**CHAPTER 11**

, **MARKETING**

**Market -** What is it?

**Traditional sense**- traditional sense, the term ‘market’ refers to the place where buyers and sellers gather to enter into transactions involving the exchange of goods and services.

The other ways in which this term is being used is in the context of a

* *product market* (cotton market, gold or share market),
* *geographic market* (national and international market),
* *type of buyers* (consumer market and industrial market) and
* the *quantity of goods transacted* (retail market and wholesale market).

**Modern sense-** the term market has a broader meaning. It refers to a set of actual and potential buyers of a product or service For example, when a fashion designer designs a new dress and offers it for exchange, all the people who are willing to buy and offer some value for it can be stated to be the market for that dress.

**Marketing**

Traditionally marketing has been described in terms of its functions or activities. In this respect, marketing has been referred to as performance of business activities that direct the flow of goods and services from producers to consumers.

Therefore, to move the goods and services from producers to consumers, number of activities such as product designing or merchandising, packaging, warehousing, transportation, branding, selling, advertising and pricing are required. All these activities are referred to as marketing activities.

Thus, ‘merchandising’, ‘selling’ and ‘shopping’ are all part of a large number of activities undertaken by a firm, which are collectively called marketing.

It may be noted here that marketing is not merely a post-production activity. It includes many activities that are performed even before goods are actually produced and continue even after the goods have been sold. For example, activities such as identification of customer needs, collection of information for developing the product, designing suitable product package and giving it a brand name are performed before commencement of the actual production. Similarly, many follow up activities are required for maintaining good customer relations for procuring repeat sale.

In modern times, emphasis is placed on describing marketing as a social process. It is a process whereby people exchange goods and services for money or for something of value to them. 1 mark--CBSE

1. Need and Want:

Thus, the primary reason or motivation or the focus of the marketing process is on satisfaction of the needs and wants of individuals and organisations.

A need is a state of felt deprivation or feeling of being deprived of something. If unsatisfied, it leaves a person unhappy and uncomfortable. For example, on getting hungry, we become uncomfortable and start looking for objects that are capable of satisfying our hunger.

Wants, on the other hand, are culturally defined objects that are potential satisfiers of needs. In other words, human needs shaped by such factors as culture, personality and religion are called wants. A basic need for food, for example, may take various forms such as want for *dosa* and *rice* for a South Indian and *chapatti* and *vegetables* for a North Indian person.

A marketer’s job in an organization is to identify needs of the target customers and develop products and services that satisfy such needs.

1. Creating a Market Offering: On the part of the marketers, the effort involves creation of a ‘market offering. Market offering refers to a complete offer for a product or service, having given features like size, quality, taste, etc; at a certain price; available at a given outlet or location and so on. Let us say the offer is for a cell phone, available in four different versions, on the basis of certain features such as size of memory, television viewing, internet, camera, etc., for a given price,say between Rs. 5,000 and Rs. 20,000 (depending on the model selected), available for sale at say firm’s exclusive shops in and around all metropolitan cities in the country. A good ‘market offer’ is the one which is developed after analysing the needs and preferences of the potential buyers.
2. Customer Value: The job of a marketer, therefore, is to add to the value of the product so that the customers prefer it in relation to the competing products and decide to purchase it.

--- Add value so that customer prefer it over competition

1. Exchange Mechanism: In other words, the process of marketing involves exchange of products and services for money or something considered valuable by the people.

Exchange refers to the process through which two or more parties come together to obtain the desired product or service from someone, offering the same by giving something in return. For example, a person feeling hungry may get food by offering to give money or some other product or service in return to someone who is willing to accept the same for food.In the modern world, goods are produced at different places and are distributed over a wide geographical area through various middlemen, involving exchanges at different levels of distribution. Exchange is, therefore, referred to as the essence of marketing.

For any exchange to take place, it is important that the following conditions are satisfied:

(a) There should be at least two parties --- buyer and seller

(b) each party should be capable of offering something of value.

(c) each party should have ability to communicate and deliver the product/service

(d) each party should have freedom to accept or reject the offer

(e) Both the parties are willing to enter into a Voluntary transaction

**Product**

* Bundle of utilities' or 'source of satisfaction'
* not confined to physical objects
* anything of value - ideas, services, places, etc.
* may be tangible or intangible

**Marketer**

* any person who takes more active part in the process of exchange
* Generally the seller
* May be buyer in situations of rare supply. Eg. The buyer may have to persuade the seller while making defences deals or installing a nuclear plant.

What is marketing management?

Marketing management means management of the marketing function. In other words, marketing management refers to planning, organising, directing and control of the activities which facilitate exchange of goods and services between producers and consumers or users of products and services.

