

MARKET

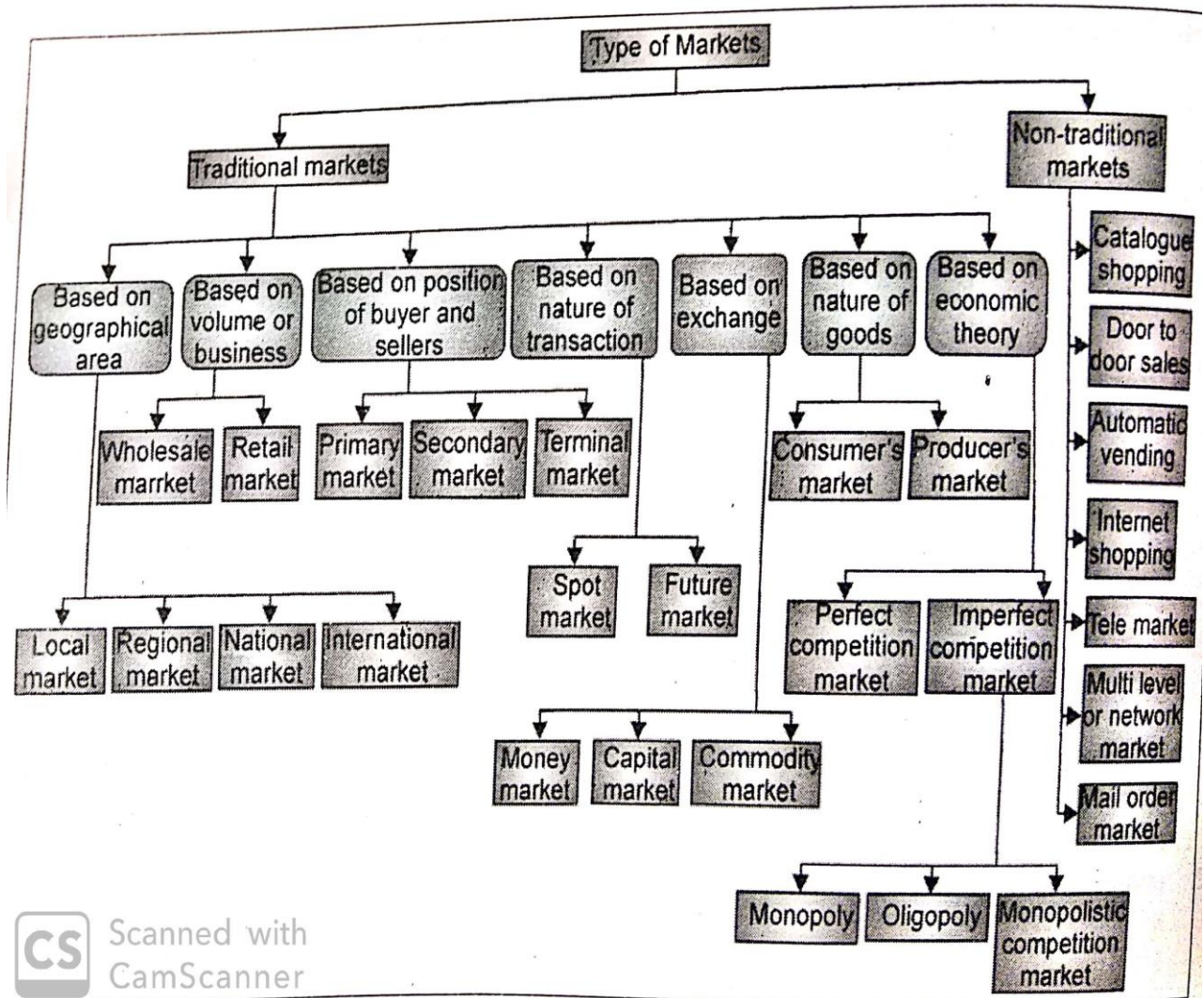
Meaning

- ✓ Market refers to the place where buyers and sellers meet for exchange of goods and services. Market means sum total of the environment in which resources, activities and attitudes of buyers and sellers affect the demand for products and services.
- ✓ Market is not a geographical place but the meeting of buyers and sellers personally or through different means of communication. Examples – telephone, fax, email, internet, etc.
- ✓ There are various concepts of market, they are place concept, people concept, area concept, demand concept and exchange concept.

Types of market

- ✓ There are various types of market on various classification, they are
 - i. On the basis of geographical area
 - a) Local market – this is a market where in buying and selling are limited to a local area. Such as village, town or a city.
 - b) Regional market – this is a market wherein buying and selling are restricted to a particular region such as state or southern India.
 - c) National market – this is a market wherein buying and selling activities are limited within the boundaries of a particular country. Such as India, Canada, etc.
 - d) International market – this is a market wherein buying and selling involves buyers and sellers from different countries. Example – Europe Union.
 - ii. On the basis of volume of business
 - a) Wholesale market – this is a market where goods are sold in bulk to retailers.
 - b) Retail market – this is a market where goods are sold by retailers in small quantities directly to the ultimate consumers.

- iii. On the basis of subject of exchange
 - a) Commodity market – this is an organised market where commodities such as cotton, fruits are bought and sold according to prescribed rules and regulations. It is a physical or virtual market place for buying, selling and trading raw or primary products.
 - b) Capital market – this is a specialised market for raising capital through long term finance. It comprises specialised financial institutions, stock exchanges, investments trusts, insurance companies.
 - c) Money market – this is a specialised market for providing short term finance to business enterprises. It consists of various types of banks.
- iv. On the basis of position of buyers and sellers
 - a) Primary market – this is a market wherein primary producers sell their agricultural products to the wholesalers or their agents.
 - b) Secondary market – this is a market where wholesalers sell their products to retailers.
 - c) Terminal market – this is a market where retailers sell their goods to the consumers.
- v. On the basis of nature of transactions
 - a) Spot market – in this market the products purchased by the buyer are physically transferred by the seller immediately. Any usual purchase are examples of spot market.
 - b) Future market – this is a market where buyers and sellers enter into future contracts without the intention of actual delivery of goods. Their purpose is to make profit out of fluctuations in prices.
- vi. On the basis of nature of goods
 - a) Consumers market – this is a market where goods are physically transferred from sellers to buyers.
 - b) Producers market – this is a market where goods are purchased for use in further production.
- vii. On the basis of economic theory
 - a) Perfect competition market – this type of market exists in the theory only and is rarely seen in reality. In perfect competition market, there are large number of buyers and sellers of identical products in the market. No single seller will be able to influence the price.
 - b) Imperfect competition market – this refers to a market which is not a perfect competition market. Imperfect competition is a competitive market situation where there are many sellers, but they are selling heterogeneous or dissimilar goods as opposed to the perfect competitive market scenario.



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MARKETING

Meaning

- ✓ All the activities that direct the flow of goods and services from the producers to the consumers or ultimate users is called marketing. Marketing is the process of planning and executing the conception of ideas, goods and services to create exchanges that satisfy individual and organisation objectives.
- ✓ Marketing is a social process by which individuals and organisations obtain what they need and want through creating and exchanging value with others.

Features

- i. *Customer focused / customer – orientation* – modern marketing is based on adoption of consumer orientation by the business. Marketing starts with the determination of customers need and want and continues until the customer's wants are completely satisfied and they are delighted with the goods and services.
- ii. *Integrated process/approach* – Marketing is not a single activity, it involves coordination of several interrelated and interdependent activities such as marketing research, product planning and development, packaging, pricing, promotion, distribution etc. It is a managerial process as it involves planning and control. It is also a social process as it involves satisfaction of consumers' needs and wants.
- iii. *Pervasive/universal* – the concept of marketing is not only applicable to profit making organisation but also applicable to non-profit making organisations. Other purposes includes creating awareness to public by government such as environmental protection, drug abuse, blood donation, etc.
- iv. *Multi-disciplinary* – marketing use knowledge drawn from several disciplines for understanding and satisfying customers. The various discipline which contributed to marketing are psychology, anthropology, sociology, economics, law, statistics, etc.
- v. *Dynamic* – marketing operated within the total business environment. Any changes in the environment will surely influence the marketing activities. Marketing is thus a dynamic process that keeps on changing to changing economic, social, political, technological and legal environment.
- vi. *Creativity* – creativity is an art of turning new and imaginative ideas into reality. In today's world, marketing is very challenging and it is the creativity in the marketing which helps to target the right audience and makes the product popular.

Objectives of marketing

1. Consumer satisfaction / satisfaction of human wants
 - ✓ The primary objective of marketing is to satisfy the need of consumers by producing right products and services at the right time, right place and right price. All marketing activities are guided by information concerning what customers expect from business.
 - ✓ No business enterprise can survive in the long run unless it provided full satisfaction to consumers. Production becomes meaningful only

when the goods produced by industry satisfy the needs and wants of consumer.

2. Profitability

- ✓ Marketing has profitability objective because marketing is the only organisational function which generates revenue for the business. Sufficient profit should be achieved through customer satisfaction.
- ✓ If the firm is not able to earn profits, it will not be able to survive in the market also such revenue must be always more than the costs incurred, resulting in profit.

3. Coordination and integration

- ✓ Marketing must aim at bringing about an effective coordination and integration between, product, price, promotion and distribution.
- ✓ Marketing must also ensure coordination between marketing and business activities such as manufacturing, personnel, etc.
- ✓ Customers can be satisfied only with the joint efforts of all departments of an enterprise.
- ✓ For example, the production department should produce goods keeping in view the needs of customer. Purchase department should purchase the right type of materials and so on.

4. Service to society / generate employment

- ✓ Marketing should focus on improving the quality of living of people by providing a wide variety of quality products and services at reasonable prices.
- ✓ Marketing needs more human resources to perform the function of marketing such as transportation, warehousing, advertising, selling and distribution, by this way marketing generates employment opportunities for the people.
- ✓ Marketing should also be oriented towards conservation of natural resources and protection of environment. Welfare of society is the responsibility of business.

5. Creation of demand / awareness of product

- ✓ Objective of marketing is to create demand which leads to market development. People have certain latent needs which are unknown to the marketer and there is a demand for satisfying such needs.
- ✓ A conscious attempt is made to find out the needs, preferences and tastes of the consumers through various means.
- ✓ Demand is also created by informing the customers the utility of various goods and services.

6. Survival, growth and expansion of business
 - ✓ Marketing aims at achieving long term organisational objectives which are in the form of survival, growth and expansion.
 - ✓ Marketing achieves such long term organisational objectives through satisfying the needs and wants of the customer by producing the right product at the right place in the right time which leads to profit generation.
7. Creation of goodwill
 - ✓ Creation of goodwill or public image of a firm over a period is another objectives of marketing. The marketing department provides quality products to customers at a reasonable prices and thus creates its impact on the customers.
 - ✓ The marketing manager attempts to raise the goodwill of the business by initiating image building activities such as sales promotion, publicity and advertisement, high quality, reasonable price, convenient distribution outlets, etc.
 - ✓ This helps in maintain loyalty to the existing products and also accepting the new products of the same company.

Importance of marketing

1. Foundation of business
 - ✓ Marketing is the focal point of all business activities. The end of all production is consumption and the success of a business enterprise depends on efficient marketing.
 - ✓ Manufacturing, finance, personnel and other activities of business revolve around marketing. Marketing has become vital for the survival and growth of the business due to large scale production, changing technology, and sophisticated tastes and preference of customer.
 - ✓ Marketing helps to synchronise production with consumption.
2. Source of revenue
 - ✓ Marketing is the only source of generating revenue for the business. Other activities such as manufacturing, finance, research and development and personnel incur expenditure. Marketing provides funds for all other departments by generating revenue.
 - ✓ Efficient marketing creates demand, enlarges market, increase its sale volume so that more revenue is earned for meeting costs. Marketing also helps to reduce costs through optimum utilisation of resources.

3. Satisfaction of consumer needs
 - ✓ Modern marketing begins and ends with customers. Marketing creates time, place and possession utilities which helps in assessing customer wants and facilitates transfer of ownership of goods.
 - ✓ By this way marketing satisfy the needs and wants of the customer. Modern marketing begins and ends with customers.
4. High standards of living
 - ✓ Marketing helps in improving the standard of living by providing new and better varieties of goods to people. It brings to their knowledge new products and their uses.
 - ✓ Marketing provides better and improved eco-friendly products at reasonable prices. Thus marketing increases the standards of living of a common man.
5. Gainful employment
 - ✓ Marketing creates jobs for a large number of people. Millions of people are employed in the transportation, warehousing, advertising, selling and distribution operations. Marketing also offers rewarding jobs by increasing the scale of production. Thus marketing leads to gainful employment.
6. Development of nation
 - ✓ Marketing is the kingpin that keeps an economy moving ahead because of the following reasons,
 - a. Marketing increases the national income by brining rise in consumption, production and investment.
 - b. Marketing mobilises unknown and untapped resources.
 - c. Marketing facilitates fuller utilisation of production capacity and other assets.
 - d. Marketing develops managerial and entrepreneurial talents of the nation.
7. Basis for decision making
 - ✓ All business decisions are made on the basis of market conditions and requirements. Marketing provides information and knowledge on the basis of which firms decide what to produce, how to produce, when to produce and how much to produce.
 - ✓ Marketing is beneficial to both producers and consumer as it facilitates transfer and exchange of goods and services. It enables the producers to know the needs of consumers. Marketing makes the goods and services known to consumers.
 - ✓ Marketing is helpful in deciding appropriate strategies and policies for business.

CONCEPTS OF MARKETING

Introduction

- ✓ Marketing has two main interpretations, mainly focusing on product and customer. However, in the modern world, product oriented definition of marketing is considered to be narrow interpretation which does not hold good.
- ✓ Consumer oriented approach to marketing is widely accepted and practised by the dynamic business firms. Thus present day marketing is consumer oriented rather than product oriented.

