BUS 213: PRINCIPLES OF MARKETING I

Study Session 1

1. TOPIC: FRAMEWORK OF MARKETING

2. Introduction

In this study session 1, you will learn the framework of marketing which will provide the basis for understanding marketing concepts and principles. Marketing is perhaps the most complex and challenging function performed by business firms. Every firm engages in Marketing. How well organizations perform this function ultimately determines their success or failure in the competitive marketing environment. As an indication of the growing importance of marketing, many institutions of higher learning have extended their course offerings to include marketing, so the importance of a good introduction to the field cannot be over-emphasized. Generally, the framework of marketing involves the various definitions of marketing, evolution of marketing, basic concepts of marketing and marketing functions.

3. Learning Outcomes for Study Session 1

After studying this session, you should be able to:

(i) Understand the various definitions of marketing

(ii) Understand the evolution of marketing

(iii) Identify and explain the basic concepts of marketing

(iv) Determine the marketing functions which marketing managers are to be saddle with from time to time.

4. Definition of Marketing

Marketing is one of the terms in academia that does not have a universally accepted definition. It has been given different interpretations. To a layman, marketing is just about buying and selling or selling and promoting (Akpan, 2003).

Hunt (2002) defined marketing 'as the behavioral Science that needs to explain exchange relationships', he went further to explain that the study of marketing needs to understand the behavior of buyers directed at consummation of exchange, the institutional framework directed at facilitating exchange, and it's associated consequences on Society.

Kotler (1991) defined Marketing as a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others. This definition contain some vital importance such as needs, want and demands, products, value and satisfaction, exchange markets.

Drucker (1973) defined Marketing as the whole business seen from the point of view of its final result, customer satisfaction.

However, marketing is everything a company does to acquire customers and maintain a relationship with them. Even the small tasks like writing thank-you letters, playing golf with a prospective client, returning calls promptly and meeting with a past client for coffee can be thought of as marketing. The ultimate goal of marketing is to match a company's products and services to the people who need and want them, thereby ensuring profitability (Kotler, 1999)

The term was first conceptualized in 1935 when the then newly established American Marketing Association (AMA) asserted that, Marketing consists of those activities involved in the flow of goods and services from the point of production to the point of consumption (AMA, 1935:3). The association's first amended definition from 1937 saw marketing as the performance of business activities that direct the flow of goods and services from producers to consumers. A revision of this in 1985 changed this to the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives (AMA, 1937).

There exist as many definitions as contributed by numerous scholars on the subject but the definitions commonly referred to are those of the American Marketing Association (AMA). The AMA (2004) has since amended its definition with the most recent version rendered thus:

"Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders (AMA, 2004:2)."

Going by the above contributions on the various definitions of marketing, it can succinctly be said that marketing is simply the job of creating satisfaction or aggressive planning ability between competitors to outwit one another all in an effort to deliver satisfaction more effectively and efficiently. To this end, this discussion will dwell further on an examination of the evolution of marketing.

5. Evolution of Marketing

Historical account of trade led one to believe and conclude that Marketing has always existed. Marketing started as the society moved from a subsistent one into a socio-economic system which involves division of Labour, industrialization and urbanization. That is to say; marketing evolved as the society and its economy developed. In an agrarian or backward economy, the people are largely self sufficient. They grow their own food, make their own clothes, and build their own houses and tools. There is no marketing because there is no exchange. As time passes, however, the concept of division of Labour begins to evolve. People concentrate on producing the items in which they excel. This leads to specialization. Whenever people make more than they want or want more than they make, the foundation is laid for trade, and trade (exchange) is the heart of Marketing.

Development of Marketing began early in the 20th century with the conception of marketing. Early students of Marketing were actually educated as economist. Although they brought forth divergent theories, students of marketing evolved a body of thoughtful that by its nature, scope and application, set them apart from the usual economist. By 1900, it was found that Demand constituted more than purchasing power. Another concept of Marketing concerned its capacity to adjust self automatically to a harmonious equilibrium, but as competition diminished in some industries and trades, the assumption found in traditional economic theory became increasingly valid in the 18th century.

