The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. The shapes are primarily triangles and polygons, creating a dynamic, layered effect. The overall composition is clean and modern.

# Chapter 1

## Introduction to Marketing Principles

# Contents

- Meaning of Marketing
- Marketing Concepts
- Characteristics of Marketing
- Marketing Process
- Roles of Marketing
- Importance of Marketing
- Marketing Functions
- Relationship between the Marketing System and the Economic System
- Marketing Mix
- Marketing Management

# Meaning of Marketing

- Philip Kotler (2012) provided two definitions of marketing.
- Marketing refers to the process of planning and managing concepts related to pricing, promotion, and distribution of goods, services, or ideas in order to create exchanges that satisfy individual needs and achieve organizational objectives.
- Marketing refers to a social and managerial process that enables individuals or groups to obtain what they need (needs) and want (wants) by creating products with value and exchanging products and value with others.

# Marketing Concept

- ▶ The marketing concept refers to an organization's effort to do everything possible to create customer satisfaction in order to maximize sales and profits, including instilling ideas or behaviors considered beneficial to consumers, which is known as social marketing.
- ▶ Kotler & Armstrong (2017, pp. 26-42) proposed the core marketing concept, which businesses can choose to adopt. It consists of five concepts as follows:

## 1. The Production Concept

This is the oldest concept, based on the belief that consumers prefer products that are widely available, easily accessible, and low in cost. Therefore, marketers focus on improving production efficiency to reduce costs and distribute products widely, which is suitable for a seller's market or a shortage market.

## 2. The Product Concept

Consumers are satisfied with products that offer the highest quality and features relative to price, and producers therefore focus on continuously improving quality and developing products that are superior to those of competitors.

## 3. The Selling Concept

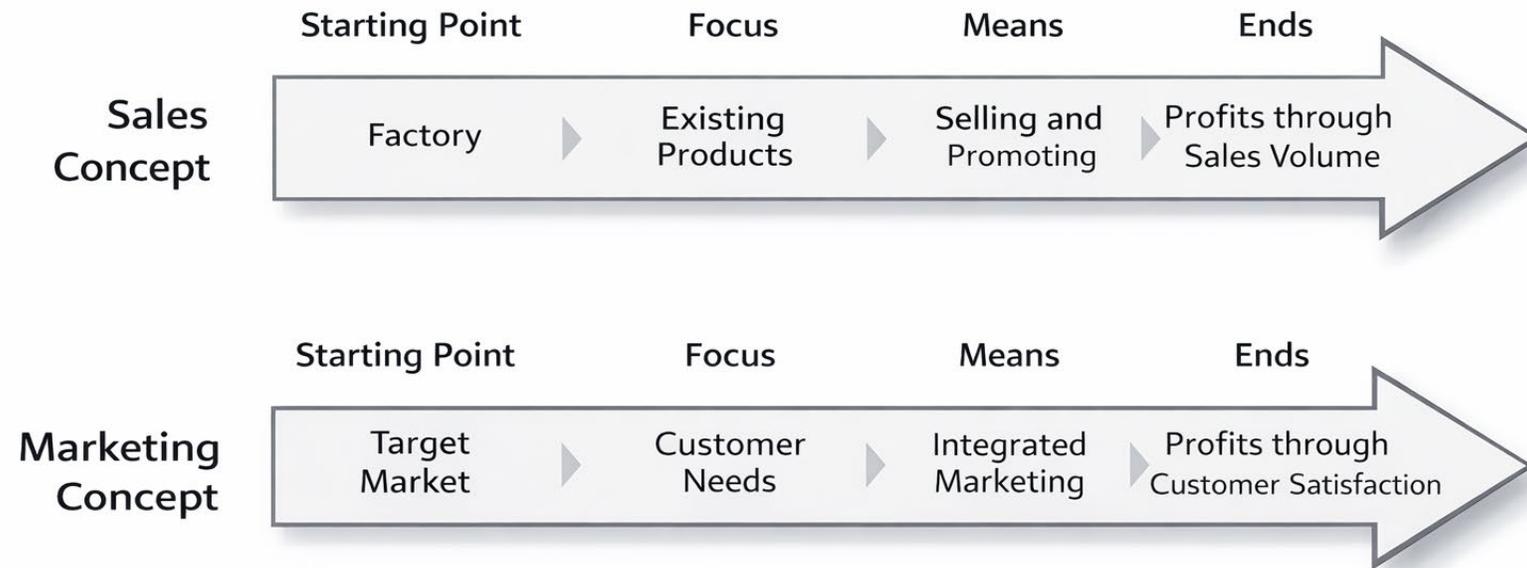
Consumers will buy products only when there is a need. Marketers therefore must improve sales performance by recruiting sales personnel with strong selling skills and by seeking new methods of selling.

