

MARKETING



Market

In the traditional meaning, market is a place where buyers and sellers gather to enter into transactions involving the exchange of goods and services. In modern sense, the term market has a boarder meaning. It refers to a set of actual and potential buyers of a product or service.

Marketing

Some people believe that marketing is same as shopping. Some other people believe that marketing is same as selling. But Marketing starts before production takes place and continues even after the goods have been sold. According to Philip kotler, Marketing is a social process by which individuals and groups obtain what they need and want through waiting offering and freely exchanging products and services of value with others.

Features of marketing

1. **Needs and wants** – The focus of marketing is on satisfaction of the needs and wants of individuals and organizations.
2. **Creating a market offering** – It is a complete offer for a product or service, having given features like size, Quality, taste, etc. at a given price.
3. **Customer value** – The buyers make buying decisions on their perceptions of the value of the product or service in satisfying their need in relation to its cost.
4. **Exchange mechanism** – The process of marketing involves exchange of products and services for money or something considered valuable by the people.

Exchange is the Essence of marketing

Goods are produced at different places and distributed at different geographical area. Conditions to be satisfied for exchange of goods are.

- a) There must be at least two parties- buyer and seller.
- b) Each party should be capable of offering something of value to other.
- c) Each party should have the ability to communicate and deliver the product or service.
- d) Each party has the freedom to accept or reject the offer.
- e) Acceptance or rejection of the offer take place voluntarily.

What can be marketed

Products, services, ideas, persons, place, experience, events, information, organizations

Marketer

Any person who takes active part in the process of exchange of goods or service. Normally seller is the marketer.

Marketing management

It is concerned with planning organizing directing and controlling the activities relating to the marketing of goods and services to satisfy the consumers wants.

According to Philip kotler it is the art and science of choosing target markets and getting, keeping and growing customers through creating delivering and communicating superior customer values of management.

Selling and Marketing

Selling	Marketing
Transfer of title of product from seller to buyer	Marketing is a social process by which individuals and groups obtain what they need and want through waiting offering and freely exchanging products and services of value with others.
It is a part of marketing, it has limited scope	It consists of number of activities, it has wider scope
Transferring of title and procession of goods	Achieving maximum satisfaction of the customer's needs and wants.
Profit maximization through increasing sales	Profit maximization through customer satisfaction
Activities start after the product is developed	Activities start before the product is produced and continue even after the product has been sold.
Emphasis is on bending the customer according to the product	Emphasis is to develop the product and other strategies as per the customer's needs
It involves efforts like promotion and persuasion	It uses strategies in respect of products, promotion, pricing and physical distribution.



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Marketing management Philosophies

1. Production concept

According to this concept profit could be maximized by production on a large scale and consumers would buy products which are widely available at affordable prices. Here more emphasis is given to production and distribution.

2. Product concept

Here the emphasis is shifted from quantity of production to quality of production. This concept says that customers will prefer those products with superior quality, performance and features.

3. The selling concept

According to this concept, firms must take measures to induce customers to buy their products.

4. The marketing concept

Here the focus is on customer and satisfaction of his wants. The products are bought not because of the quality or brand names but due to the facts that they satisfy specific needs of a customer.

5. The societal marketing concept

According to this concept marketing should aim at the welfare of society along with the customer satisfaction. It is an extension of the marketing concept, and addresses social, ethical and ecological issues

Functions of marketing

1. Gathering and analyzing market information

It will help to identify the needs of customers and can take valuable decisions for efficient marketing of the products and services

2. Marketing planning - It is the development of marketing plans to achieve marketing objections eg: increase in market share

3. Product designing and development

It means making the products attractive to the target customers. A great design improves performance of a product and gives a competitive advantage in the market.

4. Standardization and grading

Producing goods with pre determined specifications, which ensures uniformity and consistency, is called standardization. Grading is the process of classifying products in to different classes on the basis of quality size, weight, etc.....

5. Packaging and labelling

Packaging means designing and developing the package before for a product. Labelling means putting identification marks on the package.