Traditional Marketing or product oriented marketing (TCM)

Meaning

- ✓ Marketing involves all those activities carried on to transfer the goods from the manufacturers or producers to the consumers on exchange of goods and services for money.
- ✓ According to traditional concept, marketing means all activities which are concerned with persuasion and sale of goods and services with the objective of maximisation of profits.
- ✓ This concept of marketing emphasises on promotion and sales of goods and services and little or no attention is paid to consumer satisfaction. There are no attempts to determine the needs and wants of consumers. It mainly concentrates on selling whatever have been produced or manufactured by a business concern.
- ✓ Traditional marketing is the process of marketing begins after the goods have been produced and ends with their sale.

Various concepts / philosophy involves in traditional concepts

- ✓ Traditional concept include production concepts, product concept and selling concept.
1. Production Concept
 - ✓ Production concept is based on the belief that high production efficiency and mass distribution would sell the product offered to the market.
 - ✓ The high production efficiency means that the input-output ratio is favourable. It will leads to economies of scale and decline in the cost per unit.
 - ✓ Thus, the production concept holds the customer favours products that are offered at low prices and are easily available. In short, mass production and distribution are the essence of the production concept.

2. Product concept

- ✓ Product concept is based on production of superior products for the customers. The firms following this concept believe that by producing superior products and improving the features over time, they would be able to attract more customers.
- ✓ The underlying assumption is that customer favours product quality, performance, innovative features etc. Under the product concept, it is believed that superior products are always welcomed by the customers.
- ✓ Product improvement is the key to profit maximisation under the product concept. But product is only one element of the total marketing mix, a better product at higher price might disturb the customer budget and so he may compromise with the lower quality.

3. Selling Concept

- ✓ Selling concept is based on the adoption of aggressive selling and promotional efforts because of customers buying inertia and resistance.
- ✓ The assumption is that customer, if left alone, would not buy enough of the firm's product. The firm must push its products through aggressive selling and promotional efforts.
- ✓ The firm following the selling concept rely upon the powers of advertising and other promotional techniques to maximise their sales.
- ✓ Selling concept is based on the assumption that buyers could be manipulated. But it should not be remembered that customers could be pressurised in the short term only to maximise sales volume. In the long term, customers expect satisfaction of their needs and wants and resist manipulative tactics of the marketers.

Features

- ✓ Focus → the main focus of traditional concept is on product and services. Business enterprises, in order to sell, will somehow persuade the customers to buy the product or service.
- ✓ Means → All efforts of the marketing people are concentrated on selling the product / services. They adopt efficient production technique, increasing production volume, quality product and aggressive selling & promotional efforts like sales promotion, personal selling to boost sales.
- ✓ One way traffic → traditional concepts of marketing emphasises merely on the transfer of goods / services from producer to consumer. There is no attempts to determine the needs and wants of consumers.
- ✓ Marketing function → under traditional concept, marketing starts after production of goods or at the time of providing services and ends after sale.

- ✓ Goal → Under traditional concept, the ultimate goal of all marketing activities is profit maximisation through sales volume.

Modern marketing or consumer orientation marketing (MCM)

Meaning

- ✓ According to modern concept, marketing is more than just mere physical transfer of goods and services. This concept considers the consumers wants and need as the guiding spirit, translating them into goods / services and focuses on the delivery of such goods / services that satisfy those needs most effectively and efficiently than its competitors.
- ✓ In modern concept, marketing begins with identifying consumer needs, then planning production of goods / services so as to provide maximum satisfaction to consumers.
- ✓ This concept is often referred as concept of marketing starts and ends with consumers.
- ✓ This concept is emerged out of intense competition, increased consumer awareness and dynamic environment and the purpose of business is to create consumer and satisfy them through conscious and organised effort.

Various concepts / philosophy involves in Modern concepts

- ✓ Modern concept include marketing concept and societal marketing concept.
 1. Marketing Concept
 - ✓ Marketing concept emphasises the determination of the requirements of potential customers and supplying products to satisfy the requirements.
 - ✓ The firm allowing marketing concept regard the creation of customer and satisfaction of customer's wants as the justification of business.
 2. Societal Marketing concept
 - ✓ The critics of marketing concept argue that it does not take care of the challenges posed by social problems such as pollution, ecological imbalance, wastage of natural resources etc. But focuses only on the goal of identifying and satisfying customer's needs.
 - ✓ Any activity which satisfies human needs but is detrimental to the interests of the society at a large can't be justified. Therefore, social objectives must be considered as an integral part of the process of consumer satisfaction.
 - ✓ The societal marketing concepts emphasises satisfaction of customer needs and also society's welfare. It is the extension of the marketing concept.

- ✓ It supplements the marketing concepts by the marketer's concern for the long term goods of the society. Thus, apart from customer satisfaction, business firm need to be concerned about the ecological and ethical aspects of marketing.

Features of modern marketing

- ✓ Focus → the main function of modern concept is on consumer / customer satisfaction, so all the activities are oriented towards recognition and satisfaction of customer's needs and wants.
- ✓ Marketing research → organised efforts must be taken by enterprises to collect relevant information about the target market so as to understand, identify and determined the requirements of the customers through market survey / research and then design the product / services accordingly.
- ✓ Means → under modern concept, enterprise adopt integrated marketing approach. Marketing activities like product planning, pricing, grading, packaging, branding and labelling, promotion, distribution etc are combined into coordinated marketing efforts. This is called integrated marketing. This approach helps in developing product or services at affordable prices that can satisfy the needs and wants of the customers.
- ✓ Two Way traffic → under modern concept, marketer take care of customer satisfaction and customer provides feedback to the organised efforts of the marketer.
- ✓ Marketing function → under modern concept, marketing starts before production of goods and continues after the sales.
- ✓ Goal → under modern concept, the ultimate goal of all marketing efforts is to earn profit through maximisation of customer satisfaction.

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Difference in Marketing Management Philosophies

S.No.	Basis	Production concept	Product concept	Selling concept	Marketing concept	Societal concept
1.	Starting point	Factory	Factory	Factory	Market	Market and society
2.	Main focus	Quantity of product	Quality of product	Selling existing products by hook and crook	Customer satisfaction	Customer satisfaction within the tradition of society.
3.	Means	Availability and affordability of product	Improvement of quality	Selling and promoting	Marketing techniques	Marketing techniques
4.	Ends	Profit through large volume of production	Profit through quality of product.	Profit through sales volume.	Profit through customer satisfaction.	Profit through customer satisfaction and social welfare.

Marketing Management Philosophies

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graph TD
    A[Marketing Management Philosophies] --> B[Production concept]
    A --> C[Product concept]
    A --> D[Selling concept]
    A --> E[Marketing concept]
    A --> F[Societal concept]
  
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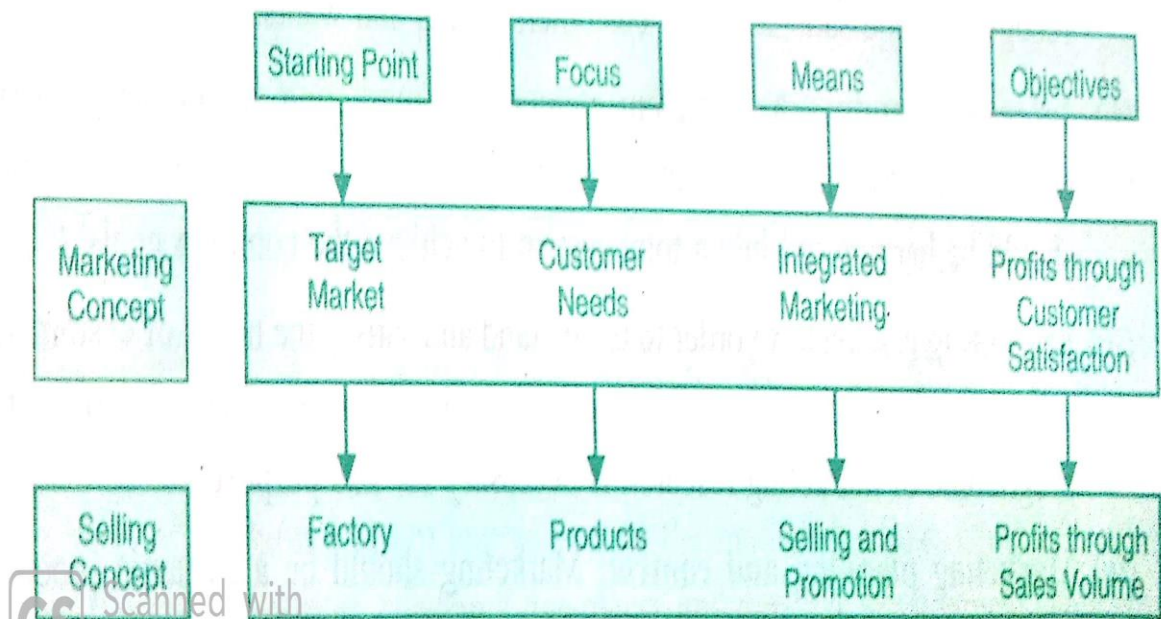
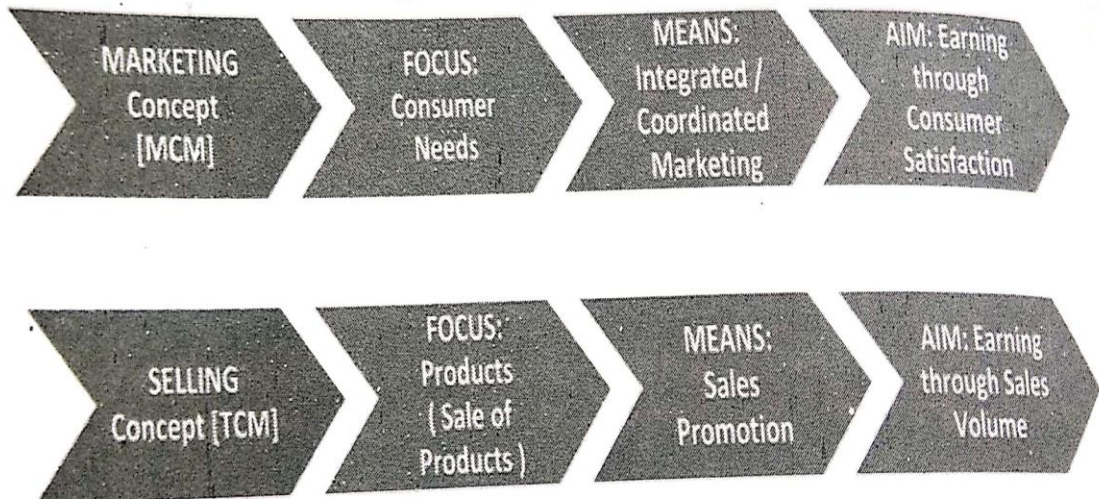


Fig. 13.1 Marketing Vs : Selling

Marketing versus Selling Concepts : A Comparison



*MCM: Modern Concept of Marketing

*TCM: Traditional Concept of Marketing

Relationship between Marketing and Selling

Comparison between Marketing and Selling

S.no	Basis	Marketing	Selling
1	Nature	A philosophy which aims at achieving organisational goals through satisfaction of customers	An operational approach that aims at increasing sales volume through promotional offers
2	Scope	Wide	Narrow
3	Focus	Needs of buyer	Needs for seller
4	Orientation	Customer oriented	Product oriented
5	Beginning	Begins before production	Begins after production
6	End	Continuous after sale to judge customer's reactions	Ends with sale
7	Perspective	Long term	Short term
8	Approach	Integrated / Systematic	Fragmented
9	Slogan	Let the seller beware / caveat Venditor	Let the buyer beware / Caveat Emptor

FUNCTIONS OF MARKETING

Introduction

- ✓ The specialised activities which are required to be performed in the marketing of goods and services are called marketing functions.
- ✓ Marketing functions are essential for satisfying consumer wants. A large number of marketing institutions and intermediaries perform these functions.
- ✓ Marketing can be broadly divided into three main parts
 - i. Concentration → Concentration refers to procuring goods from different places and collecting them at a central point.
 - ii. Dispersion → Dispersion involves distribution of goods from a central point to ultimate consumers at scattered places.
 - iii. Equalisation → Equalisation means matching the supply of goods with their demands.
- ✓ Marketing functions can be classified into three broad categories
 - i. Exchange functions which is concerned with transfer of ownership.
 - ii. Physical features involving the physical distribution of products and services.
 - iii. Facilitating or auxiliary functions which assist the process of exchange and distribution.