## 4. The Marketing Concept

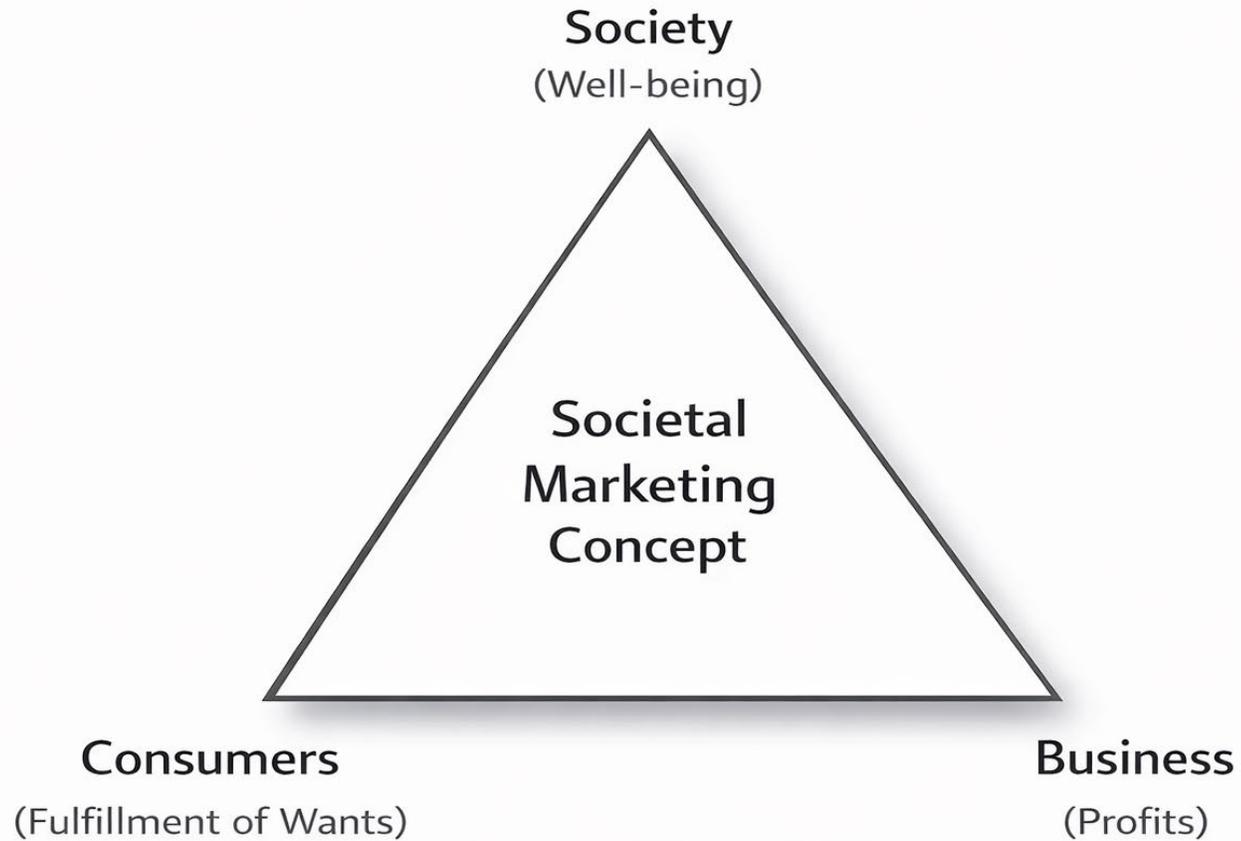
Consumers purchase products based on satisfaction beyond product quality. Marketers must conduct market research and study consumer behavior, then use the information to produce or improve products to be efficient and aligned with customer needs, in order to create consumer satisfaction.

