

# What Is Marketing? A Great and Comprehensive Guide

What Is Marketing?

Great question!

Marketing is often seen by many as equal to selling, promotion, and advertising.

It's thought to exist to help a company get rid of its products i.e. to support other business functions such as manufacturing.

But the truth is the reverse. Functions such as manufacturing exist to support marketing. A company can always outsource its manufacturing and other such functions.

What makes a company prosper is its marketing ideas and offerings.

All other company functions exist to support the company's work in the customer marketplace.

Apple, a very successful brand, outsources the manufacturing of the iPhone. What gives Apple its edge and profits are its marketing ideas and offerings.

So, while marketing is often confined to selling, promotion, and advertising, it's much broader.

And as [Peter Drucker](#), described as the founder of modern management, [said](#):

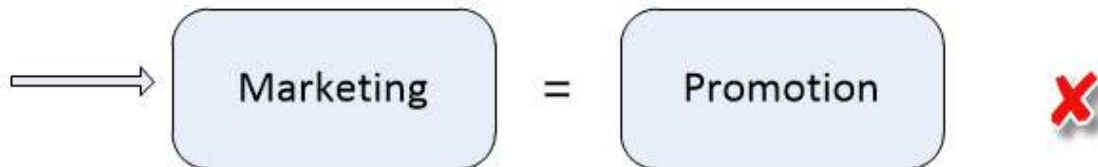
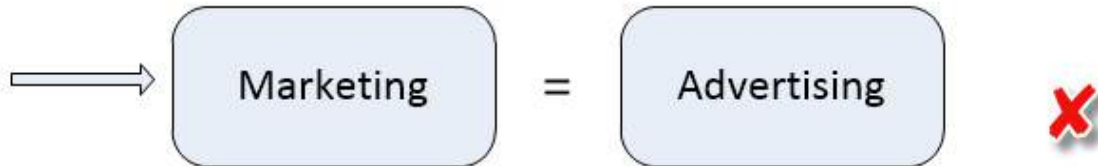
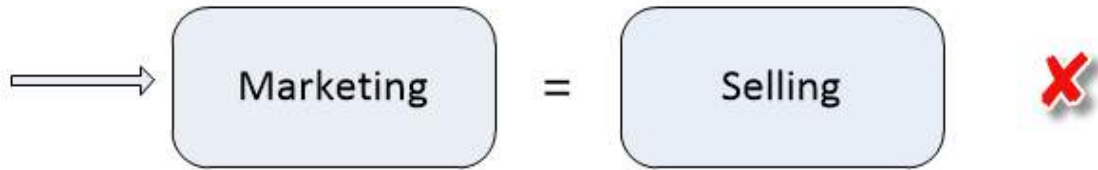
“The aim of marketing is to know and understand the customer so well the product or service fits him and sell itself...”

“The aim of marketing is to make selling superfluous (unnecessary).”

Below, we'll explore:

- Various definitions of marketing (page 3)
- What the marketing concept is (page 8)
- Why marketing is important (page 14)
- What marketing strategy is (page 15)
- The marketing mix (page 16)
- Different types of marketing (page 23)

## Common misconceptions



## Actually....



# The Definition of Marketing

Defining any subject is best left to those most qualified. For marketing, its largest professional bodies and its most renowned practitioners are most qualified to define it.

Wouldn't you agree?

Arguably, the largest Professional Marketing bodies in the world are

1. the [Chartered Institute of Marketing \(CIM\)](#) and
2. the [American Marketing Association \(AMA\)](#).

Combined, they have more than 65,000 members and students across the world.

[Philip Kotler](#), Distinguished Professor of International Marketing, is a renowned marketing practitioner. He has over 60 marketing books to his credit.

Find below definitions of marketing by some of those most qualified to define it.

## Definition of Marketing by Philip Kotler

In his book "Marketing Management, Millennium Edition", Philip Kotler defines marketing as

- meeting needs profitably.

He went on to expatiate this further in "FAQs on Marketing". There, he defines marketing as

- the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit.

Lastly, he laid it out clearly in "Marketing Insights from A to Z" where he defines marketing as:

The business function that

1. identifies unfulfilled needs and wants,
2. defines and measures their size and potential profitability,
3. determines which target markets the organization can best serve,
4. decides on appropriate products, services, and programs to serve these chosen markets,
5. and calls upon everyone in the organization to think and serve the customer.

Here is another.....

# Definition of Marketing by the Chartered Institute of Marketing (CIM)

CIM defines marketing as

- the management process responsible for identifying, anticipating and satisfying customer requirements profitably.

## Takeaways from the Definitions

All these definitions bring to the fore the focus of marketing on meeting the needs of the customer. While at the same time implying a need to work with other functions to do this profitably.

So, marketing

1. identifies or expect customers' requirements. Then,
2. it creates, communicates and delivers value that satisfies customers and builds strong customer relationships. Finally,
3. it captures value in the form of profit.

It's about getting the right offering to the customer at the right price, in the right place, at the right time.

I dare say I agree with Philip Kotler's statement that

- marketing is the company's customer manufacturing department.

It's also not surprising that Peter Drucker said:

“Because the purpose of business is to create a customer, the business enterprise has two – and only two basic functions: marketing and innovation. Marketing is the distinguishing unique function of the business.”

