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—Yusniza Kamarulzaman

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—Nor Khalidah Abu

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Overview of Marketing

LEARNING OUTCOMES

At the end of this chapter, you will be able to:
- describe the basic marketing terms and concepts
- explain the relationship between marketing and society
- discuss the marketing environment that affects a firm’s marketing activities
- explain the microenvironment factors and their effects
- explain the macroenvironment factors and their effects
1.0 Introduction

Royal Selangor International, previously known as Selangor Pewter, celebrated 130 years of operation in 2015. Started by founder Yong Koon in Kuala Lumpur in 1885, the company produced incense burners and candle holders made from pewter due to the abundance of tin in Malaysia. In the beginning, products were made for the East Asia market. The company now has 50 stores and its products are marketed in more than 20 countries including Europe and the US. The brand has moved from making ancestral worship items in the 1950s to souvenirs and corporate gifts, and has ventured into products such as tableware, homeware and personal accessories. The company is now managed by Yong Koon’s great grandchildren.

To remain a profitable business for an indefinite number of years requires strong marketing focus, high commitment to customers, and the ability to overcome differences in culture. The company has to have a strong brand presence. Take McDonald’s for example. Children easily recognize the big yellow arch as the symbol of McDonald’s even if they do not know how to read. Strong marketing programs have given McDonald’s a strong brand presence in the marketplace.

What is marketing and how does the marketing concept come into play? What are the contributions of marketing to individuals and society? How do companies build relationships with customers for long-term success? What are the changes and challenges faced by marketers in practising marketing? This chapter discusses and attempts to answer these questions.

1.1 Definition of Marketing

- The following gives several definitions of marketing by well-known authorities.
  - *The management process responsible for identifying, anticipating, and satisfying customer requirement profitably* (CIM, 2007).
  - *Activities, set of institutions and processes for creating communication, delivering and exchanging offerings that have value for customers, clients, partners and society at large* (AMA, 2007).
  - *The process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return* (Kotler and Armstrong, 2016).
1.2 Basic Concepts of Marketing

- The three definitions mentioned above emphasize marketing as a process and activity which meets customers’ requirements or satisfies their needs by providing value to them in exchange for value to the companies.

- From these definitions, it is clear that there are several basic concepts in marketing. It is important to understand these concepts (Figure 1.1) in order to understand the marketing process.

![Diagram](image)

**Figure 1.1** Basic concepts of marketing

Needs, Wants and Demands

What pushes a customer to purchase or consume a product?

**Needs**

- Human need is a state of lacking some necessity in life. People’s needs may turn into motives if there is a build-up of lack. When needs are not fulfilled, there is tension and problems arise. People will then seek to relieve their tension or find solutions to their problems. For example, when a person is hungry, he will want to satiate his hunger by eating. He may then choose to buy food to fulfil this purpose.

- Needs are seen as hierarchical in nature by Maslow (Benson and Dundis, 2003). Maslow theorized that the lower needs begin with physiological needs (like food, shelter, and clothing), safety needs (like protection from external threats), social needs (such as social companionship), self-esteem needs (like opportunities and achievement), and the highest needs being self-actualization (like the need for self-development) (Figure 1.2).

- A person must fulfil the lower needs before he can fulfil the higher needs.