## 5. The Societal Marketing Concept

Business operations in the present must be conducted alongside activities that make consumers view the organization as one that conducts business for society, cares for society, and is concerned with the environment.



► Figure 1.1 Societal Marketing Concept



► Figure 1.2 Societal Marketing Concept

# Characteristics of Marketing

There are two characteristics

1. **Micro Marketing** means the use of products and marketing tools to respond to individual needs, or the conduct of activities to achieve the organization's objectives.
2. **Macro-Marketing** is a social process that focuses on efficiently moving goods and services within the economic system from producers to consumers, in harmony with supply and demand and the goals of society.

# Characteristics of Marketing Classified by Business Type

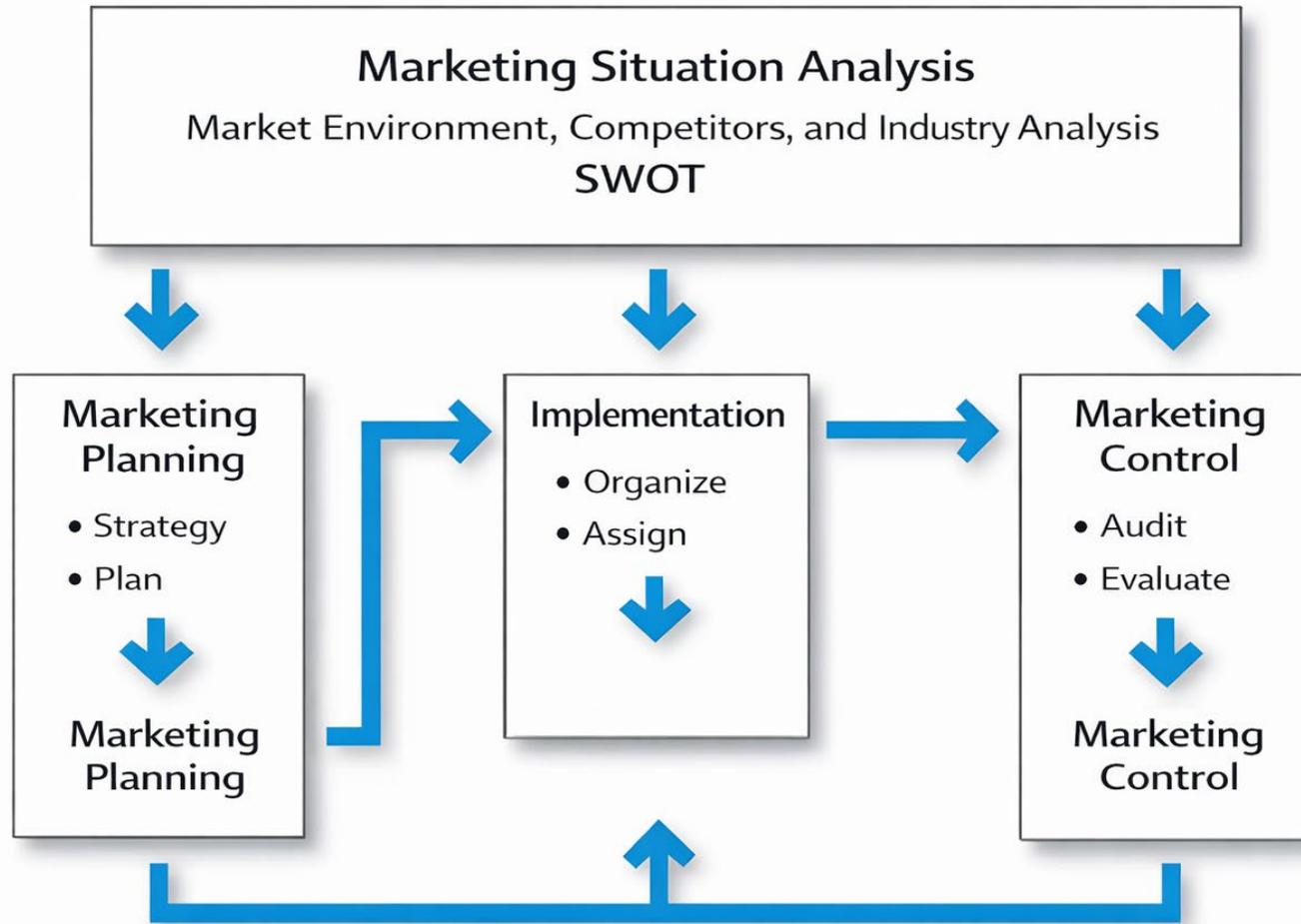
## Divided into

- 1. Consumer Markets:** Markets in which buyers are widely dispersed. Activities involve offering goods or services on a broad scale and in large quantities.
- 2. Business Market:** Activities involving the sale of business goods and services to customers for resale or for use as components in further production.
- 3. Global Market:** Activities that offer goods to the global market, requiring preparation to face regulatory constraints, cultural differences, and economic conditions of each country entered.
- 4. Nonprofit Organization Market:** Organizations such as educational institutions, religious institutions, and various government agencies. Activities often involve offering services to these organizations through bidding processes.

# Marketing Process

The marketing management process consists of four steps

- 1. Marketing Situation Analysis**
- 2. Marketing Planning**
- 3. Implementation**