The traditional Marketing which reigned during the earliest era of exchange, trade, is consistently been replaced and or supplemented by the modern Marketing (as a result of the industrial revolution in the western countries during the 18^{th} century). Nevertheless, both approaches have proven extremely essential and always in vogue. It has shaped Marketing and it's thought i.e. Development of Marketing thought.

Developmental Stages of Marketing Thought

The development of Marketing thought may be classified as follows:

1900 – 1910, period of Discovery: Initial teachers of Marketing sought facts about the distributive trades. Theory was borrowed from economics relating to distribution, world trade, and commodity markets. The conception of marketing occurred and a name was given to it.

1910 – 1920, period of Conception: Many Marketing concepts were initially developed. Concepts were classified and terms were defined.

1920 – 1930, period of Integration: Principles of Marketing were postulated, and the general body of thought was integrated for the first time.

1930 – 1940, period of Development: Specialized ocean of Marketing continued to be developed, hypothetical assumptions were verified and qualified, and some new approaches to the explanation of marketing were undertaken.

1940 – 1950, period of Reappraisal: The concept and traditional explanation of marketing was reappraisal in terms of new needs for marketing knowledge. The scientific aspects of the subjects were considered.

1950 -1960, period of Re conception: Traditional approaches to the study of marketing were supplemented by increasing emphasis upon Management decision making, the societal aspects of Marketing, and Quantitative Marketing analysis. Many new concepts, some borrowed from the field of management and from other social sciences, were introduced into marketing.

1960 – 1970, period of Differentiation: As marketing thought became expanded, new concepts took on substantial identity as significant components of the total structure of thought. Among them were such elements as Managerial, holism, environmentalism, systems and internationalism.

1970, period of Socialization: Social issues and marketing became much more important as the influence not of society upon marketing, but of Marketing upon society became a focus of interest.

6. The Basic Concepts of Marketing

The definition of marketing which says, "Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and satisfying needs and wants through exchange process" rests on the following core marketing concepts; needs, wants and demands, products (goods, services and ideas), value, cost and satisfaction; exchange, transactions and relationships; markets; and marketing and marketers.

One stage precedes and chronologically leads to its next concepts for instance needs, wants, and demands leads to the creation of products to satisfy them which is term to give value and satisfaction that could be obtained by the customer through exchange, transaction and other relationships. The concepts are discussed below:

Needs, Wants and Intentions Demand

The starting point for the discipline of marketing lies in human needs, wants, intention and demand. People need food, air, water, clothing and shelter for survival. Beyond this, people have strong desire for recreation, education and other services. They have Needs, Wants, and Demand for particular versions and brands of basic goods and services. It is however essential to draw a distinction between needs, wants, intention and demand to understanding the nature of purchase decision. A human need is a state of felt deprivation of some basic satisfaction arising out of the human condition. A need is an urgent requirement, something essential lacking which one cannot do without. For instance people require food, shelter, safety, esteem and other things for survival. These needs are not created by society or by marketers. They exist in the very texture of human biology and condition that is the nature of a person, his preferences and other human variables is what determines the nature of his needs.

Wants

Wants are desires for specific satisfiers of these ultimate needs. A person needs food and wants fried rice, needs clothing and wants English designer shirt and trouser etc. These needs would be satisfied differently by another person depending on his or her preferences. While people needs are few, wants which are numerous, divers infinite and insatiable are numerous. It is just a mere desire for a specific commodity one would like to have; it is a state of being short of something desirable. Human wants are continually shaped and reshaped by social forces and institutions, including churches, schools, families, corporations etc. Intentions are decisions to acquire specific satisfiers under given terms and conditions. They are similar to wants. For instance many people want a Mercedes car, but only a few intend to purchase at the current prices of today.