Philip Kotler has defined Marketing management as the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer values of management

Marketing management generally is related to creation of demand. However, in certain situations, the manager has to restrict the demand. For example, if there is a situation of ‘overfull demand’, i.e., the demand being more than what the company can or want to handle, (like what the situation in our country was before the adoption of policies of liberalization and globalisation, in early 90’s, inmost consumer products be it automobiles or electronics goods or other durable products. The job of marketing mangers, in these situations would be to find ways to reduce the demand temporarily by say reducing the expenditure on promotion or increasing the prices. Similarly, if the demand is ‘irregular’, such as in case of seasonal products, (say fans, woollen clothes) the marketer’s job is to change the time pattern of demand through such methods as providing short-term incentives, to the buyers. Thus, the marketing management in not only concerned with creating demand but with managing the demand effectively, as per the situation in the market.

**MARKETING AND SELLING**

Many people confuse ‘selling’ for ‘marketing’. They consider these two terms as one and the same.

In short, marketing involves whole range of activities relating to planning, pricing, promoting and distributing the products that satisfy customer’s needs.

The function of selling, on the other hand, is restricted to promotion of goods and services through salesmanship, advertising, publicity and short-term incentives so that title of the product is transferred from seller to buyer or in other words product is converted into cash.

The major differences between selling and marketing are listed as below:

1. *Part of the Process vs Wider Term:* Selling is only a part of the process of marketing and is concerned with promoting and transferring possession and ownership of goods from the seller to the buyer. Marketing is a much wider term consisting of number of activities such as identification of the customer’s needs, developing the products to satisfy these needs, fixing prices and persuading the potential buyers to buy the same. Thus, selling is merely a part of marketing.
2. *Transfer of Title vs Satisfying Customer Needs:* The main focus of selling is on affecting transfer of title and possession of goods from sellers to consumers or users. In contrast, marketing activities put greater thrust on achieving maximum satisfaction of the customer’s needs and wants.
3. *Profit through Maximising Sales vs Customer Satisfaction:* All selling activities are directed at maximizing sales and, thereby, the profits of the firm. In other words, the emphasis is on profit maximisation through maximisation of sales. Marketing, on the other hand, is concerned with customer satisfaction and thereby increasing profit in the long run. A marketing organisation, thus, attaches highest importance to customer satisfaction as a route to profit maximisation.
4. *Start and End of the Activities:* Selling activities start after the product has been developed while marketing activities start much before the product is produced and continue even after the product has been sold.
5. *Difference in the Emphasis:* In selling, the emphasis is on bending the customer according to the product while in marketing, the attempt is to develop the product and other strategies as per the customer needs.
6. *Difference in the Strategies:* Selling involves efforts like promotion and persuasion while marketing uses integrated marketing efforts involving strategies in respect of product, promotion, pricing and physical distribution.

**PROCESS OF MARKETING MANAGEMENT**

(i)  **Choosing a target market**

(ii) **Getting, keeping and growing customers**

* Getting means initiating the customers
* Keeping means keeping the customers satisfied
* Growing the attracting the customers

(iii) **Creating, developing and communicating superior** values

* Create superior values, communicate values to the prospective buyers and persuade them to buy the product.

**MARKETING MANAGEMENT PHILOSOPHIES**

1. Production Concept

* Emphasis is on quantity
* Focus - Availability and Affordability

1. Product Concept

* Emphasis is on quality
* Focus·

- Continuously improving quality

- Incorporating new features

- Product improvement

1. **Selling Concept**

* Emphasis is on sales volume
* Focus

- Attracting and persuading customer

- Aggressive selling techniques (promotion)

1. **Marketing Concept**

.• Identify a need and fulfill it

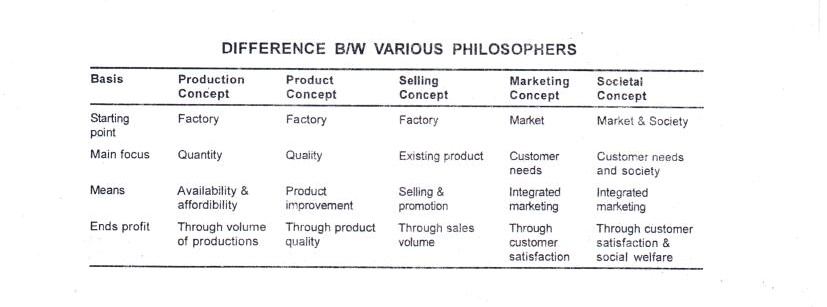
* Focus - customer satisfaction
* Firms aim is to earn long term profits through customers satisfaction

**FIVE PILLARS OF MARKETING CONCEPT**

* Identification of target market
* Understanding Needs and wants
* Development of products or services .
* Satisfying needs better than others
* Profit making

1. **Societal Marketing Concept**

* Extension of markeing concept, i.e. customer satisfaction with welfare of society.
* Consider social. ethical ecological aspect of marketing.



**FUNCTIONS· OF MARKETING**

1. **Gathering and analysing market information**

* It is done to

- Identify needs of customers

- Analyse available opportunities threats

- Analyse strengths and weaknesses

1. For example, rapid growth is predicted in several areas in the Indian economy, say in the use of internet, market for Cell phones and several other areas. Which of these areas a particular organisation should enter or in which area should it expand requires a careful scanning of the strengths and, weaknesses of the organisation, which is done with the help of careful market analysis.
2. **Marketing planning**

Develop appropriate market plans covering various important aspects. For example a marketer of colour TVs, having 10 per cent of the current market share in the country aims at enhancing his market share to 20 per cent, in the next three years. He will have to develop a complete marketing plan covering various important aspects including the plan for increasing the level of production, promotion of the products, etc. and specify the action programmes to achieve these objectives.