## Outcome of Marketing

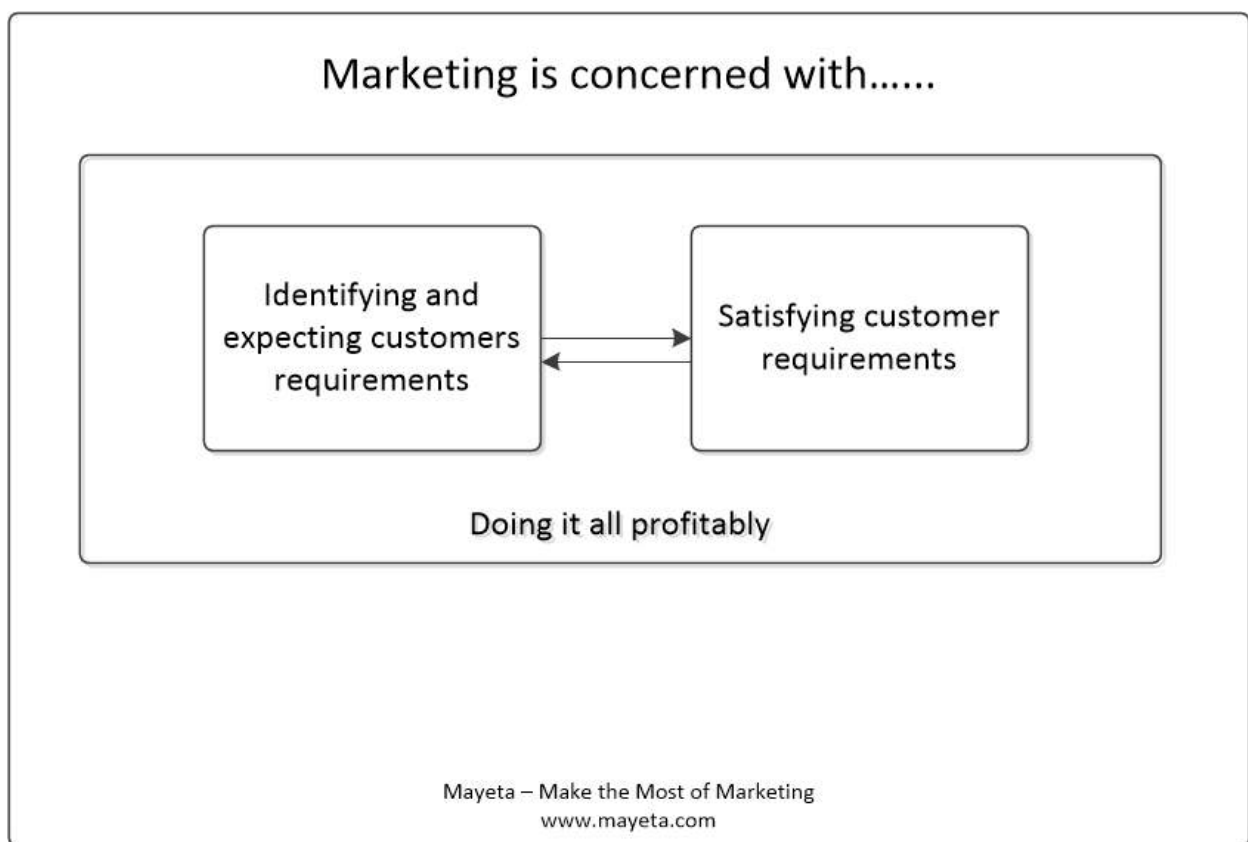
Because customers bring about positive cash flow (profit), marketing is thus the work designed to

1. identify sources of cash flow and to
2. produce cash flow.

That's as suggested in the book "Marketing Champions" by Roy Young, Allen Weiss, and David Stewart.

Marketing produces cash flow by acquiring and retaining customers. First of all, it

1. attracts new customers by promising superior value and then
2. keeps and grows current customers by delivering satisfaction.





You should note that as well as a business function, marketing is also a philosophy. It's a business philosophy that puts the customer at the center of the business.

This is especially relevant and takes us to the.....

## **Definition of Marketing by the American Marketing Association (AMA)**

AMA defines marketing as:

- the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

The definition includes the role marketing plays in society at large. And defines marketing as

- a science,
- educational process and
- a philosophy – not only a management system.

Marketing is a philosophy in that it acts as a guiding principle for business conduct. The whole idea is to meet business goals through satisfying customers.

The truth is...

A company can have the best marketing department in the world and still fail at marketing. Why?

Because

- the production people may put out poor-quality products,
- the shipping department may ship late,
- the accounting department may send out inaccurate invoices all which will lose customers.

Marketing is effective only if the company delivers the promised value and satisfies the customer.

[Philippe Naert](#) well-stated that:

“You will not get the real marketing culture by hastily creating a marketing department or team, even if you appoint extremely capable people to the job.

“Marketing begins with top management. If top management is not convinced of the need to be customer minded, how can the marketing idea be accepted and implemented by the rest of the company?”

This brings us to the [marketing concept](#).

# What Is Marketing Concept?

David Jobber and John Fahy in their book, “Foundations of Marketing”, define the marketing concept as:

- meeting business goals through meeting customer needs better than the competition.