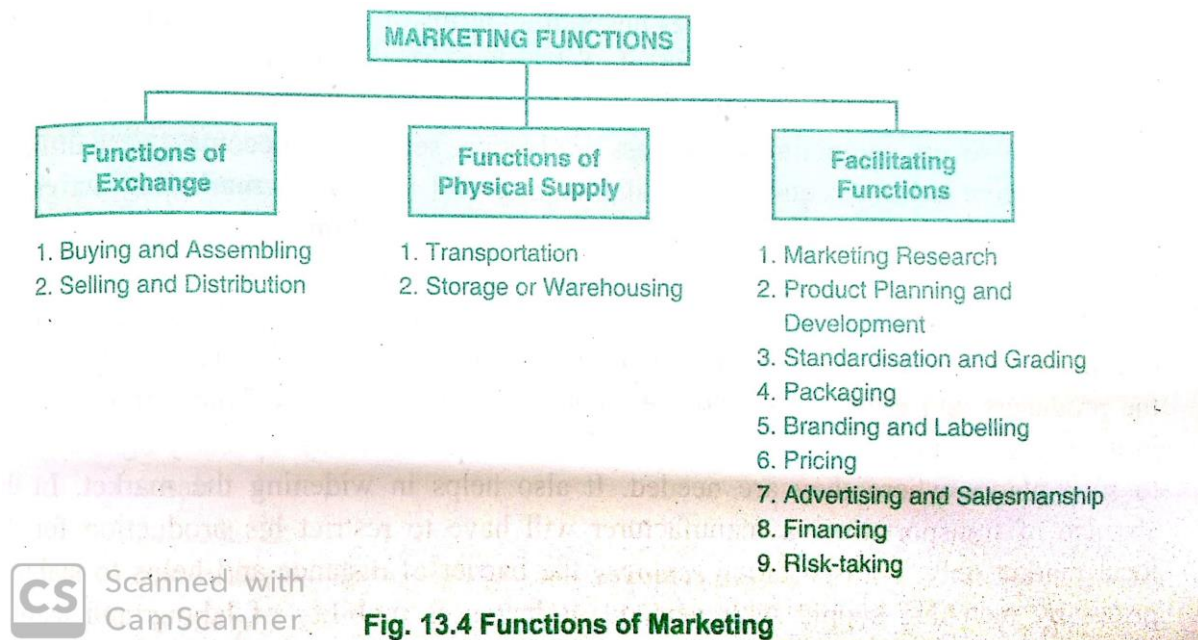


Fig. 13.4 Functions of Marketing

Functions of Exchange

- ✓ Functions of exchange refers to the functions which are concerned with exchange or transfer of ownership of goods from the producers to consumers. These functions include the following

1. Buying and Assembling

- ✓ Buying is the first step of marketing process and one of the fundamental marketing functions. Buying means purchase of raw materials for use in manufacturing or purchase of finished goods for the purpose of resale to ultimate consumers.
- ✓ Efficient and economical buying is essential for success in marketing because goods well bought are half sold. Buying can be regarded as the complementary to selling.
- ✓ Buying involves several activities such as determination of needs, selecting the source of supply, ascertaining the suitability of goods, negotiating the terms of purchase and arranging the transfer of ownership.
- ✓ Goods can be purchased through various modes. They are
 - a. Purchase through Inspection → It implies personal examination of the whole lot of goods at the seller's place. This is an expensive and time-consuming method of buying. It is mostly used in retail buying.
 - b. Purchase by sample / Pattern → In this the buyer assumes a specimen of goods not the whole lot on the assumption that the sample represents the characteristics of the entire lot. This is convenient and economical mode of buying.
 - c. Purchase by description or brand or grade → this is a convenient and economical mode of buying where the buyer makes buying decisions from catalogue and price lists that contain the description of goods offered for sale. It is not possible for the manufacturer of furniture to move around showing sample to the intending buyers. So the manufacturer or seller carry catalogues and price lists containing the description of goods.
In case of branded goods, the buyer just needs to mention the brand name with product details. Similarly, in case of standardised and graded goods, the buyers need to mention the grade having specific quality and price.
- ✓ Assembling is different from buying. It begins after the goods have been purchased. It involves collection of goods already purchased from different sources at one common place.
- ✓ Assembling is essential in the case of agricultural commodities which are produced by small farmers at scattered places. Assembling can be regarded as an important aid to buying.

Features of assembling

- ✓ It facilitates transportation of goods in bulk and thereby contributes to the economy in transportation expenses.
- ✓ It widens the market and enables producers to fetch higher prices.
- ✓ It facilitates financing on a large scale.
- ✓ Large scale selling is possible as orders can be processed in bulk.
- ✓ It facilitates standardisation and grading.

2. Selling and distribution

- ✓ Selling is the heart of marketing. “Nothing happens until somebody sells something”. The purpose of all marketing activities is to sell the goods or services.
- ✓ Selling enables a firm to satisfy the needs of the customers, and thereby achieve its objectives.
- ✓ Selling is the process finding the customers, creating demand and transferring the goods for value of money. In order to sell its products, a business firm has to perform several functions like informing the buyers and persuading them to buy.
- ✓ For creating demand and increasing sales, the firm makes use of advertising, salesmanship and sales promotion. Selling also involves negotiating sales, sale forecasting, choice of channel of distribution etc.
- ✓ A channel of distribution or marketing channel is the path through which products move from the producer to ultimate consumer.
- ✓ Due to severe competition and mass production, selling has become a very difficult task. Effective selling requires careful planning and control of marketing activities.
- ✓ A businessman must be in continuous touch with his customers and dealers and the strategies of competitors so as to design an effective selling programme.

Features of selling and distribution

- ✓ Identifying or locating buyers.
- ✓ Finding out the requirements, preference of the buyers.
- ✓ Informing the buyers about the goods and services, persuading and pursuing them to buy.
- ✓ Choice of the channels of distribution / Marketing channel.
- ✓ Negotiating the terms of sale, mode of delivery and terms of payment.
- ✓ Deciding upon the after sales service if required.

Functions of Physical supply

- ✓ Functions of physical supply refers to the functions which are concerned with the physical supply of goods. These functions include the following

1. Transportation

- ✓ Transportation refers to the physical movement of goods from the places of production to the places of consumption. It also helps in the mobility of labour.
- ✓ Place utility is created by carrying the goods to such places where they are needed. Thus, transportation brings together the producers and the customers who are located at different places.
- ✓ Road, rail, air and water transport are the various modes of transport. Cost, speed, safety, reliability, accessibility and availability are the various factors to be considered while choosing a particular mode of transport.

Features

- ✓ It helps in assembling and dispersing the goods.
- ✓ It widens the market and creates place utility.
- ✓ It helps in stabilising prices by matching supply with demand.
- ✓ It serves as a link between the producer and consumers who are located at different places.
- ✓ It helps in large scale production of goods.

2. Storage or warehousing

- ✓ Storage refers to the holding and preservation of goods from the time of production until the time of consumption. It is very important function of marketing and some amount of goods are stored at every step in the marketing process.
- ✓ Storage creates time utility by bridging the time gap between production and consumption. It equalises supply and demand thereby stabilising prices.
- ✓ Warehousing is essential for commodities like wheat, sugar, rice, etc. which are produced during particular seasons but demanded throughout the year.
- ✓ Similarly, storage facilities are required for product such as umbrellas, woollens, etc., manufactured throughout the year but demanded during particular seasons.

Features

- ✓ It helps in assembling and dispersing the goods.
- ✓ It creates time utility.
- ✓ It helps in large scale production of goods.
- ✓ It helps in preserving goods.

Finance of facilitating or auxiliary functions

- ✓ Facilitating means to make things easier and smoother. So facilitating functions refer to those functions which make the task of marketing easier or smoother. These functions includes the following,

1. Marketing Research

- ✓ Marketing research refers to scientific and systematic investigation into all phases of marketing so as to find answers to various marketing problems.
- ✓ Several techniques are used for conducting marketing research. Necessary information may be collected from trade journals, consumer associations, government publications, etc.
- ✓ Marketing research is an important function of marketing. Quality of marketing decisions depend on the facts on which these decisions are based.
- ✓ Increased competition and widening of market have increased the importance of marketing research.

Features

- ✓ Scientific and systematic investigation → marketing research is conducted in a step by step manner using scientific methods.
- ✓ Continuous process → marketing research is to be conducted on a regular basis for survival and growth in the dynamic market environment.
- ✓ Tool for managerial decisions → marketing research acts as a tool in the hands of management for identifying and analysing marketing problems and finding a solution. It is an aid to decision making.
- ✓ Wider in scope → marketing research includes market research, product research, packaging research, pricing research, etc. and is used to solve marketing problems. It provides information about the likes, dislikes of consumers and degree of competition. It is used for introduction of products in the market and to identify possibilities of new markets. It is also used to develop suitable marketing strategies, policies and many more. Thus it has a wider scope.

2. Product planning and development / merchandising

- ✓ Marketing functions revolve around products as the success of marketing mainly depends upon the degree to which the products are able to satisfy the consumers.
- ✓ Unprofitable products are dropped from the product line. Marketing starts much before the actual production and marketers gather information regarding needs, preferences the consumers so as to design and develop right type of products that will offer maximum consumer satisfaction.
- ✓ Therefore, it is the responsibility of the marketing department to design and develop the right type of products.
- ✓ Thus product planning and development involves introduction and development of new products, improvement of the existing products and dropping out unprofitable items from the product line.

Features

- ✓ It is concerned with designing and developing new products and also improving existing products so as to meet the expectations of the consumers.
- ✓ It arises out of creativity and innovation. New products are introduced almost on a regular basis.
- ✓ Branding, packaging and labelling are important ingredients of product planning and development.

3. Standardisation and grading

- ✓ Standardisation refers to the process of setting up basic measures or standards to which the products must conform and taking steps to ensure that the goods actually produced adhere to these standards.
- ✓ Standards reflect desirable features of a product in terms of its design weight, colour etc. Standardisation means the goods are of a specified and uniform quality.
- ✓ Manufactured products do not require standardisation in marketing because they are automatically standardised in the process of manufacturing. But agricultural products are not of uniform quality. They need to be standardised so as to facilitate their sale.
- ✓ Grading is the process of sorting products into well-defined goods / lots on the basis of established standards. It helps to produce standardised goods.
- ✓ AGMARK – Agricultural Marks, ISI – Indian Standards Institute are the common marks used to indicate good quality of products.

Features

- ✓ They facilitate buying and selling by description or sample. As customers are assured of uniform quality, personal inspection is not required. Further, standardised goods sell faster and fetch better prices.
 - ✓ They help in reducing the costs of marketing.
 - ✓ They help in raising finance as standardised goods have a ready market and such goods can be given as collateral / additional security for raising loans.
 - ✓ They help to widen the market as standardised goods enjoy the confidence of the customers.
 - ✓ They make the tasks of middlemen easier.
4. Packing and packaging
- a. Packing
- ✓ Packing refers to wrapping, crating, filling or compressing of goods to protect them from spoilage, pilferage, breakage, leakage, etc. various kinds of goods are placed or packed into appropriate containers for protection and convenient handling.
 - ✓ Bulky materials like cotton and jute are compressed into bales. Liquid materials like oil and wine are put into bottles, barrels and cans. Heavy goods are crated and fragile products are placed in boxes, tins or special containers.
 - ✓ Thus, packing implies placing products in suitable packages for safe and easy handling during storage and transportation.
- b. Packaging
- ✓ Packaging involves designing and producing appropriate packages for products. It is concerned with the determination of convenient size lots in which the product is to be put on the market, and creation of proper packages for different lot sizes.
 - ✓ A package is a case, container, wrapper or other receptacle used in packing products. A good package should be convenient, protective, economical and attractive.
 - ✓ There are three levels of packaging a. primary packaging → it refers to products immediate container, b. secondary packaging → it refers to additional layers of protection, c. transportation packaging → it refers to further packaging components required for storage and transportation.

Features

- ✓ Packaging helps in branding and easy identification of products.
- ✓ Packaging helps in reducing the chances of adulteration and duplication.
- ✓ Packaging helps in easy and convenient handling of products.
- ✓ Packaging helps in attract / draw the attention of the buyers as packaging of product is done with lot of care and aesthetic sensibilities.
- ✓ Packaging helps to protect the product from any damage. Innovative packaging give buyers the value for money by keeping the product intact.

5. Branding and labelling

a. Branding

- ✓ Branding is the process of assigning a distinctive name or symbol to a product in order to differentiate it from competitive products.
- ✓ In other words, it is the process of giving a distinctive name to the product by which it will be known to people.
- ✓ It basic to advertising and other mass selling technique.

Features

- ✓ Easy identification → people can easily identify and differentiate the product and this facilitates sales. It reduces time and effort in selling.
- ✓ Prevents adulteration → branded products are registered, thus it prevents imitations. Further they are properly packed to provide good product quality and to prevent adulteration.
- ✓ Widens the market → branded products are sold by description so the market for this types of products are wide. Well-known brands are ordered by people without inspection.
- ✓ Minimise selling costs → selling costs are reduced as the products are sold smoothly without much dependence on middlemen.
- ✓ Creates brand loyalty → when a particular brand satisfied consumers then they continue to prefer a brand due to trust in its superiority. This way brand loyalty is created and producer builds reputation.

b. Labelling

- ✓ Labelling implies putting labels or identification marks on the package. A label gives information about the product i.e., its weight, size, price, date of manufacture and expiry etc.
- ✓ A label may be part of the package or it may be attached as a tag. It is used to indicate the brand, grade, quality, etc., of the product. It may

carry instruction as to the opening and handling of the product. Any information directly printed on the package is considered as label.

Features

- ✓ It is the medium through which producer give necessary information to consumers. Instructions to use / handle a product is also mentioned through labelling.
- ✓ It is used as both a branding and direct response tool because labelling has a Quick Response code or toll free numbers for taking care of their consumers.
- ✓ It facilitates selling.
- ✓ Any legal restriction is evidenced through labelling. In case of tobacco products, a statutory warning is required.

6. Pricing

- ✓ Pricing refers to the process of fixing the price of a product or service, pricing is an important function in marketing because it determines the sales volume and the amount of profits.
- ✓ A product is acceptable to the customers when it is reasonably priced. A sound price policy helps to satisfy customers and to yield profits.
- ✓ Determination of price is influenced by large numbers of factors such as cost of production, degree of competition, nature of the product, pricing objectives and policies of the firm, etc.

Features

- ✓ There can be no marketing without pricing as “sale“ take place only when the buyer and seller agree on a price.
- ✓ It determines the amounts of profits.

7. Advertising

- ✓ Advertising refers to any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor.
- ✓ It involves dissemination of information about a product, service or enterprise to induce people to take actions beneficial to the advertiser.
- ✓ The message which is disseminated is known as an advertisement.