Demands

Demands are wants for specific products that are backed up by an ability and willingness to buy them. It is the quantity of a commodity which consumers will be willing and able to purchase at all possible prices within a given period of time. For instance many people want a Mercedes, only few are able and willing to buy one. Since it is the willingness and ability that will make demand effective in the market, companies must therefore measure not only too many people want their product but more importantly, how many would usually be willing to buy it. These destinations should light on the frequent charge by marketing critics that "market create needs" or "marketers get people to buy things they don't want". Market does not create needs. Marketers, alongside with other societal influences, influence wants. Marketers might promote the idea that a Mercedes or suggest to consumers that a particular car would satisfy a person's need for social status and esteem. Marketers do not create the need for social status however. They try to influence people's intentions to demand effectively by making the product appropriate, attractive, affordable and easily available to target consumers.

Products or Services and Ideas

The existence of human needs and wants give rise to the concepts of products. Product offering the heart of an organization's marketing program is usually the starting point in creating the marketing mix. A marketing manager cannot determine price, promotion or distribution strategy until he/she has a product to sell. What is a product then? We will define products broadly to cover anything that can be offered to someone to satisfy a need or want. Occasionally, we will use other terms for products such as offerings or solution to satisfy needs and wants.

A product or offering can consists of as many as three components: Physical goods, Services, and Ideas. Generally it could be an object, service, activity, person, place, organization, or idea. For example a computer manufacturer is supplying goods (computer, monitor, and printer), services delivery, installation, training, maintenance, repairs, and an idea (computation power). The word product often brings to mind a physical object like television set and for this reason we usually use the expression products and services to distinguish between physical and intangible ones. But in thinking about products the importance lie's not so much in owning them as in using them to obtain services which satisfy human wants. We buy a car because it supplies transportation service. We buy a micro wave oven because it supplies a cooking service. Since physical products are really Vehicles, that deliver services to us we could redefine products as a bundle of physical, service and symbolic attributes designed to produce consumer want and satisfaction". It could also be defined as "everything both favourable and unfavourable attribute that a person receives in exchange for satisfaction". We will use the term products therefore to cover, physical products, service products, and other means that are capable of delivering a want or need.

In the light of this discourse it could be seen that a product does not consist of only its physical entity, but also services, non tangible attributes like image of product, an idea, therefore the consumer purchases more than a physical product and basically buy want satisfaction. Manufacturers often make the mistake of paying more attention to their physical products than services produced by those products. They see themselves as selling a product rather than providing a solution to a need. A carpenter isn't buying the service of producing a hole. A physical object is a means of packaging a service. The marketer's job is to sell the benefits or services built into physical products rather than just describe their physical feature. The sellers who become enamoured or concentrate on the physical product instead of customer need are said to be suffering from "marketing myopia".

Value, Cost and Satisfaction

How do consumers choose among the many products that might satisfy a given need? For instance, a farmer Aliyu travels three miles to work each day. He could use a number of products to satisfy this need; a bicycle, a motorcycle, a car, a taxicab or a bus. These alternatives institute his product choice set. Assuming Aliyu will like to satisfy several additional needs in traveling to work; namely, speed, safety, ease, and economy. We call this need set. Each product has a different capacity to satisfy his need set at different costs of obtaining them. A bicycle for example is slower, less safe and requires more effort than a car, but it is more economical. One way or the other the farmer Aliyu has to decide which product delivers the most satisfaction

The guiding concept is value and utility with regards to the costs of attacking them. Value is the consumer's estimate of the product's overall capacity to satisfy his or her needs. The consumer at the stage of purchasing decision, will only buy a commodity if he considers the satisfaction or utility derived from it more than or at least equal to the price. As price, falls with the quality level been the same, more of the commodity will be bought since he considers marginal utility or satisfaction higher than price. With regard to this, we can ask Aliyu to evaluate the characteristics of an ideal product for this task. He could request for a product or transportation means that would get him to his place of work in a split second with guaranteed safety, no effort and zero costs. Then the value of each alternative transportation means will be measured against this characteristic.