1. **Product Designing and Development**

* A good design

- Makes product attractive

- Improves performance

- Competitive advantage

1. **Standardisation and grading**

* Standardisation

- Producing goods of predetermined specifications which helps in uniformity and consistency.

- Reduces needs for inspection

- Testing and evaluating of products.

* **Grading**

- Classification of products into different groups

- For goods not produced according to predetermined specifications

- i.e. agricultural products

1. **Packaging and labelling**

* Packaging means designing the packaged products
* labeling means designing the label
* Protection of products
* Promotion tool
* Eg : - Lays and Uncle Chips

1. **Branding**

* Creating product Differentiation
* Building customer loyalty
* Promoting sales
* So it is important to decide

\_ Sell product in brand or generic name

\_ The branding strategy

\_ Selection of brand name

1. **Pricing of products**

* Demand & price of a product related products
* Setting pricing objectives
* Determining price strategies
* Determining price level
* Changing the prices

1. **Customer support services**

* Eg : After sale services

-Handling customer complaint

- Maintenance services

* Functions: - Maximum satisfaction

- Repeat Sales

- Brand loyalty

1. **Promotion**

* Function

- Informing the customer about the product

- Persuading the customer to buy the product

* Eg. : personal selling - Advertising

- Publicity

- Sales Promotion

1. **Physical Distribution**

* Decision regarding

- Channels of distribution and marketing intermediaries

- Physical movement from place of production to consumption

- Managing inventory, storage & warehousing and transportation.

1. **Transportation**

* Physical movement of goods.
* Consumers wide spread geographically, transportation necessary.
* Eg. Tea product in Assam but sold countrywide.

1. **Storage and Warehousing**

* Necessary to maintain smooth flow of production
* Protect against unavoidable delays.

**ROLE OF MARKETING**

1. **Role in a firm**

(a) Adopting market orientation

- Helps in achieving goals most effectively

- Helps in focusing the activities on needs and wants.

(b) Customer satisfaction

- Serving customers by satisfying their needs

- Satisfied customer most valuable asset

1. **Role in the economy**
2. Development of economy

- Catalystic economic devpt.

- Inspire new enterprises

(b) Standard of living

- Raising the standard of living.

(c) Per capita income

- Parameter to judge devpt. of the country

(d) Helps in overcoming obstacles :-

- Overcomes obstacles posed by high prices due to imbalances in Demand & Supply.

(e) Smooth flow of goods

-Through efficient physical distribution

(f) Link *b/w* business & consumption centres :

- higher incomes, more consumption & increased savings **Marketing Mix**: set of marketing tools used by a firm to pursue its marketing objectives in a target market.

Product, Price, place& promotion are the elements of marketing mix .. Factors affecting marketing mix can be divided into:

(i) **Controllable factors** - factors With can be influenced at the level of the firm. ego brand name of products. It refers to the 4P's of marketing ..

(ii) **Non - controllable factors (Environmental variables**) cannot be influenced at the level of the firm

Eg. political factors or economic factors (like inflation)

Set of controllable factors chosen to achieve marketing success depend on environmental variables.

**Elements of Marketing Mix**

1. **Product:**

Goods or services or anything of value.

Also include extended product or ·the benefit of after sales services, handling complaints, availability of spare parts, etc. .

1. **Price:**

Amount of money customers have to pay to obtain the product. Decisions to be taken about

* Objectives of price setting
* Fix a price
* Decisions regarding discount to customers, traders and credit terms etc.
* "

1. **Place:** Place or physical. distribution include activities that make firm's include activities that make firms products available to the target customers i.e, channels of distribution & Physical distribution.
2. **Promotion** : Include activities that communicate availability, features,' merits etc. to target customers and persuade them to buy it.

Tools - Advertising, personal selling, sales promotion techniques.

**Product**

Product - a mixture of tangible & intangible attributes capable of being exchanged for a value to satisfy customers needs Product provides 3 types of benefits:

1. functional benefits - Basic utility or benefit
2. psychological benefits -Need for self satisfaction & esteem
3. social benefits - Acceptance from group of society

**Branding** : Process of giving name, sign or symbol to a product. Related terms :-

1. Brand: name, term, sign, symbol, design or some combination used to identify the products. Brand has two parts-brand name & brand mark.
2. Brand name: verbal component of brand eg.- Nirula's, Cadbury
3. Brand mark : can be recognised but which is not utterable e.g Devil -of Onida.
4. Trade· mark: A part of brand or brand given legal protection against its use by others firms.

**Advantages to Marketer**

1. **Enables marking product differentiation:** to differeritiate its products *from* competitors' products.
2. **Helps in advertising and display programmes**. To create awareness
3. **Differential pricing**

If customers become habitual of a product, they may pay a little higher for it.