6. Customer support service

These are after sale services, handling customer complaints, maintenance service, technical service, customer information etc.....

7. Branding

It is the process of giving a symbol or name to a product for identifying and differentiating it from the products of competitors.

8. Pricing of products

Analyze the factors that affect the price of a product and take crucial decisions in this regard.

9. Promotion

It refers to informing the customer about the firms products, their features and motivating them to buy these products.

10. Physical distribution

It involves planning implementing and controlling the physical flow of materials and finished goods from the point of origin to the point of use to meet customer requirements at a profit.

11. Transportation

Physical movements of goods from one place to another

12. Storage or warehousing

There is a time gap between production of goods and sale goods. Warehousing gives time utility.



Role of marketing

1. Role in a firm

Marketing focus its attention on the needs and wants of the customers. A satisfied customer is the valuable asset of the firm. Marketing play a vital role in the survival and growth of a firm

2. Role in the economy

Marketing helps in raising the standard of living of the people by making available goods and services that satisfy their needs. It helps the economic activity resulting in higher income, more employment more consumption increased savings and investment

Marketing mix

The concept of marketing mix was developed by Prof. N.H Borden. The combination of marketing tools used to deliver value to the customers. According to Philip Kotler, marketing mix is a set of marketing tools that the firm uses to pursue its marketing objectives in the target market.



Elements of marketing mix

Marketing mix consists of various elements known as four Ps. These are product, Price, place, promotion

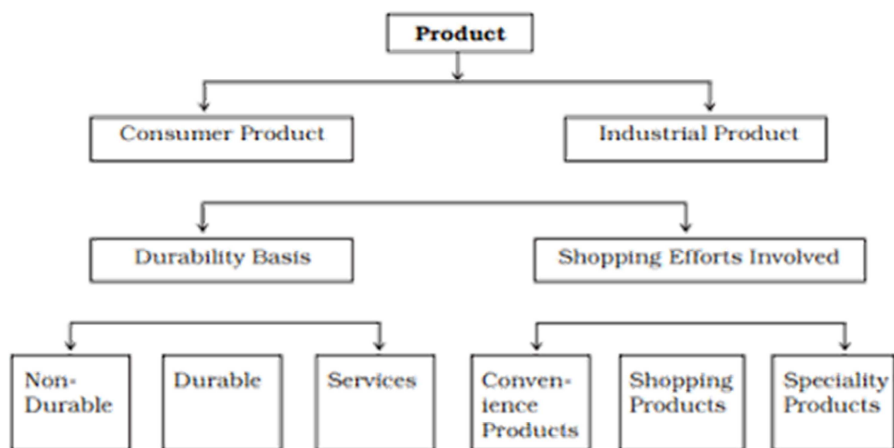
1. **Product** – It means goods or services or anything of value which is offered for sale in the market.
2. **Price** – It is the amount of money that consumers should pay to obtain the product. It is the exchange value of a product in terms of money.
3. **Place** – It consist of activities that make a firms products available to target customers (Physical distribution and channel of distribution)
4. **Promotion** – communication of product details to the people and persuading them to buy the products.

Product

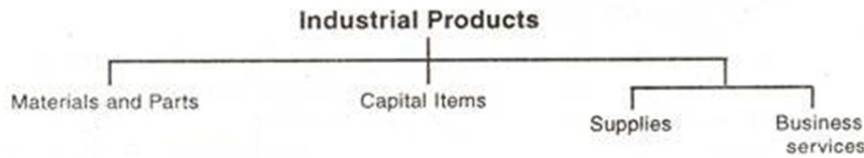
Normally a product is used to refer only to the physical or tangle attributes of a product. But product is a mixture of both tangible and intangible attributes. Product is a bundle of utilities. There are three types of benefits a customer may seek to satisfy from the purchase of a product.