If Aliyu however is primarily interested in the speed and ease of getting to work, we would predict his choice of the automobile. However due to the costs of the automobile which is substantial and relative to the bicycle, he might not choose the automobile. Aliyu will have to give up more things represented by the cost to obtain a car. Therefore considering the product's value and price he will choose the products which satisfy his requirements and need value at the lowest possible cost of acquisition, ownership and use. Marketing as an activity provide, the consumer with place, time and ownership utility by providing needed products at convenient time, needed place and facilitates a transfer of such product to consumer.

Exchange, Transactions and Relationships

People can obtain products in any one of the four ways respectively; it could be through self production, coercion, supplication or begging, and through exchange which is simply offering or giving up a resource such as money or service to obtain an item of value. Marketing centres on the last approach to the acquisition of products to satisfy human wants and needs. The key underlying conception of market is exchange without which marketing cannot accomplish its objective of creating satisfaction.

Exchange assumes five conditions for it to take place which must be satisfied. They are as follows:

1. There are two parties.
2. Each party has something that might be of value to offer to one another.
3. Each party is capable of communicating and delivery of products sought to the other trading party
4. Each party is free to accept or reject the offer of the other
5. Each party must believe it is appropriate or desirable to deal with the other party.

If these conditions exist, there is a potential for exchange. Although, exchange may not necessarily takes place for one reason. Whether exchange actually takes place depends on whether the 2 parties can find and agree on terms of exchange that will leave them both better off (or at least not worse off) than before the exchange process. This is the sense in which exchange is described as a value creating process; that is exchange normally leaves both party with a sense of having gained something of value which is the goal of marketing as an activity. A transaction involves several dimensions at least 2 things of value, agreed upon conditions, a time and place of agreement. It involves a bargain to strike a deal, to avoid problem like conflicts or cheating. The legal system "law of contracts" is available to enforce compliance on the parts of the transactions.

Business maintains records of their transactions and sorts them by item, price, customer, location, and other variables. A transaction differs from a transfer. In a transfer one of the trading partners receives no tangible thing in return for what he gives. An example is subsidy or contribution; we call it a transfer (earnings), not a transaction. It would see however that marketing should be confined to the study of transaction and not transfers. However transfer behavior could also be understood through the concept of exchange since typically, the transferee has certain expectations upon the gifts such as getting back gratitude, or having good name in the recipient's eyes. Professional fund raisers are acutely aware of the "reciprocal" motives underlying donation and try to provide benefits to the donors such as, appreciation notes, special invitations to events and remarkable awards. Marketers have recently bordered the concept of marketing to include the study of transfer behavior, as well as transaction behavior into the concept of exchange.

In the most generic sense, the marketer is seeking to elicit some behavioral response from another party. A business firm wants a response called buying, for a political candidate, a voting response is needed. Marketing consists of actions undertaken to produce desired responses to some object from a target audience. Marketing as an integrated activity has several relationships and net works. Transaction marketing is part of the larger idea called Relationship marketing. Relationship marketing is the practice of building long term satisfying relations with key parties: customers, suppliers, and distributors in order to retain their long-term preference and business. Marketers accomplish good relationship by promising and delivering high quality, good services and fair prices to the other parties over time which with time leads to strong economic, technical and social ties among parties. It also cuts down on transaction costs and time.

The ultimate outcome of relationship marketing is the building of unique company asset called a marketing network. A marketing network consists of the company and all supporting stakeholders like customers, employees, suppliers, distributors and others with which it has built mutually profitable business relationship. Increasingly competition is not between companies but rather between the whole networks hence with a good network relationship with key stakeholders, profits will follow.

Markets

The concept of exchange naturally leads into the concept of a market. A layman will regard a market as a mere buying and selling place. But however, a market means more than that. A market is the set of all actual and potential buyers of a product been matched with its respective sellers. A market can also be defined as consisting of the potential customers sharing a common need or want who might be willing and able to engage in exchange to satisfy his need or want. Thus, the size of the markets depends on the number of people who exhibit need or want in an object, have necessary resources of value, and are willing and able to offer these resources in exchange for what they want.

