude will not be very favorable. So in this socially responsible marketing part we talk about the way probably businesses is done. So we talk about ethics then we talk about, how to basically.

Prof. Jayanta Chatterjee: Basically economize on energy even, even actually optimized consumption, earlier marketing's role was to if somebody has two lipsticks somehow convince her that she needs to buy four more lipsticks. But I think we are we have now understood that

this take and take more from nature and make and make more things and push and push more things into the market, this cycle just cannot go because this cycle is creating such an huge amount of garbage or waste across societies that the world cannot sustain it.

Dr. Shashi Shekhar Mishra: Yeah.

Prof. Jayanta Chatterjee: So all the green issues, I mean this whole area is also called green marketing in some other way, fundamental the point here is that marketing just cannot think in terms of its own limited preview of profit for the organization, it has to think in terms of people, people relationship with employees, relationship with suppliers, relationship with channel partners, and of course relationship with customers.

Very important and also they have to think in terms of the profit, not only profit but the planet and the people. So I think that is why somebody, people are saying that the objective of, earlier people used to say what is objective of marketing and the standard response will be top-line and bottom-line, emphasis was on revenue and profit. Today we are talking about the so-called triple bottom line that means not only profit, but also people and planet.

Dr. Shashi Shekhar Mishra: So this was a basically an overview of how the current marketing practices have evolved, now if you look into the time line probably that 1915, 1950 and 60's, with the this strategic marketing components came into the picture like marketing mix, market segmentation, product lifecycle concept, brand image all these things came into the probably fifties and sixties.

You have basically targeting of segments, identified segment, and then probably talking about different types of marketing, the variance of marketing like services marketing, societal marketing, social marketing all these things came into the late seventies and then this was basically the evolving face of this strategic marketing process, then you have basically eighties and nineties probably talked about more of probably customization of offerings and probably.

Prof. Jayanta Chatterjee: I think relationship marketing movement started gaining ground from the nineties.

Dr. Shashi Shekhar Mishra: Yeah, yeah, relationship marketing it started getting in probably the foretold in the marketing practices in that time period and the focus was probably shifting from the firm side to the customer side and the customers were entitled to choose their offerings. So companies were trying to come out with an individualized offering or customized solutions, 2000, 21<sup>st</sup> century.

Advent of 21st century has seen because of the economic downturn and all that lot of pressure on, on the side of companies. So the justify ability of this marketing expenses. So ROI and probably financially driven marketing came into the picture and if we see the, the probably the current decade which is, which is probably more influenced by what you have already talked about the big data.

And targeted marketing to individual customers because this big data is enabling company to basically come out with offerings which are very suited to personalized needs of the customers. So this is an overview of the timeline of how marketing has evolved over the period of time. Now we will briefly also talk about, what are the different types of offerings which are being provided by the sellers in the market?

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Dr. Shashi Shekhar Mishra: So the one very common market offering is physical goods, as we understand the all the output of this manufacturing sector can be probably part of this physical goods and then you have all this consumer durables and all those product comes into it, then you have services, today if you see the, the proportion of the GDP of all the developed economies or even probably in Indian economy.

We will find out that the services dominate the physical goods. So probably in India it is like 60% or that ratio 60 to 40 services versus physical goods. If you go to the developed world nations probably you will see the, the ratio is more probably tilted towards on the services side. So services like the provided by the airlines, all these individual service offerings are a part of this. I call basically this another.

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Dr. Shashi Shekhar Mishra: Type of offering as service wonders, we are not an individual service rather basically a bundle of services are offered as a package. Because this is becoming very, very common form of offering, if we look at this destination marketing, so countries promoting a particular place they are talking about probably the whole thing which is probably offered by a place, so all the attractions, all the basically.

Prof. Jayanta Chatterjee: Including food, staying.

Dr. Shashi Shekhar Mishra: Yeah, historical things, so they are basically all parts of.

Prof. Jayanta Chatterjee: Culture, food, sightseeing, health, and well being.

Dr. Shashi Shekhar Mishra: Absolutely.

Prof. Jayanta Chatterjee: All that you put together for example, the way we market Kerala or the way they market to Rome.

Dr. Shashi Shekhar Mishra: Yeah.

Prof. Jayanta Chatterjee: Or Paris.

Dr. Shashi Shekhar Mishra: Yeah, so we will also see like this service bundles form, even if we say in the case of destination marketing, we see that even this lot of this e-commerce companies which operate in this space, like they basically provide destination packages where they will arrange it. You are basically starting from this visa services to basically this.