Features

- ✓ Paid form of communication → advertisements appear in newspapers, magazines, television or on cinema screens because the advertiser has purchased some space or time used to communicate the message to customers.

- ✓ Non-personal presentation of communication → advertising is called as non-personal form of presenting information regarding product, service or idea because there is no face to face contact involved between the advertiser and the customer. It supports personal selling and simplifies the task of sales-force by creating awareness in the minds of potential customers.
 - ✓ Advertisement is issued by identified sponsor → the identity of the business firm issuing the advertisement / advertiser is mentioned in the advertisement. Non-disclosure of the name of the sponsor in propaganda may lead to distortion, deception and manipulation.
 - ✓ Advertisement is a form of mass communication and wide variety of media → the advertisement can reach to a large number of persons simultaneously and it can be done through various media such as newspapers, magazines, radio, TV, cinema etc.
8. Personal Selling / Salesmanship
- ✓ Personal selling or salesmanship is the process of informing, assisting and persuading people to buy a product or service through direct personal contact.
 - ✓ It involves face to face communication between a seller and a buyer. In this technique of promotion, sales persons make oral presentation to one or more customers for the purpose of making sales.
 - ✓ The persons who do the job of selling through face to face interaction are called salespersons or sales representatives.

Features

- ✓ Personal interaction → in personal selling the buyers and sellers have face to face interaction. This closeness allows both the parties to observe each other's actions closely.
- ✓ Two way communication → in personal selling the sellers give information about the product, at the same time the buyer get a chance to clarify his doubts. It is suitable for sales of complex products where buyer wants to interact with the manufacturer.
- ✓ Better response → when seller is personally explaining the utilities of product to the customers then customer do pay more attention and listen to the information.
- ✓ Long lasting Relationship / mutual benefit → the purpose of personal selling is not just to make sales but to win a permanent customer. It seeks to develop a close and lasting relationship between the buyer and seller. It results in benefits both to the buyer and the seller. Customer satisfaction leads to higher sales and more profits to the seller.

- ✓ Better convincing → personal selling is most effective form of promotion because with this the sales person can convince the buyer by demonstrating the use of product and making changes in the product according to the need of customers.
- ✓ Flexibility → personal selling is flexible as the salesman can tailor his sales presentation to fix the needs, motives and behaviour of individual customers. He can clarify the doubts and objections raised by the customers on the spot.
- ✓ Process → personal selling is a process consisting of several steps such as presale preparation, prospecting, pre-approach, presentation, handling objections, sale and post-sale follow up.

9. Sales Promotion

- ✓ Sales promotion refers to all those activities other than advertising and personal selling that stimulate consumer purchasing and dealer effectiveness.
- ✓ Sales promotion includes activities like distribution of free sample, premium or bonus offers, free coupons, prize contests, demonstrations, and incentives to customer, dealers and sales force for achieving a specified sale target.
- ✓ These activities are essentially temporary, non-routine and non-recurring in nature. They supplement advertising and personal selling.
- ✓ The basic purpose of sales promotion is to on-the-spot buying through short-term incentives.

Features

- ✓ Sales promotion is non-recurring and non-routine activity.
- ✓ Sales promotion offer temporary incentives like discount, rebate, free sample, premium, price off etc. It is a short term measure specially designed to increase immediate sales.
- ✓ Sales promotion activities are designed to supplement advertising and facilitate personal selling.
- ✓ Sales promotion is targeted at consumers, dealers and salesperson.
- ✓ Sales promotion activities generate demand during off season and this helps to clear old stocks of goods.
- ✓ Sales promotion is flexible in nature. They can be introduced, modified or withdrawn any time.

10. Publicity

- ✓ Publicity is an effective non-personal promotional tool which has very high credibility. Publicity is the news carried in the mass media about

an organisation and or its product/ services and activities that are not paid for by it.

- ✓ Publicity can be negative as well as positive. It is free of cost as the company does not pay for the space/ time on the media.
- ✓ However, the company has to provide necessary information to the media and it is not always under the control of the company.

Features

- ✓ It is a non-personal form of communication by the media.
- ✓ Publicity is not paid for by the organisation. It is free of cost as the company does not pay for time or space on the media.
- ✓ Publicity is outside the control of the organisation. There is no way to control how much or what portion of a publicity release the media will print or broadcast.
- ✓ Publicity is not forced on the audience. The message will be publicised if it is viewed by the media as newsworthy. The credibility of publicity is much higher than advertising.
- ✓ Publicity does not have any sponsor as the information is passed on the general public as a news item.
- ✓ Publicity is done through mass media like newspaper, magazines, radio, television, etc.

11. Financing

- ✓ In marketing, Financing implies the provision and management of money and credit necessary to get goods from producer to consumer or industrial user.
- ✓ Financing involves providing money and credit required to meet the expenses of getting merchandise into the hands of customers.
- ✓ Financing is an auxiliary but an essential function of marketing. Finance and credit are the lubricants that facilitate the operation of marketing machine.
- ✓ A large amount of capital is required for keeping stock and other marketing functions. Long term and medium term finance is obtained from shares, debentures and specialised financial institutions.
- ✓ Short term finance is provided by commercial banks and trade credit. Banking and finance serves as the life line of business.

Features

- ✓ Financing and credit facilitates the working of the process and mechanism of marketing.

- ✓ Credit helps to increase sales and sales are spread out evenly throughout the year.

12. Risk taking

- ✓ Risks means uncertainty of profits or danger of loss due to unknown and unavoidable future events. Several types of risks are involved in marketing.
- ✓ Risk bearing in marketing refers to the financial risk inherent in the ownership of goods held for sale in anticipation of demand.
- ✓ Risk may also arise due to changes in demand, fall in prices, spoilage in storage and transportation, theft, fire, flood, earthquake, bad debts, etc.

Features

- ✓ Risk are a part and parcel of business and cannot eliminated completely. Some of the risk may be assumed by the trader himself and others may be transferred to specialised agencies. Insurance helps to protect businessmen against many risks. Risks associated with fluctuations in volume of trade, loss of goods in transit, dishonesty of employees, rate of exchange, credit etc. can be insured.
- ✓ Risk are unpredictable and may arise out of unavoidable future events.
- ✓ Risk are estimable.

MARKETING MIX

Meaning

- ✓ Marketing refers to the combination of four basic elements which constitute the core of a company's marketing system. The basic purpose of marketing mix is to satisfy the needs and wants of customers in the most effective manner.
- ✓ These four elements are the product, the price structure, the promotional activities and the distribution place. These four P's are closely interrelated because decisions in one area influence actions in others.
- ✓ Marketing mix represents the total marketing programme of an enterprise. Different customer groups differ in their income, education, habits and preferences. They (consumer/ customer) respond to the same marketing mix in different ways. Therefore, marketing should be decided to suit a particular market.

Elements of marketing mix

The four elements of marketing mix are

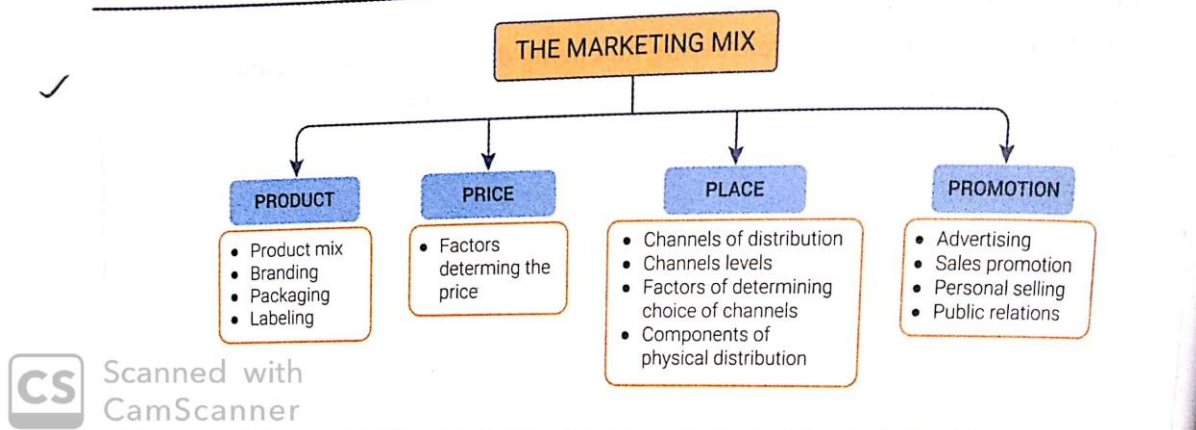
- ✓ Product mix
- ✓ Price mix
- ✓ Place mix
- ✓ Promotion mix

✓ 11.8.1 Elements of Marketing Mix

The four main elements of marketing mix as classified by MCCarthy are:

- A. Product
- B. Price
- C. Place/Physical Distribution
- D. Promotion

These elements are more popularly known as four P's of the marketing.



PRODUCT MIX

Meaning

- ✓ Product mix refers to a combination of various features relating to the product or service to be offered for sale. It involves decisions concerning the quality, size, range, package, brand name, label, warrant and services, etc.
- ✓ Product mix also refers to the total number of products and items that a business offers to the market. These product related activities are directed usually at a specific group of consumer (called target market) rather than at consumers at large.
- ✓ Consumer consider a product as “a bundle of satisfaction” rather than as a physical item. For example, the buyer of a washing machine wants speed, comfort and trouble-free operation rather than just a box of metal, plastic and electrical components.

GOODS / PRODUCT

Meaning

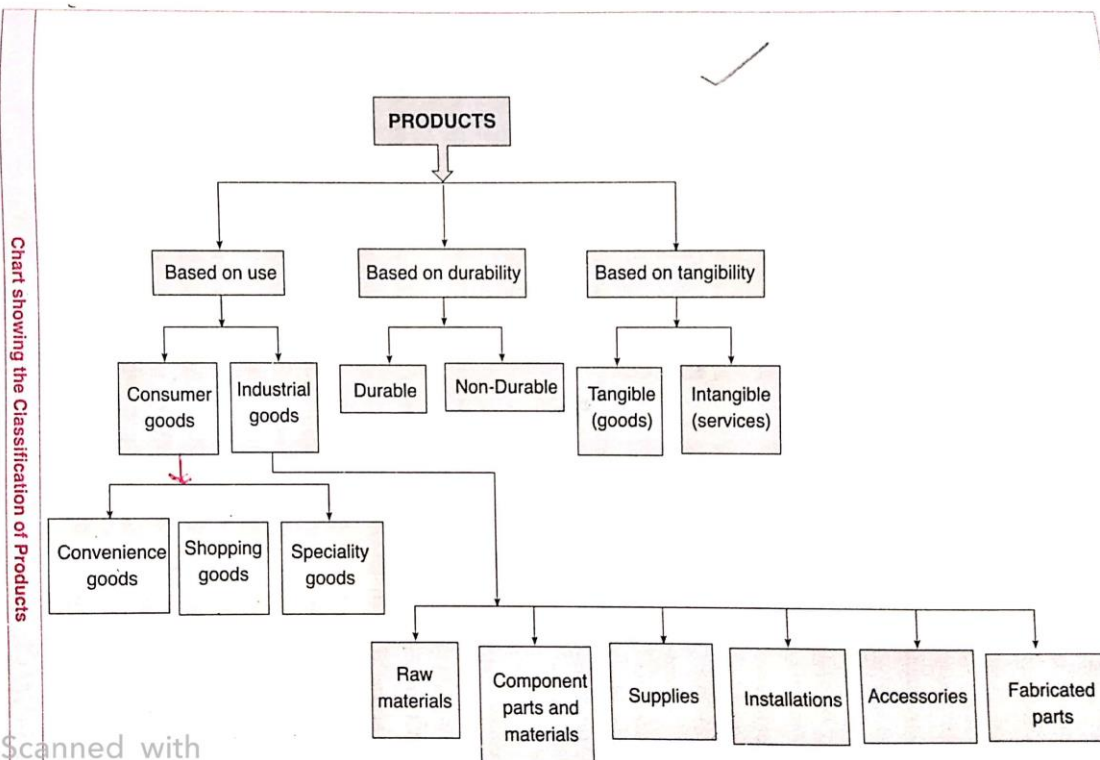
- ✓ Goods are those products which are tangible that are either consumer directly or used in the production of other goods.
- ✓ Product is anything that can be offered to a market for attention, acquisition, use or consumption.

Features

- ✓ Goods are tangible. They have a shape, size, weight, colour etc. they can be seen, touched and felt.
- ✓ Goods are separable from the producer and seller. There is usually a time gap between production and consumption.
- ✓ Goods are stored for sale or use in future.
- ✓ Factory made goods are homogenous in quality.

Types

- ✓ Goods are often classified into two broad categories. They are,
 1. Consumer goods
 2. Industrial goods



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1. **Consumer goods** – consumer goods or product are used directly by the ultimate consumers and households. These are meant for personal use. These consumer goods are further classified into two. They are
 - i. Based on durability
 - ii. Based on shopping efforts
- i. Based on durability – on the basis of durability consumer goods or products are classified as
 - a) Durable products → these products are used again and again over a long time period. In order to sell these goods, personal selling efforts are required. These goods are sold at a high profit margin. Seller's reputation and after sales service are important for making buying decisions. Washing machine, television, refrigerator, etc are the example of such products.
 - b) Non – durable products → these are consumer products consumed normally in one or few uses. Buyers purchase these items quite frequently from preferred nearby retail outlets. These goods are sold at a low profit margin and heavy advertising is done by the seller to influence buyer towards their trail and sale. Manufactured non-durable goods are also called Fast Moving Consumer Goods (FMCG) in marketing. Bread, butter, toothpaste, soap are example of such products.
- ii. Based on shopping efforts – based on the shopping efforts the product is divided into three types, they are
 - a) Convenience products → these goods are purchased frequently and with minimum shopping efforts. These are meant for personal convenience. Convenience products have small unit of purchase and at low prices. These products have regular and continuous demand. Newspapers, cigarettes, toothpaste, soaps, tea, etc. are the examples of convenience products.
 - b) Shopping products → these goods are purchased less frequently, consumers spend considerable time and make effort to purchase these goods. Prior to purchase consumers do comparative analysis and make choice of products considering its quality, price, warranty, style and suitability. The prices of shopping products are more than the convenience goods. Cloth, furniture, electrical fitting, television, washing machines are the examples of shopping products.
 - c) Speciality products → these goods are purchased putting in extra time and with special effort. Consumers are ready to pay the price at which these goods are offered to them. They pay for the product as well as to

upkeep their status symbol and prestige. The unit value of such products is very high and has limited demand. Heavy promotional expenditure is needed for creating awareness for speciality goods. Unique jewellery items, exclusive watches, high priced photography equipment, designer clothes, etc are the examples of speciality goods.