Traditionally, "a market' was the place where buyers and sellers gathered to exchange their goods and services. Economist use the term to refer to an origination, institution or system that brings together buyers and sellers to transact business or over a particular product. Marketers see the sellers as constituting the industry and the buyers as making up the market. Business people often use the term "markets" colloquially to cover various groups or segments of customers. They talk about need segmented markets such as food markets, demographic segment such as youth market and so on. They may extend the concept to cover none consumes groupings, as well as Labour markets. The concept of markets also cover exchange, of resources not necessarily involving money example, the political candidate offers promises of a good government to a voter market in exchange of their votes.

All modern economics abound in markets. Essentially, manufactures go to resource markets (raw-material, Labour and money markets, and so on), buy resources and turn them into goods and services and then sell finished goods to intermediaries, who sell them to consumers. Consumers or household sell their Labour for which they receive money with which they pay for the goods and services they buy. The government uses tax revenues to buy goods from resource, manufacturer and intermediary markets and uses these goods & services to provide public services. Each nation's economy and the whole world economy consist of complex interacting sets of markets that are linked through exchange process.

Marketing, Marketers, and Prospects

The concept of markets finally brings us full circle to the concepts of marketing. Marketing means working with markets, which in term means attempting to actualize potential exchanges for the purpose of satisfying human needs and wants. Thus, we return to the definition of marketing as human activity directed at satisfying needs and wants through exchange process.

Marketing does not take place through an empty space. It involves activities of marketers and their prospects when one party is more actively seeking an exchange than the other party, we call the first party a marketer and the second party a prospect. A marketer is someone seeking one or more prospects who might engage in an exchange of values. The marketer is one in dire need of the satisfaction through the exchange process. A prospect is someone whom the marketer identifies as potentially willing and able to engage in an exchange of values.

The marketer can be a seller or a buyer. Suppose several people want to purchase an available house. Each prospective buyer will try to market him or herself to the seller. These buyers are actually doing marketing since they are more actively seeking for an exchange than the sellers. In the event that both parties actively seek an exchange, both are marketers and the situation is called reciprocal marketing that is a marketer between (seller) providing marketing services to another marketer (buyer). In the normal situation, the marketer is a company serving a market in the face of competitors. The company and the competitors send their respective products and messages directly and or through marketing intermediaries to end users. Their relative effectiveness is influenced by their respective suppliers as well as major environmental forces (demographic, economic, physical, technological, political / legal, socio-cultural). Having reviewed these fundamental concepts of marketing, we can put all these terms together to define marketing as a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others.

7. Marketing Functions

Marketing is sometimes thought of as simply the process of buying and selling. Its task is much more extensive than this simple description. For a marketing system to be operative and effective, there are general functions which must be carried out:

According to (IMMP), Marketing functions are specific efforts dealing with modifying the total service or product package and the communications according to customer segments. The company operates with marketing functions to realize strategies. These marketing functions are required to satisfy the needs of the customer. In many other models they are seen as tools for competition against other companies.

Marketing functions are the on – the- ground techniques that a company uses in the practical marketing of products. There are basically two sets of functions. This includes *Communication Functions and Product Functions.*

Communication Functions are specific efforts by marketers. In communicating with customers and finding information. Marketing communication and collecting market information are examples of marketing functions facilitating buying and selling. A company's advertising and market research agencies are part of its marketing channel. The communication function are about constructing the communications and promotional aspects for the market offering in question, collecting and processing the information from markets and arranging the necessary communications often understood as part of communication in sales routine. Communication function comprises of personal selling, marketing communication, market information and functional communication.

Personal selling focuses on the sales person's abilities to conduct sales work effectively. Personal selling is about building and maintaining, essential business relationship.

Marketing Communication this functions are specific effort dealing with communicating with customers and finding information. Some examples which are:

(i) Advertising is used to create awareness, provide information, influence attitudes and remind customers about the company and its products. Advertising is typically conducted by specialists (advertising agencies) to support/complement other marketing communication efforts.

(ii) Public Relations: Common forms of PR include press releases and sponsorships. This gives the company an opportunity to introduce ideas, deliver message and information, announce changes and maintain dialogue with important stakeholders. PR helps to create and maintain the public image of a company.