For example, the mantra at Procter & Gamble (P&G), is that it must win at the first and second moments of truth – that is

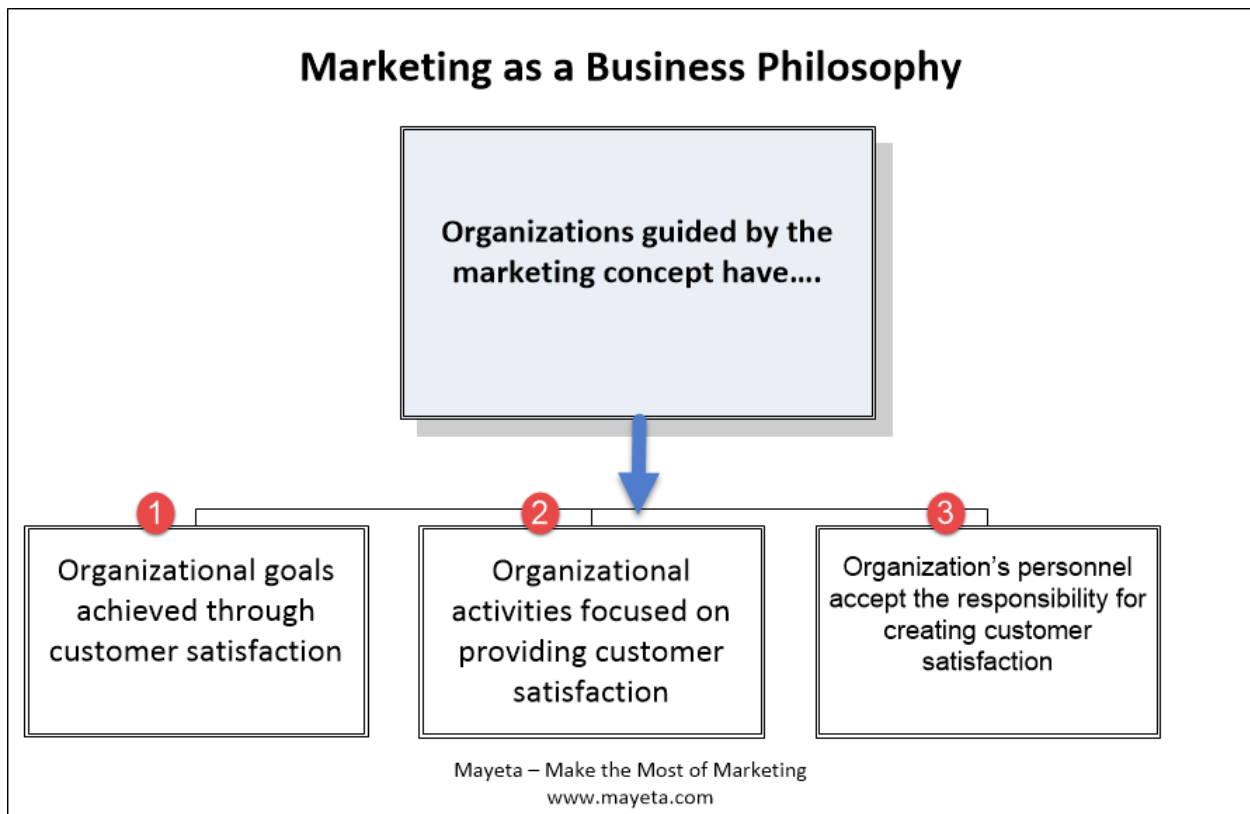
1. in the shop where the consumer decides which brand to select and
2. in the home when he/she uses it (one of P&G’s brands).

It’s probably why P&G is one of the world’s leading consumer products company.

The marketing concept simply refers to seeing marketing as a business philosophy and practice, not just a department’s task.

An organization that adopts the marketing concept puts the customer first. It believes it will meet its goals through meeting customers’ needs. And has everyone in the organization focusing on meeting the needs of the customer.





Of course, not every organization adopts the marketing concept. At least, not every time anyway. In fact, there are many competing concepts under which organizations conduct marketing activities.

Philip Kotler highlights a few.

1. Production concept
2. Product concept
3. Selling concept
4. Societal marketing concept

## The Production Concept

Companies that adopt the production concept hold the view that

- consumers prefer products that are widely available and inexpensive.

Because of this, managers of production-oriented businesses focus on

1. achieving high production efficiency,
2. low-cost, and

3. mass distribution.

This orientation makes sense where consumers are more interested in getting the product than in its features. It is also used when a company wants to expand the market.

## The Product Concept

Here, the view is that consumers favor those products that offer the most quality, performance, or innovative features.

Managers in these organizations focus on making superior products and improving them over time. They assume that buyers can appraise quality and performance.

Product-oriented companies often design their products with little or no customer input. They trust that their engineers can design exceptional products.

A General Motors executive said years ago:

“How can the public know what kind of car they want until they see what is available?”

But GM today asks customers what they value in a car and includes marketing people in early stages of design.

Note that the product concept can lead to marketing myopia.

[Marketing myopia](#) refers to a short-sighted and inward-looking approach to marketing. Such approach focuses on the needs of the company instead of the customers' needs and wants.

It refers to a nearsighted focus on selling products and services, and not seeing the “big picture” of what consumers really want.

Marketing myopia results in the failure to see and adjust to the rapid changes in the market.

The term was coined by Theodore Levitt, a Harvard Business School marketing professor.