- ❖ Functional benefits
- ❖ Psychological benefits
- ❖ Social benefits

Classification of products



Classification of Product



I. Consumer products

Products purchased by ultimate consumers for personal or family use. Such products are purchased for final consumption and not for sale. Consumer products are classified on the basis of the extent of shopping efforts involved and durability of the product.

A. Extent of shopping efforts involved

(Time and efforts buyers willing to spend in the purchase of a product)

a) convenience product

Consumer products that people usually purchase frequently immediately and with least purchasing efforts are called convenience products eg: soap, bread

Features

- ❖ Purchased with least effort and time
- ❖ Generally essential products
- ❖ Purchase unit is small and low price
- ❖ Most of them are standardized and branded
- ❖ Competition is heavy and advertisement is needed
- ❖ Sales promotion techniques and incentive scheme are needed in marketing



b) Shopping products

Products purchased by the consumers after spending considerable time in comparison of features like price, quality size style etc..... eg: clothes, jewelry, home appliances

Features

- ❖ These are durable
- ❖ Price per unit is high
- ❖ Consumers take much marketing effort before the purchase decision
- ❖ Buying of these products is pre planned
- ❖ It requires a lot of persuasive effort to convince the buyers

c) Specialty products

Products with unique characteristics and brand loyalty and consumers are willing to make special purchasing efforts. eg: paintings, art work, antiques.

Features

- ❖ Demand for this product is inelastic, even if price increase, demand does not decrease
- ❖ only small number of buyers.
- ❖ Products are costly and unit price is high
- ❖ These are available at specific places only
- ❖ Aggressive sales promotion techniques are needed
- ❖ After sale service is needed for some specialty items.

B. Durability basis

on the basis of durability products are classified in to durable , non durable and services.

- a) **Durable goods** – tangible consumer products which leave a long period of life eg: TV, Car

.Features

- ❖ Remain in use for a longer period
- ❖ Higher per unit price and margin
- ❖ Greater personal selling efforts
- ❖ Guarantees and after sale service.

b) Non durable goods

Consumer products which are normally consumed in one or few uses are called non durable products.

eg: Soap, tooth paste, detergent

Features

- ❖ Low per unit cost and margin
- ❖ Easy availability
- ❖ Heavy advertisement required



c) Services

Activities benefits or satisfactions which are offered for scale and one intangible in nature eg: Repairs, hair cutting, dry cleaning

Features

- ❖ intangible in nature
- ❖ Cannot be separated from the service providers
- ❖ cannot be stored
- ❖ Variable type and quality depends on the person providing them.

II. Industrial products

Products which are used as inputs in producing other products.

eg: Raw material, tools, lubricants

Features

- ❖ Number of buyers will be limited
- ❖ Marketed through shorter channels of distribution
- ❖ Industrial markets are highly concentrated geographically industries are located at certain regions
- ❖ Demand for industrial products is derived from the demand for consumer products
- ❖ Technical aspects assume greater significance in the purchase of industrial products.
- ❖ Some companies may resort to reciprocal buying (car –Tyre- car)
- ❖ Sometimes industrial products are purchased on lease basis.

Classification of industrial goods

- a) **Material and parts** – goods that enter the manufactures products completely. Such goods are raw materials including farm products like cotton, oil, seeds, sugarcane and manufactured material like glass, iron, plastic etc...

- b) **Capital items** : These are used to produce finished goods. eg : components of lift, elevators, computers etc.....
- c) **Supplies and business services** – Short lasting goods and services that facilitate developing the finished goods eg: cotton waste, lubricants, stationery etc.....

Branding

It is the process of giving a name or sign or a symbol to a product for identifying and distinguishing it from those of their competitors. eg: Bata, pears, Life boy, etc....

Terms related to Branding

- a) **Brand** – name, term, symbol or design or a combination of these to identify the goods or service and to differentiate them from competitors.
- b) **Brand name** – It is a part of the brand consisting a word , letter or group of these that can be vocalized
- c) **Brand mark** – Part of the brand appears as a symbol or design or color which is not pronounceable eg: Devil of Onida
- d) **Trade mark** – It is the legal version of a brand. It is registered as per Act.