1. **Ease in introduction of new products**:
   * + New product enjoys reflected glory of the brand

- Eg. Samsung extended the brand name of its TV's to all appliances.

**Advantages to customers**

(i) **Helps in product identification**

- Ensures quality, reducing need for close inspection everytime

- Facilitates repeat purchase

(ii) **Ensures quality**

- Customer can have recourse to manufacturers if there is deviation in quality.

- Particular level of quality ensured

(iii) **Status symbol**

- Psychological

Adds to level of satisfaction

- Eg. Armani, Audi, etc.

**Characteristics of good Brand Name**

1. Should be short, easy to pronounce, spell, recognise & remember eg. Vim, VIP etc.
2. Should suggest benefits & qualities eg. Genteel, Promise, Boost etc.
3. Distinctive

Eg. Liril, Safari etc.

1. Adaptable-to packaging & labelling requirement to advertising
2. Versatile to accommodate new' products

ego Maggie

1. Capable of legal registration& protection
2. Staying power i.e. should not get out of date

**Packaging**

Act of producing or designing the container or wrapper of a product Levels of Packaging :

1. **Primary Packaging :** 
   * Immediate container

eg. tube of toothpaste

1. **Secondary Packaging :**

- Additional layer of protection

ego Tube of toothpaste in cardboard box

1. **Transportation packaging :**

- Further packaging components

- Necessary for storage, identification or transportation

eg. Toothpastes packed in cartons in lots of 10, 20, 100 etc. for transportation purposes.

**Importance of Packaging**

1. **Rising standards of health & sanitation** 
   * Chances of adulteration minimised
2. **Self-service outlets**
   * Replacing personal selling as promotional tool

(iii) **Innovational opportunity** :

* + Innovations - increased scope for marketing of products

eg : - Perishable products like milk can be stored in milk cartons

(iv) **Product differentiation :**

* Quality of packaging builds customer perception about quality of product

**Functions of Packaging**

1. **Product - identification**

* eg. Colgate in red color

1. **Product Protection**

* Protection from spoilage, breakage, leakage etc. during storing, . distribution & transportation.

1. **Facilitating use of product**

* size & shape should be convenient to open, handle & use eg. cosmetics

1. **Product promotion :** 
   * Startling designing attracts attention
   * Importance in self-service outlets

**Labelling:** designing the label to be put on the package Functions of labeling

1. **Describe the product & specify its contents :**

- Describe products

- Its usage, cautions

- specify the contents

1. **Identification of the product or brand**

ego we can identify lays, Dairy Milk by its package

other identification info. address of manufacturer net weight, M.F.D., M.R.P.

1. **Grading of Products**

Products with different features & quality assigned different grades. Eg. Shampoo for 'Normal Hair" 'Frizzy Hair' etc.

1. **Help in promotion of products :**

* Label attracts attention; contains promotional messages ego 'Taste Mein Best, Everest'
* Important role in sales promotion schemes

Eg. package of Nescafe Coffee says 20% Extra

1. **Providing information Required by law:**

*Eg.* The statutory warning an package of Cigarette or Pan Masala **PRICING**

**Price** - Money paid by buyer for good or service

- May be used as regulator of demand of a product

- Effective competitive weapon

**FACTORS AFFECTING PRICE DETERMINATION**

1. **Product Cost:**

- Sets minimum level or floor price

- Firm should be able to cover all cost, at least in long run

- Margin of profit over & above the cost.

**3 types of costs :**

1. Fixed Costs: do not vary with output eg. Rent
2. Variable Costs: directly vary with output eg, Cost of labour
3. Semi-variable costs: vary with amount of production, but not directly. eg :

Compensation of a sales person

Total cost= Fixed Cost + Variable Cost + Semi variable cost.

1. **The utility & Demand** :

- Utility & Demand set the upper limit of price.

- Price can not be more than the utility

- **Demand** : Consumers purchase more units at a low price

* Elasticity of demand -

Elastic demand: price demand

price demand

Inelastic demand: firm in better position to fix high prices

* **Extent of competition in the market**.

Competition price

Competition price

1. **Government & legal regulation:** 
   * To protect public interest, govt. can intervene & regulate prices of goods
   * Govt. can declare a product as essential product & regulate its price ego Medicines.
2. **Pricing objectives: (of the firm)**
3. **Profit maximisation :**

**In** long run - lower per unit price

**In** short run - maximum price for products.

1. Obtaining Market share leadership - lower price to 'attract more people.
2. Surviving in a competitive market: May resort to discounting or running a promotion :
3. Attaining product quality leadership: Higher price for higher quality.
4. **Marketing Methods used** :

* Marketing methods like distribution system, quality of salesmen employed, quality & amount of advertising etc. affect the price.
* Uniqueness of any of the elements gives more freedom to set prices. e.g higher prices for home delivery

**PHYSICAL DISTRIBUTION**

**Channel of distribution** :

* These are people, institutions, merchants and functionaries who take part in distribution function.
* firms or individuals that take title or assist in transfering title.