Kodak failed because it was myopic and product oriented instead of focusing on consumers' needs.

The company thought it was in the film business instead of the story telling business. And it lost when digital cameras boomed.

# The Selling Concept

The selling concept, another common business orientation, holds that

- consumers and businesses, if left alone, will ordinarily not buy enough of the organization's products.

The organization must, therefore, undertake an aggressive selling and promotion effort.

This concept assumes that consumers must be coaxed into buying. So, the company has a battery of selling and promotion tools to stimulate buying.

The selling concept is practiced most aggressively with goods that buyers normally do not think of buying.

Can you think of any such goods?

Also most firms practice the selling concept when they have overcapacity. Their aim is to sell what they make rather than make what the market wants.

So they bombard prospects with sales messages. As a result, the public often identifies marketing with hard selling and advertising. But marketing based on hard selling carries high risks.

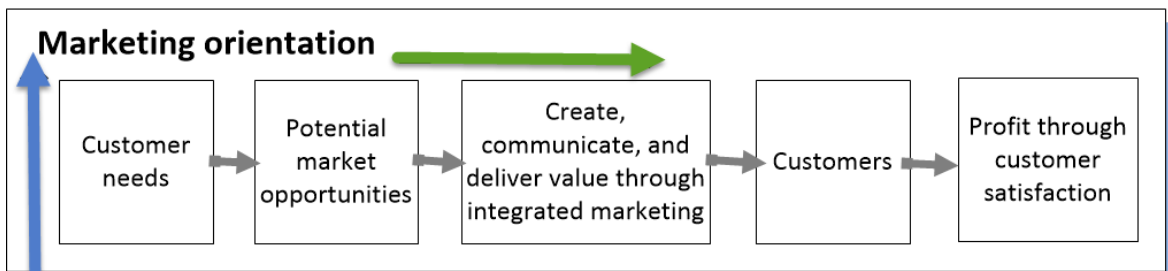
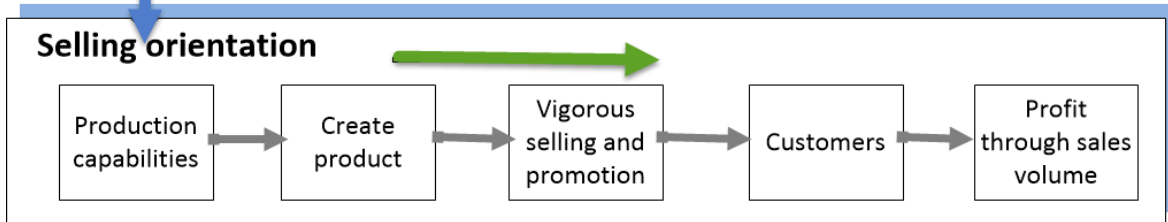
It assumes that customers who are coaxed into buying a product will like it. That if they don't, they won't bad-mouth it or complain to consumer organizations. Rather, they will forget their disappointment and buy it again.

These are indefensible assumptions. Wouldn't you agree?

Theodore Levitt of Harvard drew a contrast between the selling and marketing concepts:

“Selling focuses on the needs of the seller; marketing on the needs of the buyer.”

The selling orientation takes an inside-out view that focuses on existing products and heavy selling. The aim is to sell what the company makes rather than what the customer wants.



The marketing orientation takes an outside-in view that focuses on satisfying customers needs as a path to profit.

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# Marketing Orientated Organizations and Society

The societal marketing concept calls upon marketers to be society conscious.

Marketing orientated organizations need to

1. look beyond consumer short-run wants and note consumer long-run welfare.
2. always strive for what is also best for consumers in the long run.

Furthermore, their solutions should

1. deliver value to customers in a way that also maintains society's well-being.
2. keep the ability of future generations to meet their needs.

You don't want to harm the society as you strive to profit from meeting customers' needs. Why? Because you may also be harming yourself, your loved ones, and your business down the road.

By now, you should appreciate what marketing is and probably why it is important.

Or, are you still wondering.....

# Why Is Marketing Important?

Most noteworthy is that the success of any business lies in its marketing. Marketing fuels growth and it increases profit.

Remember, the outcome of marketing is to

- find sources of positive cash flow, and to
- produce cash flow.

In a sense marketing is a part of everything an organization does. So every organization is already doing marketing even if doing it improperly.

Do you own a small business? If you do, think about what you do.

You probably make a particular effort to know your customers well.

Your instincts tell you that getting to know what customers want, and providing it, is what will keep you in business.

You know that you can't stand still. And you need to improve and extend existing products, sometimes develop new ones.

If this description rings true, your marketing activities closely fit the definitions of marketing above.

A business not realizing it is doing marketing makes it less likely that it can repeat the activity consistently over time.

And marketing without proper thought or preparation leaves room for the competition to have the upper hand.

On the other hand, marketing with “proper thoughts and preparation” (a strategy) ensures a business:

- have an edge and
- becomes much more profitable.

# What Is Marketing Strategy?

[Marketing strategy](#) is a broad plan of action designed to achieve marketing's overall aim.

And as already discussed, marketing's overall aim is to

1. find sources of cash flow and to
2. produce cash flow.

Marketing strategy provides the methods for accomplishing marketing goals.

It's the foundation of a marketing plan.

In your marketing plan, your marketing strategies represent a first overview of various marketing elements and how you will use them to meet your marketing goals.