Advantages of Branding

a) **Advantages to marketers**

1. it helps the firm in distinguishing its product from the products of competitors.
2. Branding helps a firm in its advertising and display programmes.
3. It enables a firm to charge different price for its products as compared to the price of competitors. Eg. close up (habitual use)
4. A firm with a popular brand name can easily introduce a new product in to the market.

b) **Advantage of customers**

- 1) It helps the customers to identify the products
- 2) Branding ensures a certain level of quality of the product.
- 3) Some brands with good quality have now-a-days becomes status symbols.



Feature of good brand name

- ❖ The brand should be simple, easy to pronounce, recognize and remember. eg. VIP, vim, ponds
- ❖ The brand should suggest the products benefits and quantities and appropriate to its function. Eg. Promise, Fair and Lovely.
- ❖ It should be distinctive. eg. lilil, jogger
- ❖ The brand should be adaptable to suit different advertising media and different language.
- ❖ It should accommodate new products in the product line eg: Maggie, bata, double horse
- ❖ The brand should be capable of being registered
- ❖ Name selected as brand name have staying power ie: it should not get outdated.

Packaging

All activities of designing and producing the container or wrapper of a product There are three levels of packaging.

- a) **Primary packaging** – it refers to the products immediate container eg: plastic packet or shaving cream tube
- b) **Secondary packaging** – Additional layers of protection given to the products immediate container eg: Tooth paste tube is covered by a paper box.
- c) **Transportation package** – It refers to further packaging of products necessary for storage or transportation eg: thick plastic cover, hard board cover.

Importance of packaging

1. Chances of adulteration in packed goods are minimum
2. Traditional role assigned to personal selling is now replaced by packaging. (self explanatory)
3. Packaging increased the scope of marketing eg: juice, milk, drinks
4. The color, size, material etc.. of package make product differentiation.

Functions of packaging

1. Packaging helps to identify the products easily
2. packaging protects the product from leakage breakage, evaporation temperature etc....
3. There should be convenience in opening handling and using the products.
4. Beautiful package is a promotional tool.

Labelling

Labelling refers to designing and developing the label to be put on the package. Label may be a part of the product or it may be attached to the product, and carries information about the product.

Functions of labelling

1. Labelling helps to describe the product its usage, precautions to be taken and specify its contents.
2. It helps the buyers to easily identify the product or brand
3. Labels help in grading the products in to different categories. eg : different types of tea .
4. A well designed label catches the attention of the consumers and makes them buy. eg: save 10%, 20% extra, free tooth brush inside etc....
5. labelling provides information required by law eg: statutory warning.

Pricing



Price is the amount of money paid by a buyer in consideration of the purchase of a product or a service. Pricing means determining the product value in terms of money before it is offered to consumers for sale.

Factors affecting price determination

1. **Product cost** – Cost includes cost of production, cost of selling and cost of distribution. There are three types of cost that are fixed cost, variable cost, and semi – variable cost.
2. **The utility and demand** – utility and intensity of demand sets the upper limit of price, which a buyer would be prepared to pay.
3. **Extent of competition** – when the firm does not face any competition it can enjoy complete freedom in price fixation.
4. **Government and legal regulations** – prices of certain products are regulated by govt. eg: drugs, cement, sugar
5. **Pricing objectives** - Maximization of profit by skimming the cream price strategy or fixing low price by penetrating price
6. **Marketing methods** - Various other elements like distribution system, advertising, sales promotion techniques, type of packaging credit facilities etc.....

Physical Distribution

It means taking decision to make the product and services available at the right place for purchase and consumption. There are two important decisions relating to this aspect channel of distribution and physical movement of goods.