2. **Industrial goods** – these goods are intended for resale or for use as inputs in the production of other products or provision for some services. These are meant for non-personal or commercial consumption or business use. Industrial goods are further classified as below,

- a) **Raw materials** → these are the basic or essential materials which are required in the production process which become part of another physical product after processing. Raw materials are further divided into natural products such as minerals and products of the forests and seas, and agricultural products such as wheat, cotton, tobacco etc. for example sugarcane used in manufacturing sugar and cotton used in producing cloth are raw materials.
- b) **Fabricated materials and parts** → these are partial or complete items which become parts of the final product. They have already been processed to some extent. Fabricating materials undergo further processing. Tyres for automobiles, laces for shoes, mouse for computer, etc are examples of fabricated parts.
- c) **Operating supplies** → operating supplies are short-lived and low-priced items usually purchased with a minimum of effort. They are the convenience goods of industries. These do not become the part of the finished product but are necessary for production. Floor wax, lubricating oils, heating fuel and other office stationary are example of operating supplies.
- d) **Installations** → installations are long-life and expensive major equipment of an industrial user. These are necessary for further production of goods, but they do not form part of those products. Heavy machinery, diesel engines, mainframe computers are the examples of installations.
- e) **Accessory equipments** → these are usually less expensive and have shorter life than installations. They are required for the manufacturing of final products though they do not form part of the finished products. These items are highly standardised. Portable drills, hand tools, fork-lift trucks are the few examples of accessory equipments.

SERVICES

Meaning

- ✓ Service is an intangible act which is offered for sale and which satisfies human needs or wants. When you travel by aeroplane for example you use airline service.

Features

- ✓ Intangibility – services cannot be seen and touched. They do not have any physical shape.
- ✓ Perishability – services are perishable as they cannot be stored for future use.
- ✓ Inseparability – there is simultaneous production and consumption of services. A service is inseparable from the source as it cannot be separated from the person providing it. For example, a nurse looking after a patient, a repair mechanic providing repair services.
- ✓ Heterogeneous or variability – unlike products, services can rarely be standardised. The quality of services depends on the person providing it. For example, when you call a mechanic three times to repair for your different fans, he may not provide the same type of satisfaction to you every time. Satisfaction of services changes from person to person.
- ✓ Ownership – the ownership of service cannot be transferred as in the case of products. Payment for service only ensures the service required. The service user only has the right to buy the service process, such as hiring a taxi but he/she won't own the ownership.

Difference between goods and services

BASIS	PRODUCT	SERVICES
Tangibility	Product has shape, it can be seen, felt and touched.	Services cannot be seen and touched.
Ownership	Purchase of product leads to transfer of ownership of product.	Payment for service only ensures the services required. It does not lead to any transfer of ownership.
Storage	A product is durable and can be stored.	There is simultaneous production and consumption of services.

BASIS	PRODUCT	SERVICES
Inseparability	A producer can be separated from their makers. At the time of sale of product, the producer need not be present.	A service cannot be separated from the service provider. Service provider has to be present at the time of giving service.
Participation	Buyer do not participate in the production process.	The buyer has to participate to obtain the service.
Perishability	Products are durable and can be stored for sale in the future.	Services cannot be stored for future use.
Homogeneity / Standardisation	Products are identical. It is not possible to differentiate one product from the other. Products can be standardised.	Services cannot be same as it is not uniform or standardised. Services may varies from person to person and also from time to time. Services cannot be standardised.
After sales service	Consumer durable products are provided with after sales service.	After sales service are not provided in case of service.
Time lag	Products can be brought in advance of need.	Service cannot be brought in advance of need.
Replacement	A product can be replaced.	A services delivered cannot be replaced.
Marketing mix	Marketing mix of product are product, place, price and promotion.	Marketing mix of services are people, process and physical evidence.
Nomenclature of payment	Payment for purchase of goods or products are called as price.	Payment for use of the facility of services is called as fees, charges or fare.

BRANDING

Meaning

- ✓ A brand means a name, term, sign, symbol or design or a combination of these, that identifies the products or services of one seller and differentiates them from those of competitors.
- ✓ Branding is the process of assigning a distinctive name or symbol to a product in order to differentiate it from competitor's products. Branding is also the process by which efforts are made to make a distinct identity of the product.
- ✓ Various types of branding strategies are used by the company. They are individual branding, blanket family branding, separate family brand name and company cum individual name.

Merits of branding

- ✓ Merits of branding are divided into two ways. They are,
 1. Merits to the marketers
 2. Merits to the customers

1. Merits to the marketers

- ✓ Product differentiation → branding is a means of differentiating the product from the rival products. This help firm to secure and control the market for its product.
- ✓ Facilitates advertising → branding helps advertising. A firm can create marked preferences for its product by continuously repeating the brand name in its advertisements.
- ✓ Differential pricing → branding enables a firm to charge a different price for its product than that charged by its competitors. This is because customers who like a brand and become habitual o fit are willing to pay a little higher for it.
- ✓ Low selling costs → branding helps to reduce selling costs. Dealers are ready to distribute branded products even at a low profit margin.
- ✓ Ease in introduction of new product → a new product which is introduced under a known brand name is likely to receive a good response from customers.
- ✓ Wider market → branding helps to widen the market as need for inspection and sampling is reduced. The product can be sold by description.

- ✓ Creates brand loyalty → when a particular brand satisfies consumers then they continue to prefer a brand due to trust in its superiority. This way brand loyalty is created and producer builds reputation.
- ✓ Protection against imitation → a registered brand name and mark is a protection against imitation by the other manufacturers.

2. Merits to the customers

- ✓ Product identification → branding helps the customers to select the product easily as the brand which is giving them satisfaction can be selected easily over the competitor's product. For example, a customer who is satisfied with Lux toilet soap need not inspect it every time he buys the product. Thus, branding facilitates repeated purchase and reduces the time and efforts involves therein.
- ✓ Ensures quality → branding ensures specific level of quality to customers. This builds up confidence of customers and increases their level of satisfaction. Branded products are well packed to prevent adulteration.
- ✓ Status symbol → some brands become status symbols due to their quality. The consumers of these brands feel proud and enjoy status.
- ✓ Protection → prices of branded and standardized products are fixed by the manufacturer. They are printed on the product and become well-known to consumers. As a result, unscrupulous retailers cannot exploit consumers by overcharging.

LABELLING

Meaning

- ✓ Labelling is the process of designing and attaching or putting labels on the product. Label is the part of the product or a tag attached directly to the product, which carries information about the product or the seller.
- ✓ A label may be a small slip or a printed statement to denote its nature, contents, ownership, price, instructions for use. Etc.
- ✓ A good label should have information regarding product/ brand name, logo, colour, size, weight, grade and maximum retail price, date of manufacturing, expiry date / best before use date, directions to use, product quality, nutritional facts, other pertinent features, address and other details of the producers.
- ✓ A label plays an important role in making the packaging and branding functions meaningful. Hence these three functions are closely related.

Merits of labelling

- ✓ Identification and differentiation of the product → the label helps the customers to identify the product from the various types available. For example, customer can easily identify a Cadbury chocolate from the various chocolates kept in the shelf of the shop by the color of its label.
- ✓ Describing product and specify its contents / information and knowledge → label specifies the contents, quality and special features of the product. It enables the manufacturer to give clear instructions to the consumer about the proper use of his products. Customers get full details about the product from the label. With the help of such information they can decided whether to buy or not.
- ✓ Grading → Labelling enables the manufacturer to grade the product into different categories. For example, HUL sells different grades of tea under green, yellow and red labels.
- ✓ Promotion → A good label can attract attention, describe the product and stimulate the buyer to buy the product. It helps in promotion and marketing of the product by stating reasons to own it.
- ✓ Providing information required by law or statutory warning → the label is also used to fulfill the legal requirement as it is legal compulsion to print batch no, contents, maximum retail price, weight or volume on all the products. On some products giving statutory warning is also a legal compulsion and these legal requirements are fulfilled through label. For example, statutory warning, “smoking is injurious to health” must be state on the package of cigarettes.
- ✓ Price control → the label mentions the maximum retail price of the product. The seller cannot charge more than the stated price.
- ✓ Prevention of false claim → a manufacturer or dealer cannot make false claim on the label because such claims can be verified and if found false, a suit can be filed in the consumer’s court.

PACKAGING

Meaning

- ✓ Packaging involves designing and producing appropriate packages for products which will be convenient to handle as well as protect the product from leakage. It is concerned with the determination of convenient size lots in which the product is to be put in the market and the creation of proper packages for different lot sizes.
- ✓ There are three levels of packaging. They are

- a) Primary packaging → it means the immediate container of the product. It may be kept till the customer is ready to use the product. Example plastic packages for socks. In other cases, it is kept during the life of the product example a toothpaste tube.
- b) Secondary packaging → it means the additional layer of protection. For example, a toothpaste tube is packed in a cardboard box. When the consumer begins to use the product the box is disposed of.
- c) Transportation packaging → it means packaging done to protect the product in the process of transportation and storage. For example, a toothpaste boxes are sent to retailers in corrugated boxes and each containing 50 or 100 units.

Features of good packaging

- ✓ Convenient handling → packaging should be convenient to handle and use. It should be easy to open and close and should fit well into the cupboard, drawer, and refrigerator, etc.
- ✓ Protection of the product → the basic function of the package is to protect the product from breakage or damage due to mishandling, evaporation, pilferage, etc. so, packaging should be safe and should be capable of protection the product from various damages or breakage.
- ✓ Appeal to the customer → the package should provide aesthetic satisfaction in terms of design, neatness and beauty. It should be pleasing and eye-catching. It should attract immediate attention.
- ✓ Silent salesmanship → packaging act as a salesperson, as all necessary information about the product is printed on the package. By this it will promotes the product and increases the sale.
- ✓ Identification of the product → the package should establish its own identity appropriate to the product in terms of user's expectations. Manufacturers choose attractive packages so that the users are able to remember and identify their products.

PRICE MIX

Meaning

- ✓ Price refers to amount of money paid by a buyer in consideration of the purchase of product or services. Price mix refers to the various decisions which a marketer has to take regarding fixing the price of a product or service. These decisions include level of demand, price of competitors product, discount to customers, credit terms etc.

Factors determining price

- ✓ A large number of internal factors (cost of the product, quality and services, promotional and distribution strategy) and external factors (demand, competition, buying motives, risks and government control).

i. internal factors

- ✓ Product cost → the price of the product must be able to cover the total cost of product. Total cost means fixed cost and variable cost. Fixed costs are fixed irrespective of production level for example, rent of factory, cost of machinery, salary of permanent staff etc. The variable costs vary with production. Essentially retail prices are cost of production and distribution plus profit margins. No business can survive for long without covering the costs. In the long run price should cover the total cost per unit but in short run price should cover variable cost ignoring fixed cost for some time.
- ✓ Quality and services → An article may be sold at a price much above the costs if the customers consider the article is of exceptional quality or value services rendered in its sale. On the other hand, the article may not sell even at a low price if the quality or service is considered to be very poor.
- ✓ Marketing methods or promotional strategy → the price of the product also gets affected by various techniques of methods of marketing used to promote the products. If company is using intensive advertising to promote the sale of product then it will charge high price. Other marketing methods which affect price of a product are type of packing, distribution system, salesman employed, after sales customer support services etc.
- ✓ Product differentiation → the price of the product depends upon the characteristics of the product. In order to attract the customers, different characteristics and benefits are added to the product, such as quality, size, colour, attractive package, alternative uses, etc. Generally, customers pay more price for the product which is of the new style, design, better packages, etc.
- ✓ Objectives of the firm / pricing objectives → price of a product depends upon the firm's objective. A firm may decide out of several objectives i.e profit maximization, obtaining market share, surviving in the market, target level of sales, prevailing market share, etc. The price fixed for the product must be in line with the firm's pricing objective. If there is a keen competition in the market, the price fixed will be lower to stay in the market. When a firm does not have to face competition, it can charge higher price from the customers.