The key to successful marketing in the long-term is

- focusing,
- positioning, and
- gaining and holding competitive advantage.

Putting together an effective marketing strategy that helps you succeed involves:

1. segmenting and targeting a market segment so that you have focus,
2. defining how you will gain and hold a competitive advantage,
3. positioning yourself in the minds of your customers and potentials that you can best serve their needs, and
4. making marketing mix decisions so that you can indeed profitably best serve their needs and very well communicate such.

# What Is Marketing Mix?

The [marketing mix](#) is a set of marketing tools that work together to satisfy customer needs and build customer relationships.

These tools when mixed create, communicate, deliver, and capture value thereby influencing sales and profit.

The marketing mix is often associated with the four (4) P's which refer to:

1. Product
2. Price
3. Promotion
4. Place

These four elements are key decision areas and form a major aspect of marketing concept implementation.

Let's look at the four major elements of the traditional marketing mix.

## Product

A product is an item that satisfies what a consumer demand. It signifies value offered to the customer. Also, it refers to these types of entities:

- Goods
- Services
- Experiences
- Events
- Persons
- Places
- Properties
- Organizations
- Information
- Ideas

The choice of what products and benefits to offer to a group of customers is known as the “product decision”.

## Price



The amount a customer pays for the product. It signifies value captured from the customer. The price is very important as it determines the company's profit and hence, survival.

Because price represents, on a unit basis, what the company receives for the product that is being marketed, it is a key element of the marketing mix. All other elements represent costs.

## Promotion

Promotion refers to all communication methods used to give information about an offering. This is usually for acquiring and retaining customers. It signifies all the ways to communicate value to get and keep customers.

Communication methods include:

- Advertising
- Personal selling
- Sales promotion/event
- Public relations
- Direct mail
- Social media marketing
- Search engine marketing
- Email marketing
- All other direct, mass, mobile and internet media communication methods

By these means, the target audience is made aware of the existence of an offering and its benefits.

## Place

Place has to do with decisions on the distribution channels to use to deliver an offering and their management. It signifies all the ways to deliver value to customers.

Place includes

- intermediaries (distributors, wholesalers, and retailer),
- the location of outlets,
- online properties,
- methods of transportation, and
- the inventory levels to hold.

It also refers to ways of displaying products to customer groups. This could be in a shop window, but it could also be via the internet.

The goal is to make sure those products and services are available in the proper quantities, at the right time and in the right place.

In service marketing, the four Ps are expanded to seven (7) Ps to address the different nature of services.

The three extra Ps are people, process, and physical evidence.

- **People** – People refer to the employees and how they execute a service. It is chiefly about the way and skill in which they do so.
- **Process** – Process refers to the process and system within an organization that affects the execution of its service.
- **Physical evidence** – Physical evidence refers to the evidence that assures the customer of the service to be performed. It may also refer to the evidence which shows that a service was performed.

More recently it has been said that the 4Ps represent the seller's mindset, not the buyer's mindset. [Robert Lauterborn](#) suggested that you should first work with 4Cs before setting the 4Ps.

The 4Cs are:

## Customer Value (Not Product)

Businesses aim to provide customer value while capturing value in the process.

Want to have an edge?

Then, you should study consumers' demands to provide customer value that exceeds expectations.

## Customer Costs (Not Price Alone)

In making pricing decisions, you should consider the total cost the customer will associate with buying your product.

This consists of the cost of time and energy involved in the purchase. Furthermore, there is also the cost of not purchasing a competing product or service.

## Convenience (Not Place)

You should know how the target market prefers to buy, how to be there and be available. This is to guarantee convenience to buy.