- 4. Control**



► Figure 1.3 Societal Marketing Concept

# Roles of Marketing

- Marketing is a tool that facilitates exchange and creates utility in business activities.
- Marketing serves as a link between product owners and consumers.
- Marketing acts as a driving force for product development and improvement.
- Marketing is a mechanism for strengthening the economic system by stimulating consumption.

# Importance of Marketing

The importance of marketing to the economy and society is as follows

1. Marketing helps stimulate demand for the purchase of goods and services.
2. Marketing helps raise the standard of living of the population.
3. Marketing facilitates convenience in the circulation of raw materials and factors of production.
4. Marketing helps increase production in response to rising demand.
5. Marketing supports trade between countries and at the global level.

# Importance of Marketing to Businesses or Organizations

1. Marketing helps create value and add value to goods and services.
2. Marketing helps create innovative marketing activities in line with consumer trends.
3. Marketing enables businesses to introduce new products to the market.
4. Marketing helps reduce unit production costs.
5. Marketing helps build businesses with creative thinking and continuous innovation to meet consumer needs, enabling sustainable business growth.

# Importance of Marketing to Individuals

1. Marketing provides consumers with satisfaction from consuming goods that offer various characteristics and benefits, including:

- ▶ Form Utility
- ▶ Place Utility
- ▶ Time Utility
- ▶ Possession Utility

2. Marketing provides consumers with convenience in terms of information, form, ownership, place, and time in purchasing, as well as satisfaction in consuming goods and services.