1. Channels of distribution

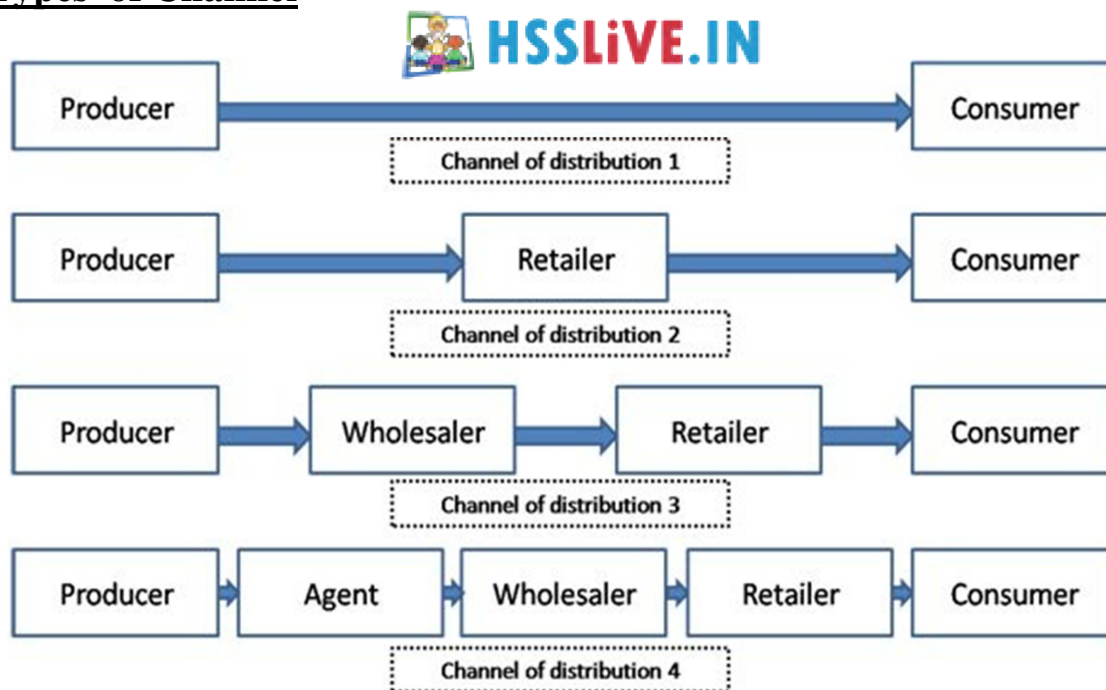
The methods of carrying products from the production centers to the consumer are called channels of distribution.

Producer → Wholesaler → Retailer → Consumer

Functions of channels of distribution

- ❖ **Sorting** – Middle men procure goods from various sources, which may not be of the same quality and size.
- ❖ **Accumulation** – accumulation of goods to have larger homogeneous stocks to facilitate continuous flow of supply.
- ❖ **Allocation** – Breaking the bulk into smaller marketable lots.
- ❖ **Assorting** - Stocking various related products by middlemen to fully meet the customer requirements. It is called assorting. eg. Bat, ball, helmet, shoes, dress etc.
- ❖ **Product Promotion**– Advertising and other sales promotional activities are undertaken by manufacture.
- ❖ **Negotiation** – Middlemen is the link between manufactures and ultimate consumers.
- ❖ **Risk Taking** - In the process of distribution of goods, middlemen assumes the risk on account of price and demand fluctuations damage destruction etc.

Types of Channel



1) Direct Channel(zero level)

Here there is no intermediary between producer and seller. Direct sale of goods by the producer to the consumer.

2) **Indirect Channel**

Here producer seek help of one or more intermediation to move goods from the producer to the consumer.

a) Manufacturer → Retailer → Consumer

Here one intermediary is used between manufacturer and consumer.

b) Manufacturer → Wholesaler → Retailer → Consumer

Here two intermediaries are used in between manufacturer and consumer.

c) Manufacturer Agent → Wholesaler → Retailer → Consumer

Here three intermediaries are involved in between manufacturer and consumer.

Factors Determining Choice of Channels

1. **Product Related Factors**

Whether the product is industrial or consumer product or perishable product or non-perishable product.