Note that convenience takes into account

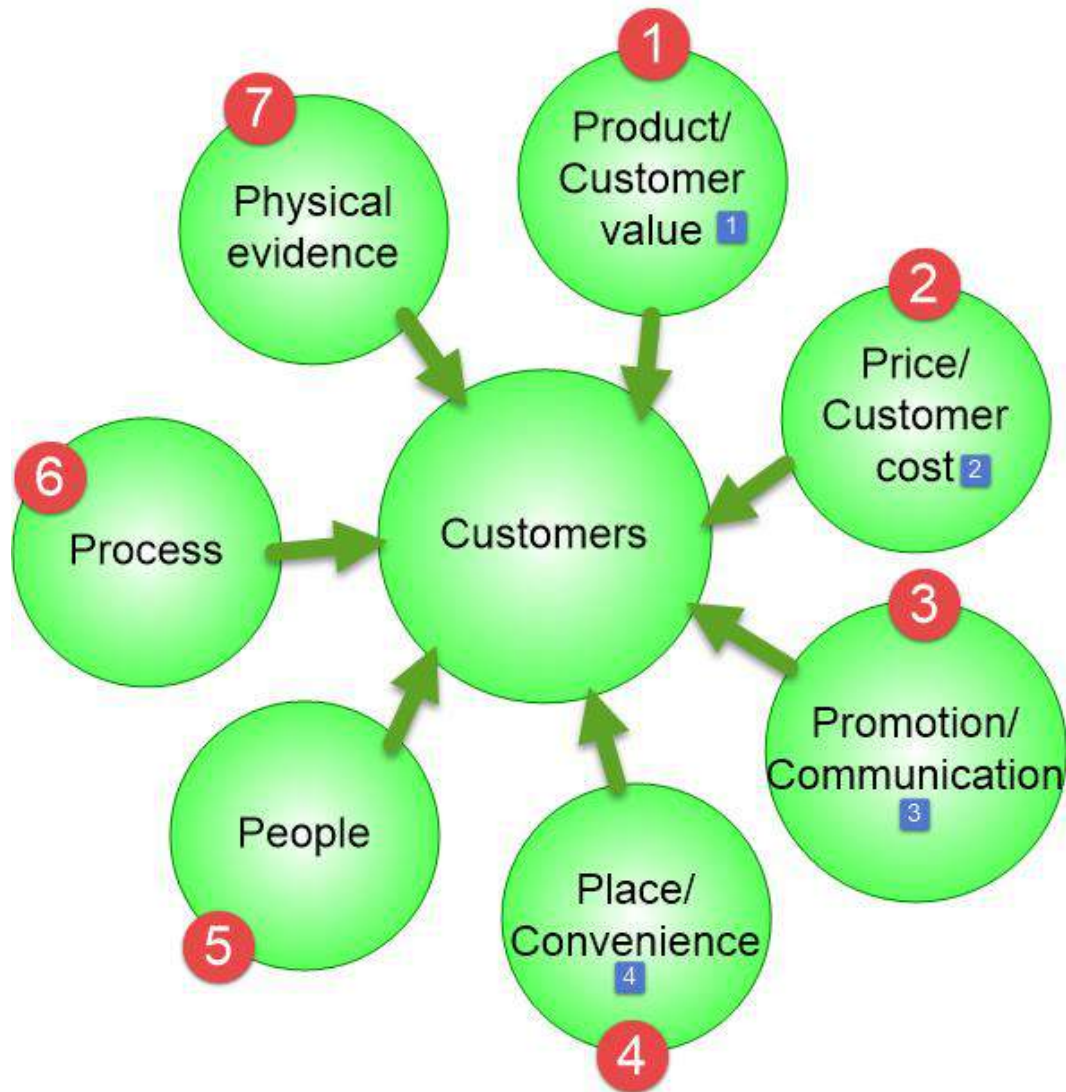
- the ease of buying the product,
- finding the product,
- finding information about the product,
- and several other factors.

## Communication (Not Promotion)

You should communicate with the aim of creating a dialogue with customers based on their needs and lifestyles.

Again, the idea is you should think through the 4C's while setting the 4P's for your target customer.

## Marketing Mix - 7Ps & 4Cs



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# What Makes an Effective Marketing Mix?

An effective marketing mix must:

1. Be designed to match the needs of a target customer group.
2. Contribute to the creation of a competitive advantage. It should clearly set apart the business from its competition based on factors that are important to customers.
3. Match the resources available to the firm.
4. Be well blended to form a consistent theme. For example, the use of exclusive outlets for upscale fashion and cosmetic brands.

Especially relevant is that for marketing to work, the marketing mix must be managed in an integrated fashion. Yet in many companies, responsibilities for different elements of the marketing mix are in different hands.

The head of the marketing department of a hotel wanted to increase the hotel's market share. His strategy was to build up customer satisfaction through

- providing better food,
- cleaner rooms,
- better trained staff, and
- slightly lower rates.

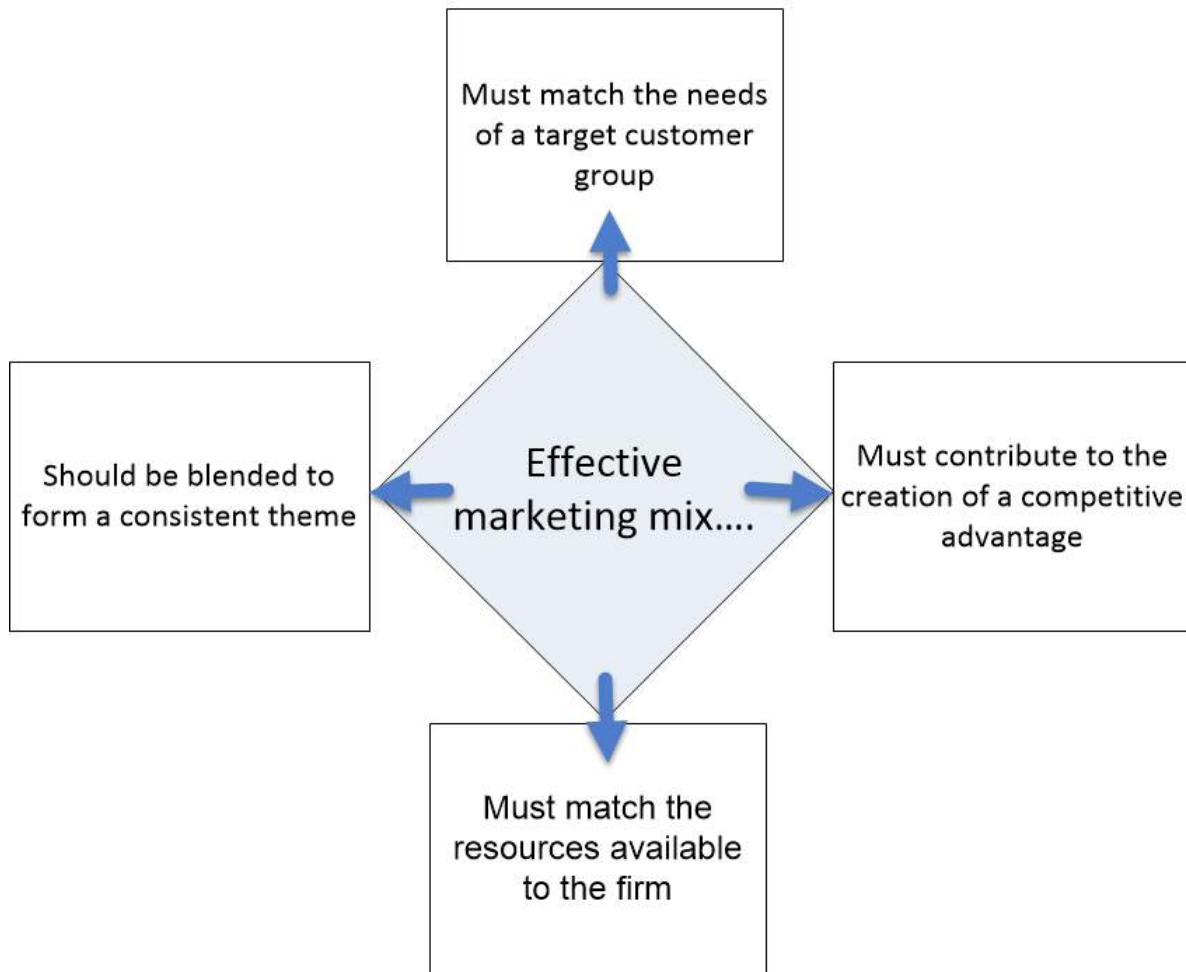
Yet he had no authority in these matters.