3. Marketing enables consumers to gain greater knowledge in making rational purchasing decisions.

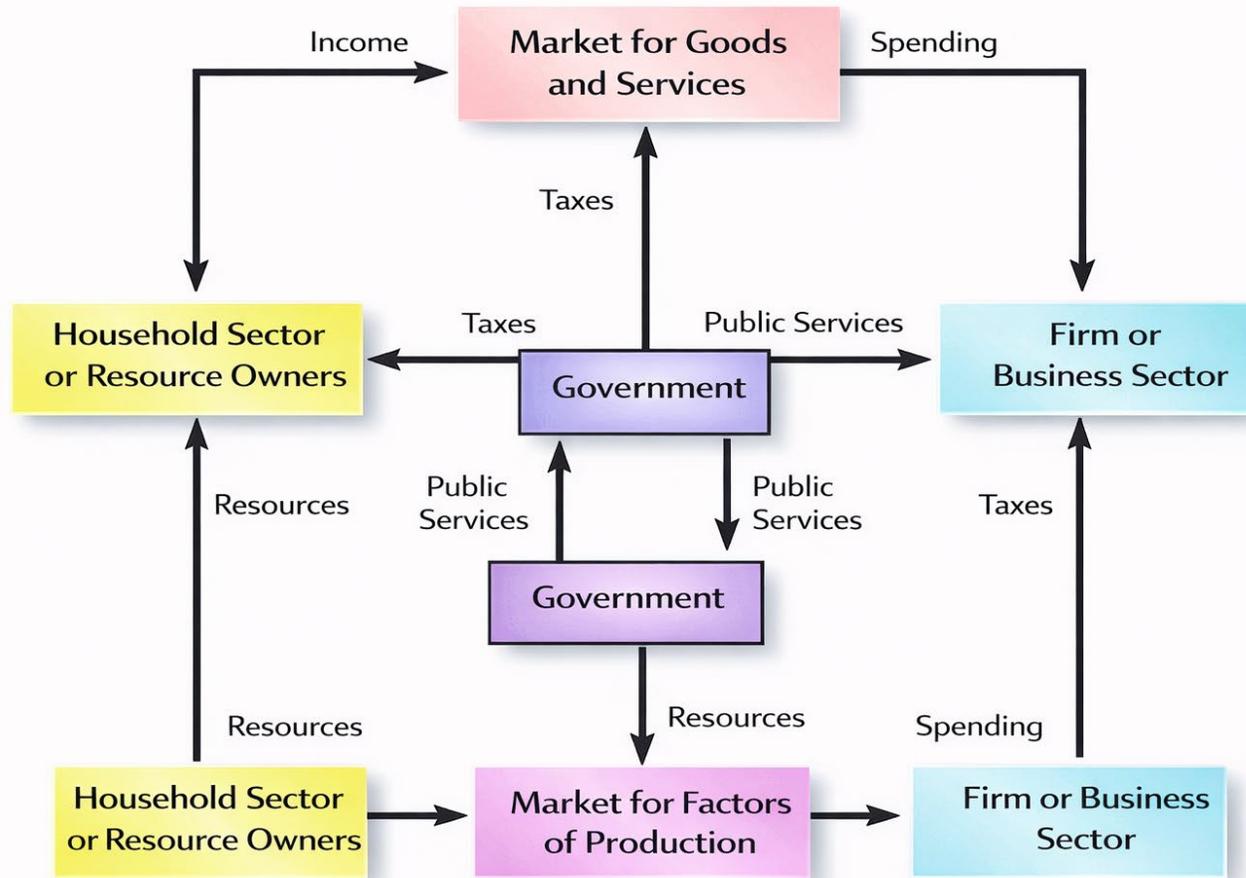
4. Marketing creates employment opportunities for individuals.

5. Marketing can improve quality of life or lead to a better quality of living.

# Marketing Functions

1. Functions related to the management of goods and services
2. Functions related to the distribution of goods and services
3. Functions related to market analysis
4. Functions related to facilitating convenience
5. Functions related to the elements of the marketing mix
6. Functions related to marketing research
7. Functions related to communication
8. Functions related to social responsibility

# The Relationship Between the Marketing System and the Economic System



► Figure 1.4 Societal Marketing Concept

# Marketing Mix

The marketing mix (marketing mix) or the 4Ps of McCarthy, and the service marketing mix or the 7Ps of Kotler & Armstrong, refers to controllable marketing variables that a company uses together to satisfy the needs of target customers. These have become fundamental principles widely used in modern marketing. The marketing mix consists of seven key variables as follows:

- 1. Product** - refers to what a business offers for sale in order to satisfy customer needs and create customer satisfaction.
- 2. Price** - refers to the monetary value of a product, which represents the cost to customers in making a purchase decision.
- 3. Place or Distribution** - refers to the structure of distribution channels, including locations and activities involved in moving products to the market.

**4. Promotion** - refers to communication activities related to product information between buyers and sellers in order to create attitudes and influence purchasing behavior.

**5. Process** - refers to service delivery processes aimed at providing quality service to customers efficiently, quickly, and with customer satisfaction.

**6. People** - refers to building relationships between customers and service providers, including employees who are involved in delivering the service.

**7. Physical Evidence** - refers to tangible or visible physical elements that customers can see, which help represent and support the service quality.