Market Information is about gathering, processing and delivering fundamentally important pieces of information to answer questions regarding things like competitive situation, supply information, customer values and preferences and the like. Market Information is needed for successful implementation of strategies and to give enough background knowledge about the market situation.

Functional Communication this is the communication involving efficient implementation of a marketing plan. This includes the daily, monthly and other frequently conducted communication between the marketers company conducting the marketing efforts and its partners in the marketing channel. Functional communication includes also the transfer of documents between the parties.

Product Functions are specific efforts dealing with modifying the total service or product package to meet the requirements of a customer. Product functions include Product Planning or Product Development, Pricing and Physical Distribution.

Product Planning in the product planning, the product is tailored to meet the requirements of the end user. Product planning includes decisions regarding the product concept and possible modifications. These decisions are based on the strategic decisions and market information gathered on end-use requirements and customer preferences at certain markets.

Pricing the Pricing is one of the most critical decisions making process in the marketing planning. Companies can approach pricing differently based on their objectives. Pricing can also vary due to the stage of the product's life cycle. Pricing can be carried out by several methods, of which market-based pricing and value-based pricing are examples. Pricing is information dependent function that is dependent on understanding of the cost structure of production and reaching the customers, customer segments' preferences and competitor's market offering.

Physical Distribution is about planning and controlling the physical flow of goods. Strategic decisions determine how physical distribution should be arranged. Physical Distribution aims to provide the most flexible and efficient way to reach end users. Planning physical distribution includes gathering of information regarding possible modes, routes, costs and timetables. Information flows are important part of the physical distribution-knowing the status of the inventory levels and the transportation itself in real-time is the ultimate goal. Nowadays also the physical distribution must be carried out in an environmental friendly way.

Furthermore, the marketer must also master the terms of delivery but determine e.g. the transfer of the ownership and the carrying of risks related to transportation. For a marketing system to be effective, there are three general types of functions which it must provide:

a. Exchange functions which comprise buying, selling and pricing.
b. Physical functions which comprises assembling, transport and handling, storage, processing and packaging, grading and standardization.
c. Facilitating Functions which comprises financing and risk bearing, market Information, demand and supply creation, market research.

Exchange functions are what are commonly thought of as marketing. It involves finding a buyer or a seller, negotiating price and transferring ownership (but not necessarily physical transfer). These functions take place at the "market"- that is, the physical meeting point for buyers and sellers at the point of production or via some other means of communication. At this point, formal or informal property rights are; important to ensure the reliable transfer of ownership and to guarantee legality.

Physical functions enable the actual flow of commodities through space and time from producer to consumer and their transformation to a form desirable to the consumer. Assembling or concentrating the product at convenient points allows it's economically transport. This is a valuable function which is often overlooked in the public perception of traders. Storage allows the commodity to be held until peak season demand, thereby stabilizing supply. Processing transforms the commodity into the products desired by the consumers. Grading and standardization allow the consumer to be more confident of the characteristics of the good being purchased.

Facilitating Functions financing and risk-bearing are two important facilitating functions. The owner of goods at any marketing stage must sacrifice the opportunity to use the working capital needed to buy those goods elsewhere. Or the owner must borrow that capital. In either case, capital must be provided by the trader or by some lending source-regardless, cost is involved-further, there is an implicit cost in the risk of losing all or part of that capital through theft, spoilage, mortality or changing market conditions. Without the willingness to provide the capital and to bear these costs, no stage of the market chain could function. Other facilitating functions enable producers to respond to consumer needs and thus provide goods in the locations, quantity and form desired.

These functions create the marketing environment, whose elements are:-

1. Market and facilities: Including the entire physical infrastructure that a market may depend on.
2. Market Information and Intelligence: Including informal and formal communication systems, and standard weights and grades on which market information depends.
3. Institutional environment: Including the government policy environment, regulations and supporting legislation.