- The catering department chose foodstuff that kept down food costs;
- Maintenance department used cleaning services that kept down cleaning costs;
- Human resources department hired people without regards to how friendly they are;
- The finance department set the rates.

Because these departments and the hotel had a cost or production point of view, the head of the marketing department's progress in creating an integrated marketing mix was hindered.

This is also the challenge in many organizations. Many need to be sold on the marketing concept and the need to put the customer first in ensuring an organization's growth and survival.

## Elements of an Effective Marketing Mix



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# Types of Marketing

There are many types and approach to marketing based on different criteria.

## Based on Business Growth Stage

Typically, how businesses at different growth stages approach marketing differs.

You don't expect a startup or small business to approach marketing the way a big business does, do you?

Philip Kotler outlined three stages through which marketing practice might pass.

The stages suggest how businesses at different growth stages may approach marketing.

Marketing practice thus could be:

1. Entrepreneurial
2. Formulated
3. Intreprenurial

## Entrepreneurial or Startup | Small Business Marketing

Most companies are started by people who find a market need. And try to meet it profitably by knocking on every door to gain attention. They apply entrepreneurial thinking and use "guerilla" marketing tactics to get, keep and grow customers.

Such people usually

- are very passionate,
- show initiative and resourcefulness,
- and are very creative in their marketing.

Ruff 'n' Tumble was founded in 1996 when Adenike Ogunlesi, the founder, needed pajamas for her kids. Already making clothes for women, she decided to start making clothes for kids.

At the beginning, she sold the wares through direct selling from the back of her car. But today, Ruff 'n' Tumble has stores in the best shopping malls across key cities in Nigeria.

## Formulated or Enterprise Marketing

As small companies achieve success, they inevitably move towards more formulated marketing.

Formulated marketing is marketing prepared methodically or in a systematic way. Here, managerial thinking is applied to marketing.

Usually, a marketing department headed by a marketing head undertakes most marketing activities.

Ruff 'n' Tumble today has a marketing unit headed by a marketing manager. Furthermore, the unit adopts some of the tools used in professionally run marketing companies.

## Intrepreneurial Marketing

Intrepreneurial marketing refers to entrepreneurial marketing in large organizations.

Many large companies get stuck in formulated marketing.

They are always

- poring over the latest ratings,
- scanning research reports,
- trying to fine tune partner relations and advertising messages.

These companies lack the creativity and passion of marketers in the entrepreneurial stage.

Their marketers need to start living with their customers and visualizing new ways to add value to their customer lives.

So as you can see, effective marketing can take many forms.

Note that formulated marketing gets the most attention in most

- marketing text and
- formal marketing training.

## Based on Media, Channels, and Approach to Marketing

In marketing, media refers to the means of communication. It refers to the means by which messages get to and is received from target markets. Media could be



- Paid
- Earned
- Owned

Channels refer to the means to reach a target market. Marketers use three kinds of channels to reach target markets:

- Communication channels to deliver and receive messages from target markets.
- Distribution channels to display or deliver the product to target markets.
- Selling channels to effect transactions with target markets. Selling channels also include banks and insurance companies that ease transactions.

Notice that both media and communication channels refer to means by which messages get to and is received from target markets.

Thus in marketing, media and communication channels refer to the same thing.

Based on channels and approach to marketing, we can classify marketing into:

- Direct marketing
- Mass marketing

## **Direct Marketing**

Direct marketing refers to direct to consumer marketing. Here, communication, distribution, and selling are direct with the consumer with the aim of getting a direct response.

Note that direct means with no one or nothing between.