**Advantages of Channels of distribution**

1. Economy of effort
2. Cover large geographical area
3. Bring efficiency in distribution
4. Facilitate transportation, storage and negotiation
5. Bring convenience to customers
6. Authentic source of market information.

**TYPES OF CHANNELS** :

* **Direct channel :**
* Simple & shortest-channel
* From manufacturer to customer, no intermediary
* Also called zero level channel.
* Own retail outlets, mail order selling, internet selling of company, sales force.
* **Indirect channels:**

1. Manufacturer - Retailer-Consumer (one level channel). ego Maruti Udyog.
   * Cover wide area of market
   * Retaining control over channels
2. Manufacturer - wholesaler - retailer - consumer (two level channel) : eg. soaps, oils, rice, etc.

* Cover larger market area.

1. Manufacturer - Agent - wholesaler - retailer - consumer (Three level channel). : eg. HCL

* Limited product line
* Cover a wide market

**Factors Determining Choice of Channels:**

1. **Product Related Factors:**

* Industrial product, perishable products, complex product - short channel used.
* Consumer, non-perishable, convenience products - longer channels are used.

1. **Company characteristics:**

* Firm has plenty of funds use direct distribution. If spare funds not available use indirect channels.
* Greater control on channel member - use short channels. If do not want more control - longer channels may be used.

1. **Competitive Factors :**

Policy of the firm whether go with competition or not.

1. **Market Factors:**

* No. of buyers small - short channels

No. of buyers large - longer channels

* Buyers concentrated - short channels

Buyers widely spread - longer channels

* Size of order small- many intermediaries

Size of order is larger - direct channels

1. **Environmental Factors:**

Include environmental factors - economic condition and legal constraints.

**Promotion**

* Use of communication tools to reach the market
* Twin objectives

(a) Informing potential customers

(b) Persuading them to buy it

**Promotion Mix :**

* Combination of promotional tools to achieve its communication objectives.
* Tools:

1. Advertising
2. Personal selling
3. Sales Promotion
4. Publicity

**Advertising**

* Impersonal and paid form of communication to promote goods.

**Features of Advertising**

(i) **Paid form :** sponsor has to bear cost of timeor space used.

(ii) **Impersonality:** No direct face-to-face contact b/w prospective customer and advertiser.

1. **Identified sponsor**: undertaken by identified individual or company.

**MERITS OF ADVERTISING**

(i) **Mass Reach :**

* Can reach large no. of people
* Cover vast geographical area

(ii) **Enhancing customer satisfaction and confidence**:

• Customers more comfortable and assured about product quality if it is advertised.

• Hence customer more satisfied

(iii) **Expressiveness :**

* Most forceful medium/special effets, attractiveness etc.
* with the help of art, graphics etc.

(iv)  **Economy**

* Wide reach
* Cost gets spread over numerous communication links.

**Limitations of Advertising**

(i) **Less forceful** : No. compulsion on the prospects to pay attention to the message.

(ii) **Lack of feedback**

* No. immediate and accurate feedback mechanism of the message delivered.

(iii) **Inflexibility:** Message standardised, not tailor made.

(iv) **Low effectiveness**

* Volume of advertising is getting, more and more expanded. This makes it difficult to make advertising message heard by target prospects.

**Objections to Advertising**

1. **Adds to Cost :**

* Against
  + unnecessarily adds to cost
  + customer burdened - high prices
* For

- increases demand

- informs customers about product higher production - economy of scale due to L.S. production.

2. **Undermines Social Value**

* Against
  + promotes materialism
  + breeds discontentment
* For
  + job of advts. to inform.
  + inform about new and improved products
  + raises standard of living

1. **Confuses the Buyers**

* Against
  + Buyer get confused which advertisements are true and reliable
* For
  + Buyer are rational human beings
  + Analyse information
  + Make their own decision

1. **Encourages sale of inferior products**

* Against

- No distinction B/w superior and inferior products.

* For

- Quality - relative concept

- Customer buy given quality products suiting their requirements

- firms can be prosecuted for false claim

Some Advertisements are in bad taste :

• Against

* + - Some advertisements offensive to some people. May ridicule relations
    - ego Axe advertisement may be regarded derogatory to women

For

* + - Taste is a relative term.
    - Misuse of advertising prevented by law, code of conduct etc.

**PERSONAL SELLING**

* Oral presentation of message in form of conversation.
* Personal form of communication.

**Features of personal selling**

(i) Personal form: Direct face-ta-face dialogue involves interactive relationship between seller and buyer

(ii) Development of Relationship: Salesman develop personal relationship with prospective buyer.

* **Merits of personal selling**

1. Flexibility : Sales presentation can be adjusted to fit specific neds of customers.
2. Direct Feedback : Direct feed back from customers helps. to adapt the presentation to need of the prospects.
3. Minimum wastage: wastage of efforts can be minimised as company can decide target customers

**ROLE OF PERSONAL SELLING Importance to Businessman** :

(i) Effective promotional tool

* Helps in influencing the prospects about the merits of a product thereby increasing its sale,

(ii) Flexible tool

* Helps business persons in adapting their offer in varying purchase

situations.