2. **Company Characteristics**

These are financial strength of the company and degree of control, that wants to hold on other channel members.

3. **Competitive Factors**

If a competitor has selected a particular channel for distribution, it is better to follow it.



4. **Market Factors**

These are size of the market, geographical concentration, size of order etc. When number of buyer is small, short channels may be preferred. If buyers are concentrated in a small place, small channels should be adopted.

5. **Environmental Factors**

These factors include economic condition, legal constraints etc. In depression, it is better to distribute goods in an economic way.

Physical Movement / Physical Distribution

Physical handling and movement of goods from the place of production to the place of consumption is called physical distribution.

Components of Physical Distribution

1. **Order Processing**– It begins with the receipt of an order from the customer. On receipt of the order, invoice is prepared and instructions are sent to warehouse for dispatch of goods.
2. **Transportation** – It is the means of carrying goods and raw materials from the point of production to the point of sale.

3. **Warehousing** – It provide time utility to the goods. Goods have to be stored until they are needed by the customer.
4. **Inventory Control** – Every firm has to keep sufficient quantity of inventory to meet the customer orders promptly. Inventory levels should not be too high or too low.

Factors Determining Inventory Level

1. If the sales forecast is accurate, the need for holding large level of inventory can be minimized.
2. If the time require to meet the additional demand for products is high, a firm should keep higher inventory.
3. If the cost of inventory and holding cost is high, then fewer inventories is maintained.

Promotion

Promotion refers to the use of communication with the objective of informing potential buyer about a product and motivating them to buy the product.

Promotion Mix

All activities connected with informing and persuading the customers are known as promotion mix. Such as activities include advertising, personal selling, sales promotion, publicity etc.



Advertising

Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor.

Features of Advertising

- 1) It is a paid form of communication.
- 2) It is impersonal. There is no face to face contact between the advertiser and prospective customer.

- 3) It is undertaken by some identified sponsor.

Merits of Advertising

- 1) It can reach a large number of people covering a vast geographical area.
- 2) It creates confidence among prospective customers.
- 3) With the special effect that can be created even simple products and message can look very attractive.
- 4) It is highly economical in the sense that it can reach millions of people.

Limitation of Advertising

1. It is an impersonal form of communication. There is no compulsion on the prospective customers to pay attention to the message
2. Evaluation of the effectiveness of the message is very difficult.
3. It is not flexible and not customized according to the requirements of different customer group.
4. It is becoming difficult to make advertising messages heard by the target customers.

Objections to advertising

1. **Adds to cost:-** Advertising adds to the cost of product, which the buyer has to bear in the form of high prices.
2. **Undermines social values:-** It undermines social values and promotes materialism. It leads to unnecessary spending.
3. **Confuses the buyer:-** Similar advertisements of different firms are coming in mass media claiming superiority of their products over others.
4. **Encourage the sale of inferior products:-**
Advertising does not make a distinction between superior and an inferior products .It is also persuades people to buy even inferior products.
5. Some advertisements are in bad taste – Some advertisement use indecent language and even convey bad message to attract prospective customer.

Personal Selling

It is defined as oral persuasion in a conversation with one or more prospective customers for the purpose of making sales.

Features of Personal Selling



1. Direct face to face relationship between seller and buyer.
2. Personal selling allows a sales person to develop personal relationship with the prospective customers.

Merits of Personal Selling

1. It is flexible because sales presentation can be adjusted to suit the specific requirement of individual customers.
2. Direct face to face communication makes possible direct feedback from the customers.
3. It can minimize the wastage of efforts because the company can decide the target customers.

Role of Personal Selling/ Importance

- 1) It is an effective promotional tool.
- 2) It is a flexible method of promotion.
- 3) Personal selling has minimum wastage of efforts.
- 4) There are chances to detect the loss of customer attention and interest in personal selling.
- 5) It leads to lasting relationship between sales person and the customers.
- 6) Personal relationship with customers increases the competitive strength of a business.
- 7) Personal selling of a new product.