Channels that allow for dialogue (two-way communications) make direct marketing possible. Such channels include:

- Stores or any place where face to face meetings are possible
- Email
- Snail mail
- Telephone
- Mobile devices and mobile applications
- Websites and web applications
- Social media platforms
- Other such channels where a dialogue is possible

# Mass Marketing

Mass marketing refers to marketing to many consumers. The aim is to reach and appeal to the largest number of consumers possible with the same offering. It is sometimes called undifferentiated marketing.

The original idea of

- mass production,
- mass distribution,
- and mass advertising...

...was adopted by companies making products used by a considerable number of people.

Such products include soap, drinks, refrigerators, cars, and so on.

Thus P&G made Ivory soap and tried to get everyone to buy it, and Coca-Cola made Coke and tried to get everyone to drink it.

In mass marketing

- communication is through broadcast channels or mass media that reach a large audience. Such channels only allow one-way communications and not dialogue. They include television, radio, newspapers, billboards, etc.
- distribution and selling are through trade channels such as distributors, wholesalers, and retailers.

## Challenges of Mass Marketing

Mass marketers are increasingly pressured to be more selective due to the following:

1. People differ in their taste and this gives challengers an opportunity to go after narrower market segments.

In response, mass marketers started to differentiate their product offerings for different segments.

P&G offers several different brands of detergent that perform differently. Coca-Cola now offers different versions of its famous drink.

2. It has become prohibitively expensive to launch brands for a dominant share of market (general population).

Even the manufacturers with the biggest war-chests are changing their strategy. They are finding it more profitable to aim their new brands at narrowly defined segments of the market.

3. Rapid increase in the number of communication channels makes it hard to reach a large audience with one prime-time program.

Cable television, with 50 or more channels, makes it easier to aim marketing at special groups of consumers.

Also, digital communication channels make it easier to target and reach each consumer.

4. Direct marketers are claiming superior results. They target the best prospects for their offerings instead of targeting everyone.

Of course, there are products and circumstances where mass marketing remains effective. This is especially true in countries with fewer channels and competitors.

However, in a growing number of cases, direct or segment marketing is proving more effective.

This is not to say that a product cannot gain a dominant share of the general population. No, far from it, but it will reach such status by first dominating segments of the market.

## Based on Media and Goals for Using It

As stated earlier, media refers to communications channels. And both refer to means by which messages get to and come from target markets.

Marketers use both mass media and direct–response media depending on their goals. And what can help them best meet such goals.

So, mass marketers may use direct-response media as their needs dictate. And direct marketers may use mass media as needed.

Recall that mass media include

- Television
- Radio
- Newspapers
- Billboards, etc.

And direct-response media include:

- Stores or any place where face to face meetings are possible

- Email
- Snail mail
- Telephone
- Mobile devices and mobile applications
- Websites and web applications
- Social media platforms
- Other such channels where a dialogue is possible

Based on media and goals for using such media, we can classify marketing (advertising) into:

- Above the line (ATL) marketing
- Below the line (BTL) marketing
- Through the line (TTL) marketing

## **Above the Line (ATL) Marketing or Advertising**

This involves the use of media (mass media) for brand building. ATL advertising activities focus on creating awareness and building the brand. These activities are not focused on immediate conversion to a desired action. It's done with the knowledge (and hope) that once the brand is built, conversions will follow.

## **Below the Line (BTL) Marketing or Advertising**

This involves the use of media (direct-response media) for getting an immediate conversion. While BTL advertising can also create awareness and build a brand, that's not their main focus. Their focus is to get the target audience to perform an action.

## **Through the Line (TTL) Marketing or Advertising**

This involves the integration of both ATL and BTL advertising for the best results.

## **Based on Channel Type**

Based on channel type, marketing can also be classified into:

- Digital marketing
- Non-digital marketing

## Digital Marketing

This refers to the use of digital technologies and channels for marketing. Such channels include all online channels marketers use to find and meet customers' needs.

They include:

- Company websites and web applications
- Company mobile sites and applications
- Search engines
- Social media platforms
- Affiliate sites and applications
- Email
- SMS
- other online and digital channels

## Non-Digital Marketing

This refers to marketing using non-digital technologies and channels. Such channels include all offline channels which marketers use.

## Based on Business Models

To generate revenues, businesses can primarily

- selling to consumers, or
- selling to other businesses.

The model of businesses selling to consumers is referred to as business-to-consumer or B2C.

The model of businesses selling to other businesses is called business-to-business or B2B.

Based on these models, we can classify marketing into:

- B2B marketing
- B2C marketing

## B2B Marketing

Business-to-business (B2B) marketing refers to marketing and selling to other businesses.

There are fewer businesses compared to the number of consumers. But businesses have more spending power.

With just a few business customers, a company could build a sizeable and profitable business. That can be hard to say for consumer customers, except such consumers are the very affluent.

In B2B marketing, products on offer are sizeable purchases that need much thought on the part of the buyer. Hence, the decision process usually takes time with many decision makers involved.

Communications commonly focus on demonstrating value to each of these decision makers.

## **B2C Marketing**

Business-to-consumer (B2C) marketing refers to marketing and selling to consumers.

Marketing to consumers involves marketing to fewer decision makers. Products on offer are mostly small purchases not requiring much thought on the part of the buyer. Hence, the decision process is short except for big ticket consumer items.

B2C marketing communications commonly focus on invoking emotional responses.

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