(iii) Minimises wastage of efforts

* Possibility of wastage of efforts in personal selling in minimum.
* Helps in bringing economy of efforts

(iv) Consumer attention

* An opportunity to detect the loss of consumer attention and interest

• Helps in successfully completing the sale'

(v) Lasting relationship

* Relationship between salespersons and customers
* Achieving the objectives of business

(vi) Personal Rapport

• Increases the competitive strength of a busnessorganisation

(vii) Role in Introduction

* Helps in persuading customer about the merits of the product
* Provides support to advertisement (viii) . Link with customers
* Persuasive role, service role and informative role. Helps to link a business firm to its customers

**IMPORTANCE TO CUSTOMERS**

(i) Help in identifying needs

• Identifying their needs and wants and in knowing how these can be best satisfied.

(ii) Latest Market Information

* Get latest market information taking the purchase decisions in a better way.

(iii) Expert Advice

• Advice and guidance which help them in making better purchase.

(iv) . Induces customers

• Induces purchase of new products which satisfy needs in a better way thereby helps in improving their standards of living.

**IMPORTANCE TO SOCIETY**

(i) Converts latent demand

* Helps to convert Latent demand into effective demand thereby requiring L.S. production
* Economic growth influenced by personal selling.

(ii) Employment Opportunities

* Offers greater income and employment opportunities to the unemployed youth.

(iii) Career Opportunities

* Provides attractive career with greater opportunities for advancement and job satisfaction.

(iv) Mobility of sales people

* Greater degree of mobility
* Promtoe travel and tourism in the country

(v) Product standardisation

* Increases product standardisation and uniformity in consumption pattern in diverse society.

**SALES PROMOTION**

* element of promotion mix which uses S.T. incentive to create sense of urgency and stimulate immediate purchase among buyers.

(i) **Attention value**

• Attract attention because of use of incentives

(ii) **Useful in new product launch**

* Induces people to break away from their regular buying behaviour and try the new product.

(iii) **Synergy in total promotional efforts**

* supplement the personal selling and advertising efforts and add to overall effectiveness.

**LIMITATION OF SALES PROMOTION**

(i) Reflects crisis consumers may feel that the firm is :

• Unable to manage its sales or that there are no takers of its products.

(ii) Spoils product image :

• Product not of good quality or not appropriately priced.

**COMMONLY USED SALES PROMOTION ACTIVITIES**

1. **Rebate** : offering products at special prices, to clear off excess inventory. ego Car manufacturer offer a discount of Rs. 10,000 for a limited period.
2. **Discount:** Offering products at a% less than list price.

ego Discount Upto 50% or a shirt marketers offer of 50+40% Discount.

1. **Refunds** : Refunding a part of. price paid by customer on some purchase. Commonly used by food product companies to boost their sales.
2. **Product combinations:** Offering another product as gift along with the purchase of a product. ego Pack of Y2 kg of rice with the purchase of a bag of Aatta (wheat flour).
3. **Quantity Gift:** Offering extra quantity of the product. Commonly used by marketer of toiletry products.

eg. shaving creams' offer of 40% extra.

1. **Instant Draws and Assigned Gift :**

ego scratch a card and immediately win prizes.

1. **Lucky draw**

ego getting lucky draw coupons with chips to win a T.V.

1. **Usable Benefit :**

ego purchase goods worth Rs. 3000 and get a holiday package worth Rs. 3000 free.

1. **Full finance @ 0%**

* Electronic goods, automobiles etc. offer easy financing schemes such as 24 easy installments, eight-up front.'
* Be careful about file charges

1. **Sampling** : offer of free sample of a product.

ego : Detergent powder at the time of launch of a new brand.

1. **Contest**: competitive events involving application of skills or luck. ego solving a quick or answering some questions.

**PUBLICITY**

* Non-personal, non-paid form of comunication undertaken by an independent media source

**Features of Publicity**

(i) **Unpaid form** : does not invoive any direct expenditure

(ii) **No identified sponsor**: as message goes as a news item.

(iii) **Non-personal**: communicated through mass media.

(iv) **May be positive or negative**

**Advantages**

(i) More credibility at it is not paid for and will not tend to glorify the product