Tom Egelhoff stated that most people think marketing falls in with advertising. All advertising is a form of marketing but all marketing is much more than just advertising. He disclosed that marketers need to cover eight basic marketing functions. A marketing manager's chief responsibility is to identify the target market for products and services. To create an advertising or promotional strategy to appeal to the target market, select the proper media to expose the message to the customer that will hopefully result in a sale and profit to the company. In addition to the above, the marketing manager has eight other functions that must be addressed and cannot be eliminated for a business to become successful.

Exchange Functions-Buying and Selling (Functions 1 And 2 Of Eight)

These two functions go hand in hand- first, it takes more than just a good product to be successful. You must have a product that fills a present and (very important) future need. You must buy the best raw materials available at the best possible pricing to produce your product. If you don't produce a product then you need to select products that will fill your target market's needs that your sales staff can sell at a profit.

Distribution-Transportation and Storage (Functions 3 & 4 of Eight)

If your purchase products for sale or resale, they must be moved to you or to customers by some means. In the case of inventory storage, the seller may inventory the product for your or you may be required to take delivery and incur inventory costs yourself. Each of these two functions will have an effect on your marketing and advertising message. If the product is inventoried somewhere else shipping time may be a factor. If you inventory the products yourself delivery will be faster.

Facilitating – (Functions 5, 6, 7 & 8 of Eight)

There are four other areas for consideration that complete the basic marketing functions.

(i) Quality and Quantity – you may carry quantities of products with a varying degree of quality. Your marketing will determine how much of each will be kept on hand and in what amounts.

(ii) Financial- Your financing arrangements with suppliers will affect marketing by increasing or decreasing your pricing. Volume discounts or

(iii) Extended terms that affect pricing will, in turn, affect your advertising and marketing budget.

(iv) Risk – You assume three risks concerning the products or services you provide. One, customers won't want your product or service, two; they may want it but won't pay the price you are asking, or three, new products or services make yours obsolete.

(v) Marketing Information-In this fast moving world of the Internet, faxes, new technology and company mergers, it is more important than ever for the marketing manager to keep abreast of new advances and changes in the market place. You must be prepared to change your message as news or change in market information become available.

Don't let lack of information stop your company in its track. Of the eight functions, each can have a positive or negative effect on various parts of your business. Each will affect different businesses in different ways. The point is to be aware of each of them, how each affects your specific business and includes them in marketing decisions.

8. Summary of Study Session 1, 'Framework of Marketing'

Now that you have completed this study Session 1, 'Framework of Marketing', you have learnt the following key points:

1. Marketing is not just merely buying and selling or selling and promoting but marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders (AMA, 2004:2)." It is simply the job of creating satisfaction or aggressive planning ability between competitors to outwit one another all in an effort to deliver the satisfaction more effectively and efficiently.

2. Marketing started as the society moved from a subsistent one into a socio-economic system which involves division of Labour, industrialization and urbanization. That is to say; marketing evolved as the society and its economy developed (the development of marketing began early in the 20th century through developmental stages of marketing thoughts).

3. Marketing is such an important and dynamic activity which must be undertaken with proper understanding of the basic concepts. The basic concepts of marketing rests on the following core marketing concepts; needs, wants and demands, products (goods, services and ideas), value, cost and satisfaction; exchange, transactions and relationships; markets; and marketing and marketers.

4. Marketing functions are the on – the- ground techniques that a company uses in the practical marketing of products. They are specific efforts dealing with modifying the total service or product package and the communications according to customer segments. There are basically three sets of functions. This includes Communication Functions and Product Functions and Facilitating Function.

9. Self-Assessment Questions (SAQs) for Study Session 1

Now that you have completed this study session, you can assess yourself with the following questions:

(i) Give historical account on the evolution of marketing

(ii) Marketing is said to be merely "buying and selling". Do you agree?

(iii) What are the basic concepts of marketing?

(iv) Distinguish the differences between market, marketers and marketing.

(v) Marketers are said to be responsible for most of the activities necessary to create customers. Discuss this range of activities.

10. Notes on SAQs for Study Session 1

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