Prof. Jayanta Chatterjee: Transportation.

Dr. Shashi Shekhar Mishra: Transportation.

Prof. Jayanta Chatterjee: Accommodation.

Dr. Shashi Shekhar Mishra: Accommodation that travel in the, within that destination and basically they will arrange for sightseeing, so it is coming as a whole package where you have a different type of services. But they are bundled together, so that is probably enhances the value of that offering actually.

Prof. Jayanta Chatterjee: In fact I have seen in some literature they call it service ecosystem.

Dr. Shashi Shekhar Mishra: Service ecosystem, yeah.

Prof. Jayanta Chatterjee: Marketing of the ecosystem.

Dr. Shashi Shekhar Mishra: Yeah, so we also have in the service bundles different type of offerings like, there are companies organization specializing in events management. So who have the probably competency or the skills they, they basically arrange a whole event, like basically a music show and they will arrange all the things inside it.



Prof. Jayanta Chatterjee: Why even weddings are now.

Dr. Shashi Shekhar Mishra: Weddings are.

Prof. Jayanta Chatterjee: Arranged by this event management companies.

Dr. Shashi Shekhar Mishra: And we also talked about in the service bundle these experiences, which we are you are talking about in amusement park, there are different kind of things which are available. But they come as a bundle actually and many a times these, these are charged not as individual services, they are charged as a basically service bundles actually. So whether you are using one single service or not, but you will be charged for that.

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Dr. Shashi Shekhar Mishra: Then we have ideas being marketed, like this idea of make in India is very popular in this point of time, you manufacture in India trying to make the Government of India is trying to make India as a manufacturing hub, so that is what basically the currently that the Government of India is marketing to different business community within the country, outside the country, they are trying to pursue the manufacturing from inside the country because

to tap that, that vast majority are probably a large pool of this work force which is available in India. China has already done probably to an extent this thing so.

Prof. Jayanta Chatterjee: So along with the idea marketing we also have what we call cause marketing.

Dr. Shashi Shekhar Mishra: Cause marketing.

Prof. Jayanta Chatterjee: Like for example say girl child education.

Dr. Shashi Shekhar Mishra: Yes.

Prof. Jayanta Chatterjee: Or mother and child health, or rural health, all of these, all need of education at every level.

Dr. Shashi Shekhar Mishra: Yeah.

Prof. Jayanta Chatterjee: These are also now very powerful marketing areas.

Dr. Shashi Shekhar Mishra: Yeah.

(Refer Slide Time: 25:10)



Dr. Shashi Shekhar Mishra: Then we also market organizations.

Prof. Jayanta Chatterjee: Sure.

Dr. Shashi Shekhar Mishra: And organizations are marketed to its employees, to its investors, to its, different types of stakeholders, investing agencies because, and organizations are also marketed to basically society that many organizations these days come out about their mission statement and they promote it very heavily in the society so that they have a favorable response from the society at large also.

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Dr. Shashi Shekhar Mishra: Then this one more type of offering which is there is this personality offering like a famous personality being marketed.

Prof. Jayanta Chatterjee: Yeah, the all the cricketers or politicians.

Dr. Shashi Shekhar Mishra: Yeah, these are basically marketed to the organizations for the endorsement of their product and the services.

Prof. Jayanta Chatterjee: Sure.

Dr. Shashi Shekhar Mishra: And.

Prof. Jayanta Chatterjee: Or marketed to the voters for.

Dr. Shashi Shekhar Mishra: Yes, yeah.

Prof. Jayanta Chatterjee: Getting elected.

Dr. Shashi Shekhar Mishra: Yeah, and the, the last thing in this type of, different type of market offering is properties actually.

Prof. Jayanta Chatterjee: Sure.

Dr. Shashi Shekhar Mishra: So that, that is very another very important type of market offering in the sense like you sell basically the personal properties, you sell basically the.

Prof. Jayanta Chatterjee: Office space, office space.

Dr. Shashi Shekhar Mishra: Office.

Prof. Jayanta Chatterjee: Commercial property.

Dr. Shashi Shekhar Mishra: Commercial properties, agricultural properties and this is becoming a huge market, you have basically company in this space, on the both side like earlier there used to be only this agents or probably physical form of organizations. Now you have a organization in the e-commerce space also which are into this business and doing

Prof. Jayanta Chatterjee: Sure.

Dr. Shashi Shekhar Mishra: Doing being quite well and evolution, revolutionizing this sector. Thank you.

Prof. Jayanta Chatterjee: Okay.

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