(ii) Greater reach

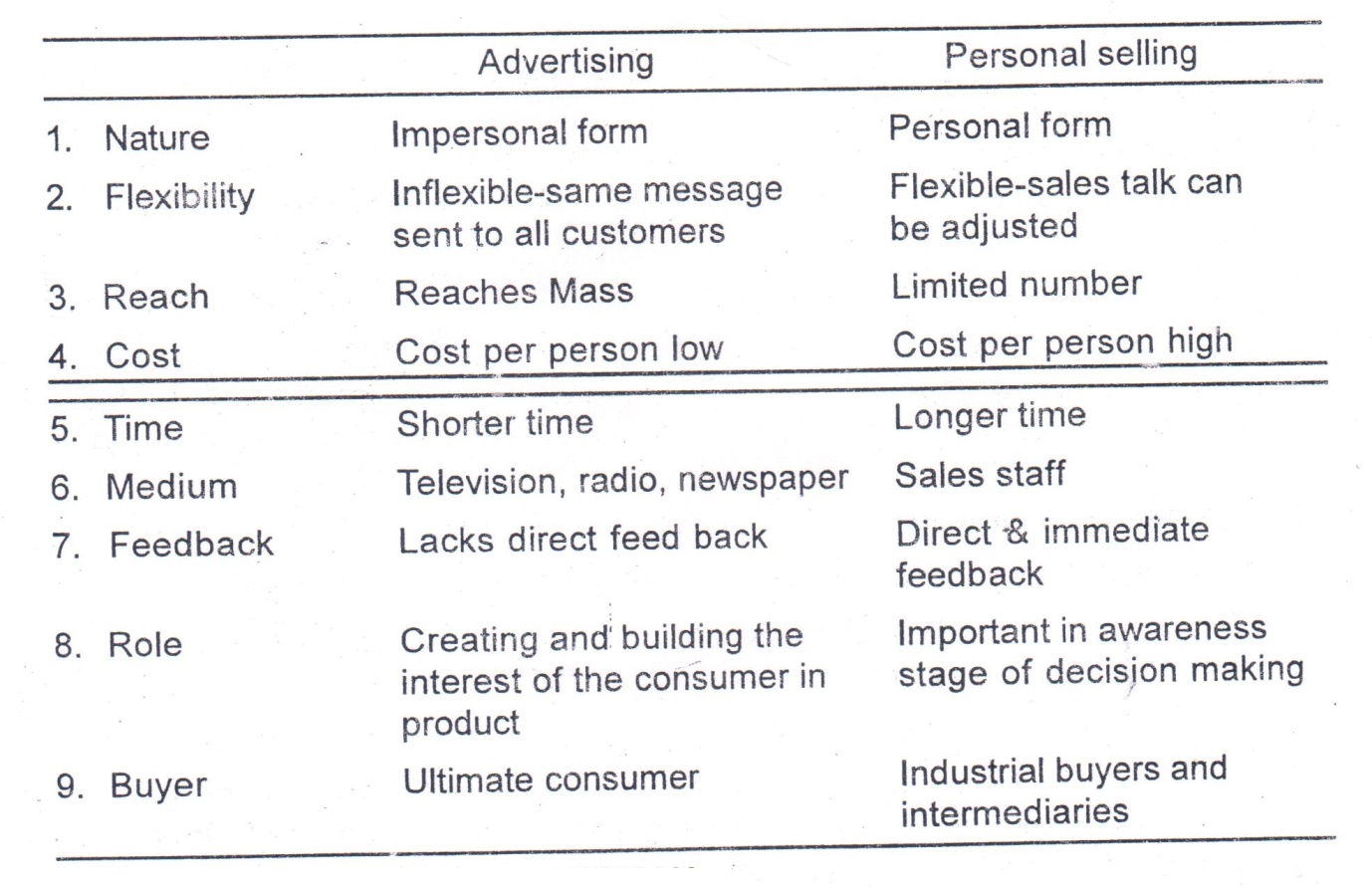
**Limitations** :

(i) Not within control of marketing firm

(ii) Cover only news worthy information

(iii) Can't be used to promote products actively

**Difference B/w Advertising & Personal Selling**



**QUALITIES OF A GOOD SALESMAN**

1. Physical qualities: Good looking, healthy.
2. Psychological qualities: Sweet natured, Good behavior, mentally healthy.
3. Technical quality: Full technical knowledge about the product.
4. Good communication skills. Honesty.
5. Courtesy Will mannered
6. Persistent Able to influence the target customers Capacity to inspire trust Win confidence & faith
7. Capacity to inspired Trust win confidence & faith.

**PUBLIC RELATIONS**

* Managing public opinion of an organisation is an important task which can be performed by the marketing department.
* Public relations includes a variety of programmes designed to promote or protect a company's image and its individual products in the eyes of the public.
* Most organisations, business or otherwise nowadays, have a . separate department to manage public relations. They may also utilize the services of any outside public relations agency.
* Their main task is to disseminate information and build goodwill about the business.
* Concrete steps are to be taken to monitor the attitude ofthe general public and generate positive publicity.
* They are especially useful when there is negative publicity about the company or its products. At that time, the situation has to be tackled like an emergency to improve public image.
* The public relations department then has to do something drastic so that damage to company's images is controlled and minimised.
* They also advise top management to adopt certain programmes which will add to their public image and ensure that negative publicity does not take place.

**Role of Public Relations**

1. Smooth functioning of business and achievement of objectives.
2. Building corporate image that affects favourably on its products-upkeep of parks, sponsoring sports/activities.
3. Build interest in the established product & help in launching products. The role of public relations can be discussed with respect to the functions which the department performs. Public relations itself is an important tool in the hands of the marketing department, which can be used to the advantage of the business. The public relations department performs five functions:
4. **Press relations** : The public relations department is in contact with the media to present true facts and a correct picture about the company.