- ✓ Types of consumers → the target consumers must be able to afford the price. That is why, TV manufacturers introduce cheap TV sets for lower income groups and costly deluxe models for the higher income groups. The product is price based on the targeted customers.

ii. External factors

- ✓ Demand / elasticity of the product → usually, consumers demand more units of a product when its price is low and less units of a product when its price is high. However, when the demand of a product is elastic, little variation in the price may result in large changes in quantity demanded. In case of inelastic demand, a change in the prices does not affect the demand significantly. Thus a firm can charge higher profits in case of inelastic demand.
- ✓ Buying motives / utility of the product → the buyer is ready to pay up to that point where he perceives the utility from product to be at least equal to price paid. A customer may pay a high price to satisfy his vanity thus buying motives will also have an impact on the price of the product.
- ✓ Competition → a firm can fix any price for its product if the degree of competition is low. However, when the level of competition is very high, the price of a product is determined on the basis of price of competitor's products, their features and quality etc. For example, MRF tyre company cannot fix the prices of its tyres without considering the prices of Bridgestone tyre company, Michelin, ceattyre companies.
- ✓ Government control → to protect the interest of general public, the government has all the right to control the prices of various products and services by including the products in the category of essential commodities. The common commodities in essential commodities are drugs, some food items, LPG, etc. With government intervention there can be a check on monopolist as they cannot charge unfairly high price for essential commodities.
- ✓ Quantum of risks involved → pricing depends on the quantum of risks involved. Seasonal items or fancy/ fashionable items are usually priced high to cover the unusual risks assumed by the seller. Likewise, the seller selling products or services on credit with liberal payment schedule may charge more prices to absorb the loss which may arise due to bad debts.

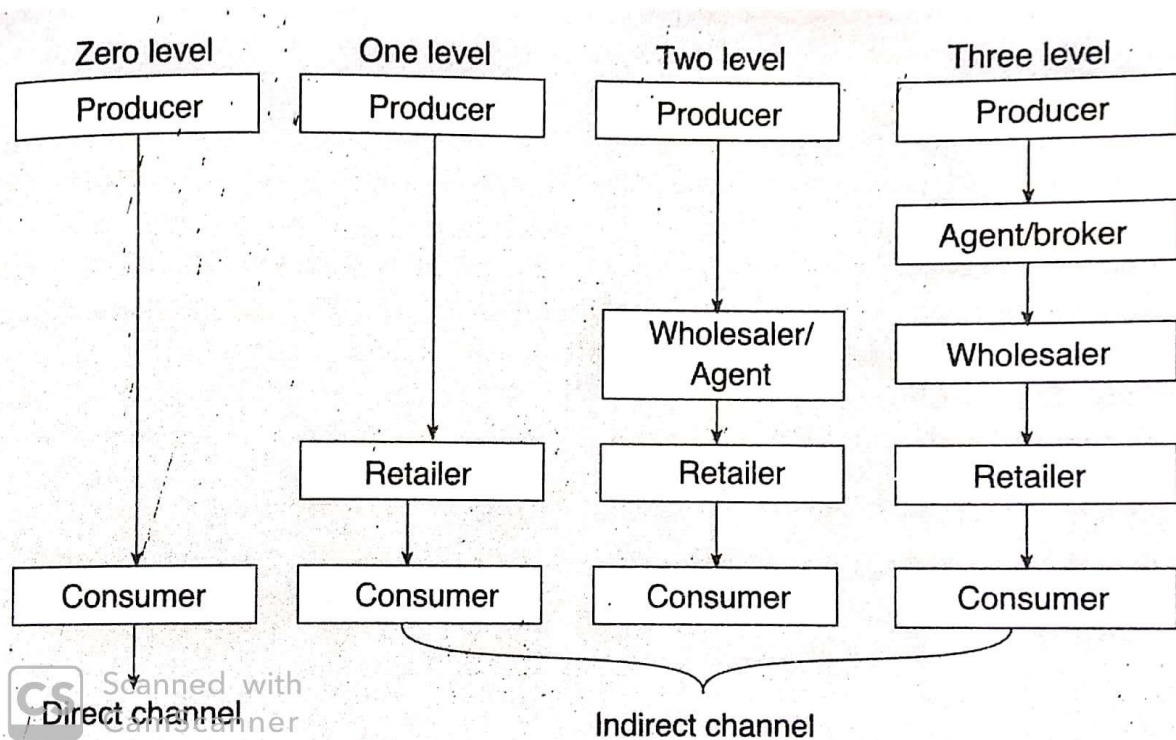
PLACE / DISTRIBUTION MIX

Meaning

- ✓ Place or distribution mix includes all those activities that are needed to make the goods and services available at the right place at the right time, so that people can purchase the same.
- ✓ It involves deciding the distribution of goods and services from place of production to place of consumption. The middlemen are used to make the goods available to the customers at the right place, in right quantity and at the right time.
- ✓ There are two important decisions relating to this aspect. They are
 - a. Channels of distribution / distribution channel → it refers to the structure or network through which transactions take place so that the product is made available to the ultimate consumer. It is also a trade channel or the path or route along which the products move from the producers end to the ultimate consumer. Channel of distribution consists of the set of people and organizations involved in the transfer of ownership of a product from its producer to its ultimate consumer.
 - b. Physical distribution / Logistics management → once the channel of distribution has been established, the producer must determine how the products can be physically moved through the distributive system. It ensures that the product is in the right place at the right time at the least cost.

Types of channel of distribution

- ✓ Channel of distribution is classified into two types. They are
 - a. Direct channel.
 - b. Indirect channel.



Direct channel / zero level channel

- ✓ Direct channel is the shortest and simplest channel involving direct sale of goods and services by the producer to the consumers. No middlemen or intermediary is present between the producer and the consumer.
- ✓ The producer may sell directly to consumer through door to door salesmanship, direct mail, internet, telemarketing, automatic vending machine and through his own retail stores.
- ✓ Direct channel is very fast and economical, also the producer has the control over the distribution channel but the producer has to perform all marketing activities which requires huge investment.
- ✓ For example, Bata India Ltd sells its shoes directly to customers through its own stores.

Indirect channel

- ✓ When a manufacturer or a producer employs one or more middlemen to distribute goods, it is known as indirect channel. Following are the main forms of indirect channels,
- a) One level channel → under this channel, the manufacturer sells to one or more retailers who in turn sell to the ultimate consumers. For example, MarutiUdyog sells its cars through the company approved retailers. This channel is often used for the distribution of consumer durables and products

of high value. Automobiles, home appliances, readymade garments, shoes and perishable products are often sold through this channel. This channel is popular for selling to departmental store and super markets.

- b) Two level channel → this is the most commonly used channel for the distribution of consumer goods. The manufacturer sells in bulk to the wholesaler who in turn sells to a large number of retailers. This channel is suitable where the producer has limited finance and a narrow product line or where the wholesalers are specialized and provided strong promotional support. Small producers and small retailers find this channel convenient especially in case of products with widely scattered markets. This channel is used in case of convenience goods like soap, salt, tea, toothpaste, shampoo, etc.
- c) Three level channel → this is the longest channel of distribution. It is used when the manufacturer wants to be fully relieved of the problem of distribution. The producer hands over his entire output to the selling agent who distributed it among a few wholesalers. Each wholesalers sells to a number of retailers who in turn sell to ultimate consumers. This channel is used when the producer has a limited product line and a wide market is to be covered. For example, Cloth manufacturers used this type of channel distribution.

Choice of channels of distribution / determinants of channels of distribution

- ✓ While choosing a channel of distribution, the following factors should be taken into consideration. They are
 - i. Product related factors
 - ii. Company related factors
 - iii. Market related factors
 - iv. Middlemen related factors
 - v. Competitive factors
 - vi. Environmental factors.

Product related factors

- ✓ The nature and type of product have an important bearing on the choice of distribution channels. Various product related factors are as follows,
 - a. Unit value → when unit value of a product is low and its turnover volume is high, longer distribution channels are more suitable as they cover much wider areas, for example, consumer convenience products such as

cosmetics, detergents and soaps are sold through longer channels. When unit value is high with low volume, shorter channels are suitable, for example, jewellery, industrial machinery, etc.

- b. Perishability → if the product is perishable shorter channels are preferable because long chain of distribution would delay the delivery and the product may get spoiled. But durable products can be distributed through longer channels.
- c. Bulk and weight → bulky and heavy products need to distribute through shorter channels so as to minimize cost of transportation. But small sized and light products can be distributed through longer channels.
- d. Standardization → standardized products can easily be sold through intermediaries. On the other hand, customized or tailor-made products require direct marketing because close interaction between the buyer and seller is required.
- e. Complexity of the product → technically complex products such as machines, equipments, photocopiers, etc. requires expert advice and demonstration at the point of sale. Therefore shorter channels are appropriate for complex products, whereas less technically sound products can be sold through longer channel.
- f. Types of product → in case of industrial products, direct or short channels are useful such products are usually technical, expensive and bulky and are purchased by few buyers. For consumer products, long channels are preferred as they are usually standardized, less expensive, less bulky, non-technical and frequently brought products.

Company related factors

- ✓ The characteristics of a company which influence the choice of distribution channels are given below,
 - a. Financial strength → a company having large amount of funds can create its own channel of distribution. But financially weak companies will have to depend upon middlemen.
 - b. Desire for control → companies which want a tight control over distribution prefer direct channels. Otherwise indirect channels may be used.
 - c. Volume of output → a firm having large output and wide product mix may prefer direct selling. Whereas firm having less output prefer to go with longer channels of distribution.

Market related factors

- ✓ The following factors relating to the market are particularly significant in the choice of a channels of distribution.
 - a. Nature of the market → in a consumer market longer channels are used whereas in industrial market short channels are preferred because industrial users purchase in large quantities.
 - b. Size of the market → when the market consists of few customers direct channels can be used. But indirect channels are required when the market consists of a large number of customers.
 - c. Geographical concentration → if the buyers are concentrated in a small geographic location, it is better to opt for direct channel. However, if buyers are dispersed over a wide area, then indirect channels would be the right choice.
 - d. Size and frequency of order → if goods are purchased infrequently and the quantity purchased every time is large, short channel can be used. But when the quantity purchased is small and purchases are made frequently, middlemen have to be employed.

Middlemen related factors

- ✓ The cost and efficiency of distribution channel depend largely upon the nature and type of middleman as reflected in the following factors,
 - a. Availability → when desired type of middlemen are not available, a manufacturer may have to establish his own distribution network. Non-availability may arise when they are handling competitive producers or they do not like to handle more brands.
 - b. Attitudes → middlemen who do not like a firm's marketing policies may refuse to handle its products. For instance, some wholesalers and retailers demand sole selling rights or a guarantee against fall in prices. In such cases the firm may prefer shorter channels.
 - c. Services → use of those middlemen is profitable who provides financing, storage, promotion and after sales services. When such middlemen are not available firm will choose shorter channels.
 - d. Sales potential → a manufacturer generally prefers a dealer who offers the great potential volume of sales. In the absence of such middlemen, firm left to go with shorter channels.
 - e. Costs → choice of a channel should be made after comparing the costs of distribution through alternative channels.

- f. Customs and competition → the channels traditionally used for a product are likely to influence the choice. For instance, locks are sold usually through hardware stores and their distribution through general stores may not be preferred. Channels used by competitors are also important.
- g. Legal constraints → government regulations regarding certain products may influence channel decision. For instance, liquor and drugs can be distributed only through licensed shops.

Physical distribution / logistics management / supply chain management

- ✓ Physical distribution involves interrelated activities that are necessary to transfer ownership of products to ultimate customers and making products available at the right time and right place.
- ✓ Once the channel of distribution has been established, the producer must determine how the products can be physically moved through the distributive system. It ensures that the product is in the right place at the right time at the least cost.
- ✓ There are four major activities / elements involved in physical distribution of goods. These are the four major decisions which management has to take while providing physical distribution service.
 - a. Order processing
 - b. Transportation
 - c. Warehousing
 - d. Inventory control
- a. Order processing
 - ✓ Order processing refers to time and steps involved between receipt of order from customer and delivery of goods. Different firm follow different procedures to process the orders received from the customer.
 - ✓ A good physical distribution system should provide for an accurate and speedy processing of orders to enhance customer's satisfaction.
 - ✓ If processing of order is delayed, then consumer may lose interest and switch over to competitor's products.
 - ✓ Fast order processing gives more satisfaction to customer but this involves cost of maintaining sufficient inventory. Companies now looking forward for information technology based system of order processing to make it fast and satisfy its customers.
 - ✓ Generally the order processing involves steps like order placement to salesman, order transmission by salesman to company, credit chart of

customer by company, inventory and production schedule situation check by company, delivery of goods as per order etc.

b. Transportation

- ✓ Transportation means physical movement of goods from place of production to place where they are required. Thus, transportation creates place utility and helps in reducing the hindrance of distance.
- ✓ Transportation also adds value to the goods by moving them to place where these are required. For example, tea plantation is done in Darjeeling, Gangtok, Assam etc. but these are transported all over the country and the value of tea is much higher in other parts of country as compared to the place of production.
- ✓ There are various modes of transportation i.e rail, road, air, pipeline, water etc. These modes should be evaluated and compared on the basis of speed, frequency, flexibility, cost, availability etc and the best suited mode is selected by the company.

c. Warehousing

- ✓ Storage or warehousing refers to holding and preserving goods till they are delivered to the buyers. There is a time gap between the production and the consumption of goods, thus it becomes essential to store them. Thus warehousing creates time utility.
- ✓ Warehousing directly affects the efficiency of the firm in serving its customer. For example, more warehouses provide better customer service as less time is needed to serve customers at different locations.
- ✓ Storage of goods is necessary because some goods like crops are seasonal in production but are demanded throughout the year so these have to be stored for supplying throughout the year. Some goods are produced throughout the year but are demanded in particular season only. These are also stored during off season till the demand comes for example, woolen clothes, etc.
- ✓ For products like agricultural products which require long time storage, warehouses are located near production sites. While products which are perishable such as fruits, vegetables etc or the products which are heavy and hard to ship are stored in the warehouses located near to the market.
- ✓ Maintaining stocks in warehousing involves cost whether company has its own warehouse or hired one. So firm must compare the cost involved in using warehouses and benefits which company gets and try to create a balance between both.

d. Inventory control

- ✓ Inventory control involves maintaining stock of goods to be sold at optimum level. It ensures that customer's requirements are fulfilled at the right time and cost of storing inventory is optimum.
- ✓ Short inventory leads to non-fulfilment of customer's requirements well in time while excess inventory leads to increased cost of inventory.
- ✓ Inventory involves cost of capital blocked in and risk of price fluctuation. The firm must weigh the benefits of inventory and the cost involved. Then accordingly the optimum level of inventory should be maintained.