Advertising and Personal selling

	Advertising	Personal Selling
1	Impersonal form of communication	Personal form of communication
2	Transmission of standardized messages	Sales talk according to the situation
3	Not flexible	Highly flexible
4	Reaches masses	Reaches limited number of people
5	Cost per person is low	Cost per person is high
6	Can cover the market in short time	Lot of time to cover the entire market
7	Lacks direct feedback	Direct and immediate feedback
8	Use mass media such as radio, news paper, TV	Make use of sales persons
9	Useful to address a large number of consumers.	Useful in selling industrial products to dealers or consumers who are few in numbers.



Sales Promotion

It is an organized effort applied to the selling job to secure the greatest effectiveness for advertising and for dealers help. Sales promotion tools are designed to promote the customers, middlemen and salespersons.

Eg. Free samples, discounts, contests, dealer discount, bonus, special offers etc...

Merits of Sales Promotion

1. It can catch the attention of the prospective buyer because of incentives.
2. It can be effectively used at the time of introduction of a new product.
3. Sales promotion activities supplement the personal selling and advertising efforts.

Limitations of Sales Promotion

1. Frequent sales promotional activities may give an impression that the firm's product has no demand.
2. Consumers may feel that incentives are offered to sell sub- standard products or is not appropriately priced.

Commonly used Sales Promotion Activities

1. **Rebate** – Method of offering products at special prices to clear off excess inventory or at festival seasons.
2. **Discount** – It is a practice of offering products at a price less than the list price.
3. **Refunds** – Full or part of purchase price paid is refunded.
4. **Premium Offer** – Offer of an article of relatively low cost as free when the customer purchases a product.
5. **Quantity Gift** – Offering Extra quantity of the product at the same price is known as quantity gift.
6. **Instant Draws and Assigned Gift** – A card is given to the buyer and on scratching it, what is written on it is given as prize instantly
7. **Lucky draw** – While buying a product, a coupon is given which is to be deposited in a box. After a particular period, the winner is selected by lucky draw.
8. **Usable benefit** – Under this method a discount voucher is given to the customer for a special benefit.
9. **Full finance @0%** - Marketers of consumer goods, automobiles. etc..... offer easy financing scheme with zero interest.
10. **Sampling** – Offer of free samples
11. **Contests** – some firms hold contests for consumers. winners are given attractive prizes.

Publicity

Publicity is public information about a company goods or service appearing in the mass media as a news item.



Features of publicity

1. Publicity is an unpaid form of communication
2. Public message is not sponsored by anybody

Advantages of publicity

1. Message is conveyed by an independent source.
2. It can reach even those who would not have otherwise attended to paid communication.

Limitations of publicity

1. Publicity is not within the control of the marketing firm
2. Media covers only those pieces of information which have news value

Public relations

Public relation is an attempt by the information, persuasion and adjustment to engineer public support for an activity, cause, movement or institution.

Role of public relations

1. **Press relations** – Information about an organization should be presented in a positive manner in the press. So the organization should always get in touch with the media.
2. **Product publicity** – The company can catch people attention to new products by conducting sports and cultural events.
3. **Corporate communication** – The image of the company should be promoted by communicating with the public and also with the employees. This can be done with the help of issue of reports, news letter, interview in media etc.....
4. **Lobbying** – A company has to often deal with government officials and ministers in various departments with respect to matters relating to trade and commerce.
5. **Counseling** – Company may be asked to contribute money for causes like environment, children's rights, education etc..... such cause – related activities help in building public image

In addition to that, it has certain marketing objectives which are as follows

1. It can dramatize the product in the media. This will have the effect of excitement before the product reaches the market.
2. It news about a product comes in the media well in advance. it lends credibility eg: Nano car
3. Company can convince retailers and dealers who are aware of the products through news before it is launched.
4. Maintaining good public relations result in lower costs as compared to advertising and direct mail.