2.' **Product publicity:** The company can draw attention to new products by arranging sports and cultural events like news and cultural events like news conferences, seminars and exhibitions.

1. **Corporate Communication**: The image of the organisation needs to be " promoted through communicating with the public and the employees within the organisation.
2. **Lobbying** : The organisation has to deal with government officials and different ministers in charge of corporate affairs, industry, finance with respect to policies relating to business and the economy. The government also seeks to maintain a healthy relationship with associations of commerce and industry and solicits the opinion of major stakeholders while formulating industrial telecom, taxation policies, etc.
3. **Counselling**: The public relations department advises the management on general issues which affect the public and the position the company would like to take on a particular issue.

In addition, maintaining good public relations also helps in achieving the . following marketing objectives:

(a) **Building awareness:** Public relations department can place stories and dramastise the product in the media. This will build marketplace excitement before the product reaches the market or media advertising takes place. This usually creates a favourable impression on the target customer.

(b) **Building credibility**: If news about a product comes in the media whether. print or electronic it always lends credibility and people believe in the product since it is in the news.

(c) **Stimulates sales force** :It becomes easier for the sales force to deal with the retailers and convince dealers if they have already heard about the product in the news before it is lauched. Retailers and dealers also feel it is easier to sell the product to the ultimate consumer.

(d) **Lowers promotion costs**: Maintaining good public relations costs much less than advertising and direct mail. However, it requires a lot of communication and interpersonal skills to convince the media to give space or time for the organisation and its product.

|  |  |
| --- | --- |
| Q70 | It is necessary that goods and services must be made available to the customers at place, in the right quantity and at right time.  (a) Name and explain the concerned element of Marketing Mix given above.  (b) Explain the components of this element.  (CBSE Sample Paper 2015) 6 mark |
| Ans. | *(a)* Place/physical distribution  The physical handling and movement of goods from place of production to the place of  distribution is referred to as physical distribution.  Elements of Physical distribution/ Place:  *(i)* Transportation: It is the means of carrying goods and raw materials from the point of production to the point of sale. It is important because unless the goods are physically  made available, the sale cannot be completed.  (ii) Warehousing: It refers to the act of storing and assorting products in order to create time utility in them. Its purpose is to arrange placement of goods and provide facilities to store them. The need for warehousing arises because there is a time lag between the production (or procurement) of goods and their sale (or use).  *(iii)* Inventory control: Managing the level of inventory (or stock) of goods is an important function. Higher the level of inventory, higher will be the level of service to customers but the cost of carrying the goods *(i.e.* storage cost, interest on capital, etc.) will also be high because of funds being blocked up in the stock.  (iv) Order Processing: A good physical distribution system should provide for an accurate and speedy processing of orders, in the absence of which goods would reach the customers late or in wrong quantity or specifications. |
| Q 71 | What is meant by product concept of marketing? (CBSE 2010) 1 mark |
| Ans | Potential exchange would be realised when products are of high quality because customers favour high quality products. |
| Q72. | What is meant by trademark? (CBSE 2013) 1 mark |
| Ans. | A brand that is given legal protection against its use by other firms is called trademark |
| Q 73 | Zoom Udyog, a car manufacturing Co., has started its business with Zoom 800 and slowly launched Zoom-l000,  Wagon-Z, Swy-fy etc. and offered various services like after sale service, availability of spare parts etc. Identify the element of marketing mix referred here.  (CBSE Sample Paper 2015) 1 mark |
| Ans | Product. |
| Q 74 | Radha a found a worm crawling out of newly opened tetra pack of a juice manufactured by a reputed company, Zest, Ltd. She went back to the shopkeeper from whom the pack was purchased who directed her to call up the customer care centre. When all her efforts failed, she went to a consumer activist group to seek help. The group decided to help Radha and take measures to impose restrictions on the sale of the firm's products of the particular batch and urge customers to refrain from buying the products of the company. Zest Ltd. lost its image in the market. The CEO gives the responsibility of bringing back the lost image of the company to a Manager.  (a) Identify the concept of Marketing Management which will help the Manager getting the firm out of the above crisis.  (b) Also explain the role of above identified concept by stating any two points.  CBSE Sample Paper 2015) 4 marks |
| Ans | 1. Public Relations |
|  | **Multi-Disciplinary and Value Based** I  **Questions with Answers** |
| Q 75 | Crackers Ltd., a fire cracker manufacturing company launched some new products on eve of Diwali which attracted many buyers. To meet the increased demand, the company employed children from nearby villages. Although the product was in great demand, appropriate safety warnings for use were not mentioned on the packets that led to many accidents.   1. Identify and explain the important product related decision that was not taken into consideration by the company. 2. Also, identify any two values which were violated by the company (CBSE 2014) 3 marks |
| Ans. | The important product related decision that was not taken into consideration by the company is Labelling.  It is the process of designing the label and putting it on the package to provide information regarding the product, its contents, methods of use, etc.  (ii) Values violated by the company:   * Concern for safety of human beings. * Respect for law (employing children as labour). * Concern/ sensitivity for the environment. |