PROMOTION MIX

Meaning

- ✓ Promotion is the process of communication with the potential buyers involving information sharing, persuading and influencing the customer to buy the product. It includes all types of personal and impersonal communication with customers.
- ✓ Promotion mix refers to the specific blend/ combination of different kinds of promotional techniques / tools used by a business enterprise to create, maintain sales of its products and build profitable customer relationships.
- ✓ Promotion is a vital element of marketing mix. No business firm can sell its product or service without informing the people about its availability and without creating in them the desire to buy it.
- ✓ The need for promotion has increased due to increasing competition, changing tastes and preferences of consumers, widening market and growing distance between manufacturers and consumers.

Elements promotion mix (image from apc book)

- ✓ The various elements of the promotion mix are ,
 - a) Advertising
 - b) Sales promotion
 - c) Personal selling
 - d) Publicity

Advertising

Meaning

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

- ✓ It involves dissemination of information about a product, service or enterprise to induce people to take actions beneficial to the advertiser.
- ✓ The message which is disseminated is known as an advertisement.

Features

- a) Paid form of communication → advertisements appear in newspapers, magazines, television or on cinema screens because the advertiser has purchased some space or time used to communicate the message to customers.
- b) Non-personal presentation of communication → advertising is called as non-personal form of presenting information regarding product, service or idea because there is no face to face contact involved between the advertiser and the customer. It supports personal selling and simplifies the task of sales-force by creating awareness in the minds of potential customers.
- c) Advertisement is issued by identified sponsor → the identity of the business firm issuing the advertisement / advertiser is mentioned in the advertisement. Non-disclosure of the name of the sponsor in propaganda may lead to distortion, deception and manipulation.
- d) Advertisement is a form of mass communication and wide variety of media → the advertisement can reach to a large number of persons simultaneously and it can be done through various media such as newspapers, magazines, radio, TV, cinema etc.

Objectives

- a) Promotion of sales → advertising promotes the sales of goods and services by informing and persuading the people to buy them. A good advertising campaign helps in winning customers and generating revenues.
- b) Introduction of new products → Business enterprise can introduce itself and its product to the public through advertising. Advertising enables quick publicity for new products. Thus advertising helps in introduction of new products.
- c) To fight competition → through advertisement the business can able to communicate their customer about their products advantages over other products. By this advertisement helps to fight against competition.
- d) To reach people inaccessible to salesmen → Sometimes salesmen cannot be able to cover up all the areas through advertisement the business can reach more people which are inaccessible to salesmen.
- e) Support to production system → through advertisement the firm will know that it can able to sell on a large scale. When there is large scale production

the cost of production per unit is very cheap. Thus advertisement helps production system.

- f) Increasing standard of living → advertising educates the people about the products and their uses. It is advertising which has helped people in adopting new ways of life and giving up old habits. Advertisement has contributed a lot towards the betterment of the standard of living of the society.
- g) Public image → advertising enables a business firm to communicate its achievements and its efforts to satisfy the customer's needs to the people. This increases the goodwill and reputation of the firm.

Personal selling / salesmanship

Meaning

- ✓ Personal selling or salesmanship is the process of informing, assisting and persuading people to buy a product or service through direct personal contact.
- ✓ It involves face to face communication between a seller and a buyer. In this technique of promotion, sales persons make oral presentation to one or more customers for the purpose of making sales.
- ✓ The persons who do the job of selling through face to face interaction are called salespersons or sales representatives.

Features

- a) Personal interaction → in personal selling the buyers and sellers have face to face interaction. This closeness allows both the parties to observe each other's actions closely.
- b) Two way communication → in personal selling the sellers give information about the product, at the same time the buyer get a chance to clarify his doubts. It is suitable for sales of complex products where buyer wants to interact with the manufacturer.
- c) Better response → when seller is personally explaining the utilities of product to the customers then customer do pay more attention and listen to the information.
- d) Long lasting Relationship / mutual benefit → the purpose of personal selling is not just to make sales but to win a permanent customer. It seeks to develop a close and lasting relationship between the buyer and seller. It results in benefits both to the buyer and the seller. Customer satisfaction leads to higher sales and more profits to the seller.
- e) Better convincing → personal selling is most effective form of promotion because with this the sales person can convince the buyer by demonstrating

the use of product and making changes in the product according to the need of customers.

- f) Flexibility → personal selling is flexible as the salesman can tailor his sales presentation to fix the needs, motives and behaviour of individual customers. He can clarify the doubts and objections raised by the customers on the spot.
- g) Process → personal selling is a process consisting of several steps such as presale preparation, prospecting, pre-approach, presentation, handling objections, sale and post-sale follow up.

Objectives

- ✓ Creating demand → personal selling aims at creating demand. Creation of demand at the stage of introduction of a new product through personal contact is more effective as compared to other means of product promotion.
- ✓ Educating customer → personal selling aims at educating customers as it a two-way communication process involving the salesman and the customer. The customer can raise relevant questions whose answers are provided by the salesman.
- ✓ Handling doubts → customers may have doubts about product quality. Personal selling aims at handling such doubts through personal contact. For example, Amway India adopts personal contact system associated with product performance demonstration for handling doubts about its product quality.
- ✓ Getting feedback → personal selling is a good source of getting feedback from customer about their liking and disliking of products, their attitude, etc. Such feedback is quite relevant to making suitable changes in sales efforts.
- ✓ Building relationship → personal selling aims at building a cordial relationship with customers which develops their loyalty towards the organisation's products.
- ✓ Exploring hidden needs → the basic characteristics of human needs is that they remain hidden in the absence of a suitable stimulator and even the persons concerned may not experience their needs fully. Personal selling acts as a stimulator to explore the hidden needs.

Sales promotion

Meaning

- ✓ Sales promotion refers to all those activities other than advertising and personal selling that stimulate consumer purchasing and dealer effectiveness.

- ✓ Sales promotion includes activities like distribution of free sample, premium or bonus offers, free coupons, prize contests, demonstrations, and incentives to customer, dealers and sales force for achieving a specified sale target.
- ✓ These activities are essentially temporary, non-routine and non-recurring in nature. They supplement advertising and personal selling.
- ✓ The basic purpose of sales promotion is to on-the-spot buying through short-term incentives.

Features

- ✓ Sales promotion is non-recurring and non-routine activity.
- ✓ Sales promotion offer temporary incentives like discount, rebate, free sample, premium, price off etc. It is a short term measure specially designed to increase immediate sales.
- ✓ Sales promotion activities are designed to supplement advertising and facilitate personal selling.
- ✓ Sales promotion is targeted at consumers, dealers and salesperson.
- ✓ Sales promotion activities generate demand during off season and this helps to clear old stocks of goods.
- ✓ Sales promotion is flexible in nature. They can be introduced, modified or withdrawn any time.

Objectives

- ✓ Generates demand in off season and stabilises annual sales → sales promotion is used to increase sales during off season thereby stabilising annual sales. Sales promotion activities further reassure the consumers about the quality of the product so that they keep on buying it. This helps to clear old stock of goods.
- ✓ Stimulating demand for immediate sale → sales promotion aims at creating immediate demand by offering incentives which stimulate prospective customers to buy within the period for which incentives are offered. This period remains very short.
- ✓ Attracting new customers → sales promotion aims at attracting new customers through various incentive methods. This helps the advertiser to increase its customer base.
- ✓ Supplements advertising and facilitates personal selling → sales promotion and advertising are independent marketing tools. In fact, sales promotion is different from other marketing tools like advertising and personal selling. It bridges the gap between advertising and salesmanship.

- ✓ Informing new product launch → sales promotion aims at informing prospective customers about the newly launched product, its features, utility, price, availability etc.
- ✓ Establishing relationship and builds good will → the regular consumers of a business enterprise often expect that their favourite company will give them special offers to buy any time during the year or during festive season. So the companies have to take up sales promotion schemes for the consumers to build up long term relationships. The schemes are intended to encourage the existing customers to continue with their purchasing habits and also persuade others to buy. Further the superiority of the product is also communicated to the consumers. This stimulates the interest and enthusiasm of the consumers and dealers in the products of the company and thus good will of the company is created in the minds of the customers, dealers and salesperson.

Publicity

Meaning

- ✓ Publicity is an effective non-personal promotional tool which has very high credibility. Publicity is the news carried in the mass media about an organisation and or its product/ services and activities that are not paid for by it.
- ✓ Publicity can be negative as well as positive. It is free of cost as the company does not pay for the space/ time on the media.
- ✓ However, the company has to provide necessary information to the media and it is not always under the control of the company.

Features

- ✓ It is a non-personal form of communication by the media.
- ✓ Publicity is not paid for by the organisation. It is free of cost as the company does not pay for time or space on the media.
- ✓ Publicity is outside the control of the organisation. There is no way to control how much or what portion of a publicity release the media will print or broadcast.
- ✓ Publicity is not forced on the audience. The message will be publicised if it is viewed by the media as newsworthy. The credibility of publicity is much higher than advertising.
- ✓ Publicity does not have any sponsor as the information is passed on the general public as a news item.
- ✓ Publicity is done through mass media like newspaper, magazines, radio, television, etc.

Objectives

- ✓ Wider dissemination of information → publicity aims at wider dissemination of information. Even those persons who tend to avoid paid communication in the form of advertisement get publicity.
- ✓ More credibility → publicity aims at creating more credibility than any other tools of promotion. This credibility emerges because of involvement of independent sources of publicity. It also give positive as well as negative information about a company. Thus, prospective customers rely more on publicity as compared to other promotion tools that involve organisation concerned.
- ✓ Promotion without cost → publicity aims at promotion without cost as it is a non – paid promotion tool.

Advertising Vs Personal Selling

S.no	Basis	Advertising	Personal Selling
1	Meaning	Advertising is any paid form of non-personal presentation or promotion of ideas, goods and services by an identified sponsor.	Personal selling is the process of assisting and persuading a prospective customer/buyer to buy a product in a face to face situation.
2	objective	introducing new product, fighting competition, increasing sales enhancing image	achieving sales by satisfying customers
3	nature	Advertisement tends to be aimed at a group/mass.	Personal selling tends to be tailored towards individuals.
4	coverage	it covers a wide area	it covers narrow area
5	queries	customer queries , doubts and clarifications cannot be removed	Customer queries, doubts and clarifications can be removed.
6	sale	it does not result in immediate sale	it does result in immediate sale

S.no	Basis	Advertising	Personal Selling
7	costly	it is less costly	it is more costly
8	flexibility	It is less flexible. It cannot be changed easily	it is more flexible. It can be changed easily
9	contact	Usually impersonal. There is no face to face contact	it is personal. There is face to face contact.
10	payment	paid but independent media	paid media controlled by seller
11	feedback	delayed	immediate

Advertising Vs Sales Promotion

S.no	Basis	Advertising	Sales promotion
1	Meaning	any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor	sales promotion includes those marketing activities other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness such as displays, shows and exhibitions, demonstrations and various non-recurring selling efforts not in the ordinary routine
2	focus	it attracts the attention of the buyer towards the product	it pushes the product towards the buyer.

S.no	Basis	Advertising	Sales promotion
3	Time factor	it is always a long term measure	it is a short term measure
4	Objective	building up the favourable image of the business enterprise and its products	designed to increase immediate sales
5	frequency	regular and it is repetitive	It is non-recurring or non-repetitive
6	Ways	Various media can be used like newspapers. Magazines, TV, radio, Films etc	sales promotion can be in the form of free samples, price cut offers, etc
7	cost involved	it is more costly	it is less costly
8	orientation	it is consumer oriented process	it is product oriented process

Advertising Vs Publicity

S.no	Basis	Advertising	publicity
1	Purpose	it is intended to provide a favourable and positive impression about the business enterprise and its products	this may have favourable or unfavourable impression on the public about the business enterprise and its products
2	Identified sponsor	the business enterprise is the identified sponsor and it wants to advertise its products or services	There is no identified sponsor. Media communicates the information , as it considers it newsworthy

S.no	Basis	Advertising	publicity
3	control	the sponsor has full control over the content, type, size, duration, frequency of the message	media has control over the content, timing, frequency etc.
4	message nature	persuasive message (subjective)	informative message (objective)
5	payment	it is a paid form of dissemination of information. The business enterprise has to pay for the use of space and time	the sponsor does not make any payment to the media as the information is communicated voluntarily
6	credibility	it is less credible than publicity	the credibility of publicity is much higher than advertising
7	source	the message originates from the advertiser	the message originates from the media
9	transaction	a commercial transaction	not a commercial transaction

Need for consumer protection

Meaning

- ✓ Consumer protection refers to the act of providing adequate protection to consumers against the unscrupulous, exploitative and unfair trade practices of manufacturers and service providers.
- ✓ The scope of consumer protection involves the following aspects
 - i. Physical protection of consumers → this aspect includes measures to protect consumers against products that are unsafe to health and hygiene.
 - ii. Protection of economic interest → this aspect includes measures to protect the consumers against deceptive and other unfair trade practices like price overcharging, misleading, advertisements.

Need for consumer protection

- ✓ In the present business environment, scope of unethical practices has increased significantly because of increase in product demand and decrease in social moral values. In this situation need for consumer protection arises for both consumers and business.
- ✓ Need for consumer protection from business point of view,
 - a. Business is a means to consumer satisfaction
 - ✓ In this highly competitive world, enlightened business firms have realised that they can exist in the long-run only when they satisfy the consumers.
 - ✓ Satisfied consumers not only bring repeated sales but also add new customers by providing positive feedback about the product and the firm.
 - ✓ So, business should aim at long term profit maximisation through customer's satisfaction. Business without consumer has no relevance. The success of the business depend upon the satisfaction of its customers.
 - b. Business is running to pursue multiple objectives
 - ✓ Business has both economic and social objectives. The economic objective relates to earning of sufficient profits for the survival and growth of the business.
 - ✓ Social objectives arise because of several stakeholders of business such as consumers, employees, suppliers, society and the governments. In this context profit making cannot be sole objective of the business. As a part of the society business is expected to take care of the interests of all sections of society including consumers.
 - c. Business is a means of human welfare
 - ✓ Business exists to serve human beings and it is not an end in itself. It cannot survive and grow unless consumers and other people are served well by supplying good quality product at reasonable prices.
 - d. Growth with social justice
 - ✓ Growth with social justice is the aim of our country. Consumer protection is in accordance with the directive principles of state policy laid down in our constitution.
 - ✓ Government is actively involved in the protection of consumer rights. Any unfair trade practices would invite government intervention, which may hamper the image and growth of the business.
 - ✓ So, business organisations should voluntarily involve in such practices, which protect the interest of consumers.
 - e. Stakeholder approach
 - ✓ The cooperation and support of several groups is involved in the functioning and success of business.

- ✓ The groups include owners, consumers, employees, public and government.
 - ✓ They have a stake/ interest in business and are therefore known as stakeholders. Business must protect the interests of all the stakeholders including customers.
- f. Responsibility with power
- ✓ Business exercises considerable power and influence over society. It creates and moulds food, dress habits and life styles.
 - ✓ It is the responsibility of business to use its power in such a way that the interests of society in general and consumers in particular are not damaged.
- g. Theory of trusteeship
- ✓ According to Gandhian philosophy, producers / businessmen are trustees of the society's resources.
 - ✓ The owners or producers are not the real owners of the business. Resources are supplied by the society to the business enterprise and they should use such resources judiciously and effectively for the benefit of the society including the consumers.
- h. Business ethics
- ✓ Leading business houses all over the world have been founded on ethical values and they have followed high standards of ethics.
 - ✓ Business without moral values cannot be tolerated for long in any civil society.
 - ✓ It is the moral duty of the business to take care of consumer's interest and avoid any form of their exploitation. Thus, a business must avoid unscrupulous, exploitative and unfair trade practices like defective and unsafe products, adulteration, false and misleading advertising etc.
- i. Self interest
- ✓ Since economic liberalisation and globalisation, Indian firms are exposed to competition from multinational and imported products.
 - ✓ They must provide quality goods and become consumer oriented to survive in the race of competition.
 - ✓ Moreover, government has enacted laws to protect the interest of consumers. Business firm which violate these laws are likely to lose customers and goodwill forever.
 - ✓ It is, therefore, in the interest of business itself to protect the rights of consumers.

Need for consumer protection from consumer's point of view

a) Consumer ignorance

- ✓ Consumer protection provides information to the ignorant customers regarding rights and remedies available to them.
- ✓ It spreads awareness so that consumer can know about the various redressal agencies where they can approach to protect their interests.

b) Unorganised consumers

- ✓ In India, consumers are not organised. There are very few consumer organisations which are working to protect the interests of consumers.
- ✓ Consumer's protection encourages establishment of more consumer organisations. Consumer protection provides power and rights to these organisations as these organisations can file case on behalf of customers.

c) Widespread exploitation of consumers

- ✓ Although nowadays consumer is the king pin of market but then also there is lot of exploitation of consumers as business use various unfair trade practices to cheat and exploit consumers. Consumer protection provides safeguard to consumers from such exploitation.

Rights of consumers

- ✓ The consumer protection act provides for the rights of consumers. The consumer protection council set up under the act is intended to protect and promote the rights of the consumers. The rights of the consumers are

i. Right to safety

- ✓ According to this right, the consumers have the right to be protected against the marketing of goods and services which are hazardous to life and property.
- ✓ This right is important for safe and secure life. This right includes concern for consumer's long-term interest as well as for their present requirement.
- ✓ Sometimes the manufacturing defects in pressure cookers, gas cylinders and other electrical appliances may cause loss to life, health and property of customers.
- ✓ Therefore, responsibility of their safety is fixed on producers and distributors which protects the consumers from sales of such hazardous goods or services.

ii. Right to Information

- ✓ The consumer has the right to get information about the quality, quantity, potency, purity, standard and price of the goods he intends to purchase this will protect consumer against the abusive and unfair practices.
- ✓ It is the responsibility of the manufacturer and distributor to supply all relevant information at a suitable place.
- ✓ The supplier are supposed to provide information about

- a) The product including its ingredients, date of manufacture, technical specifications, etc.
- b) The precautions, if any, to be taken in the use and maintenance of the product.
- c) Strength, durability, serviceability and reuse value of the product.
- d) The side effects and risks in the use of the product.
- ✓ Such information would enable the consumer to intelligently exercise his decisions to buy a product.
- ✓ The right to information is meant to protect the consumer from deceptive advertising, misleading labelling and warranties, etc.
- iii. Right to Choice / choose
 - ✓ According to this right every consumer has the right to choose the goods or services of his or her likings.
 - ✓ The right to choose means an assurance of availability, ability and access to a variety of product and service at a competitive price.
 - ✓ The seller or producer or supplier or retailers should not force the customer to buy a particular brand only also the seller should not use aggressive selling techniques to sell the products to the consumers.
 - ✓ There should be a free competition in the market so that the consumer may make the right choice in satisfying his needs.
- iv. Right to be Heard / Representation
 - ✓ According to this right the consumer has the right to represent himself or to be heard or right to advocate his interest. In case a consumer has been exploited or has any complaint against the product or service then he has the right to be heard and be assured that his interest would receive due consideration.
 - ✓ This right includes the right to representation in the government and in other policy making bodies.
 - ✓ This right has been of greater importance than the first three rights. The consumer rights to safety, to be informed and to choose, will be meaningless if the consumer does not have the right to be heard.
 - ✓ Under this right the companies must have complaint cells to attend the complaints of customers. Also many newspapers have started special columns through which consumers can express their grievances against the products and services they have brought.
- v. Right to seek redressal
 - ✓ According to this right the consumer has the right to get compensation or seek redressal against unfair trade practices or any other exploitation.

- ✓ This right assures justice to consumer against exploitation. The right to redressal includes compensation in the form of money or replacement of goods or repair of defect in the goods as per the satisfaction of consumer.
 - ✓ Various redressal forums are set up by the government in district forums, state commission and national commission.
- vi. Right to education
- ✓ According to this right, it is the right of consumer to acquire the knowledge and skills to be informed to customers. Consumers should also be made aware of his rights and the remedies available through publicity in the mass media.
 - ✓ It is easier for literate consumer to know their rights and take actions but this right assures that illiterate consumer can seek information about the existing acts and agencies are set up for their protection.
 - ✓ The government of India has included consumer education in the school curriculum and in various university courses. Government is also making use of media to make the consumers aware of their rights and make use of their money.
- vii. Right to Healthy environment
- ✓ Consumers have the right to be enjoy healthy environment, free from environmental pollution so as to improve the quality of life.
 - ✓ This right include protection against degradation of environment. Non-renewable resources of the country need to be conserved for future generations.
 - ✓ It is because of this reasons that many enlightened business enterprises have been strictly following ISO: 14000 norms relating to environmental management system.

Methods of consumer protection / methods of achieving objectives of consumer protection

- ✓ There are four methods of consumer protection: business self-regulation, self-help, legislative measures and consumer association.
- a) Business self-regulation
- ✓ Business self-regulation means achieving the objectives of consumer protection through self-discipline by business.
 - ✓ Business firm can regulate their own behaviour and actions by adopting ethical practices and code of conduct in dealing with consumers to serve their interest.
 - ✓ Socially responsible companies have laid down standards of quality and norms of customer care to project the interest of consumers.
 - ✓ Business firm have even set up customer service centre and grievance cells to redress the problems and grievances of their customers.

- ✓ Business enterprises are members of associations like FICCI (Federation of Indian Chambers of Commerce and Industry) and CII (Confederation of Indian Industries). These associations have set up code of conduct for their members to deal with the problems and complaints of the consumers and customers. (Business Associations)
- b) Self-help by consumers / consumer awareness
- ✓ Self-help involves becoming aware about consumers rights and liabilities and taking adequate precautions in buying goods and using services so that consumer interest is protected.
 - ✓ Self-help has brought a new phenomenon in consumer protection known as consumer awareness,
 - ✓ Consumer awareness involves making a consumer aware about his rights and liabilities while buying goods and availing services.
 - ✓ When a consumer is aware about consumer protection, he may take adequate precautions while buying goods or availing services.
 - ✓ If such precautions are adopted, the consumer protects himself well against the malpractices of providers of goods and services.
- c) Legislative measures / Government control
- ✓ Government has passed several laws for the protection of consumers. All the wings of the government – legislature, judiciary and executive can assist in consumer protection.
 - ✓ Various laws for consumer protection are ,
 1. The essential commodities act 1955, this act aims at controlling production, supply and distribution of essential commodities for ensuring appropriate price and fair distribution of essential commodities.
 2. The prevention of food adulteration Act 1954, this act aims at preventing adulteration of food items to ensure their purity so as to maintain public health.
 3. The standards of weights and measures act 1976, this act aims at ensuring correct weight, measure or numbers of goods sold. Thus, it prevents underweight, under-measure or under-number.
 4. The drugs and cosmetics Act 1940, to ensure purity and quality in drugs and cosmetics.
 5. The consumer protection act 1986, the basic purpose of the consumer protection act is to provide safeguards to consumers against defective goods, deficient services, unfair trade practices and other forms of consumer exploitation. It also provides measures for redressal of consumer's grievances through redressal machinery.

6. The bureau of Indian standards Act 1986, this act aims at ensuring quality of products. Under this act, Bureau of Indian Standards (BIS) has been set up which performs two broad functions such as formulation of quality standards for products and their certification through BIS certification scheme. Under the provision of this act, ISI mark is provided to the products which meet prescribed standards.
- ✓ Some of the other measures provided by the government for protecting consumers in India are given below,
1. Consumer Awareness Programmes (Publicity, Awards etc)
 - ✓ All India Radio and Doordarshan telecast regular programmes on consumer protection, Film documentaries and video documentaries have been prepared to educate consumers.
 - ✓ The ministry publishes a quarterly journal ‘ upabhokta Jagaran’, directories and brochures on consumer affairs. World Consumer Day is celebrated on 15th March Every year.
 - ✓ Poster and slogan competition on consumer protection are also organised from time to time and National Awards are given to person for outstanding contribution in the field of consumer protection, to encourage public participation in consumer protection.
 2. Environment-friendly products
 - ✓ An eco-mark scheme has been introduced to motivate manufacturers and importers to reduce adverse impact of products on the environment.
 - ✓ Under this scheme, producers are authorised to use the eco-mark label on products which satisfy the prescribed conditions.
 3. Lok Adalat
 - ✓ Lok Adalat is an effective, quick and economical redressal system where an aggrieved consumer can directly approach Lok Adalat with his/her grievances where issues are discussed on the spot with the concerned officials and decisions are taken immediately.
 - ✓ This Lok Adalat saves time and money. This system is very popular where grievances arising out of Electricity and Telephone billings, road accidents etc can be taken up in Lok Adalats at regular intervals for spot settlement.
 4. PIL (Public Interest Litigation)
 - ✓ PIL is a scheme under which any person, though not a party to the grievances, can move to the court of law to file petition in the interest of the society.

- ✓ It involves efforts to provide legal remedy to people or a group who may not be able to make a strong movement on their own such as consumers, minorities, poor environmentalists, students, etc.
5. Consumer Redressal Forums and Consumer protection Councils
- ✓ Under the consumer protection act 1986, a judicial system has been set up to redress and deal with disputes and consumer grievances at a district level (District Forum), State level (State Commission) and National level (National Commission).
 - ✓ The main objectives of these forums is to provide for a simple, speedy and economical redressal of consumer's grievances.
 - ✓ The act also provides for setting up of Consumer Protection Council at district, state and national level for promotion and protection of the rights of the consumers.
 - ✓ These councils give wide publicity to the rights of consumers, procedures for filing complaints and provide inputs to consumer movement through radio, television, newspaper and magazines/journal.
6. Consumer Welfare Fund
- ✓ Government has created a consumer welfare funds for providing financial assistance to strengthen the voluntary consumer movement.
 - ✓ This fund is used for setting up product testing laboratories, training and research facilities in consumer education, complaint handling, consumer counselling and guidance, etc.
- d) Consumer Associations / NGO
- ✓ Consumers of the country must unite themselves to protect their rights. The educated consumers should raise their voice and participate actively in consumer organisations.
 - ✓ Consumer associations and non-government organisations can educate and awaken consumers. These bodies can take a united action on behalf of consumers.
 - ✓ NGO's are Non-Governmental Organisation which aim at promoting the welfare of the people and are non-profit making. They have voluntary decision making structure and are free from the interference of the government.
 - ✓ Some of the famous NGO's for consumer protection are
 VOICE (Voluntary Organisation in Interest of Consumer Education), New Delhi.
 CGSI (Consumer Guidance society of India), Mumbai.
 CERC (Consumer Education and Research Centre), Ahmedabad.

CUTS (Consumer Utility and Trust Society), Jaipur.

CCC (Consumer Coordination Council).

✓ These NGO will play the following roles

1. They organise campaigns on various consumer issues to create social awareness.
2. They organise training programmes for the consumers and make them conscious of their rights and modes of redressal of their grievances.
3. They publish periodicals and other publications to enlighten the consumer about various consumer related developments.
4. They provide free legal advice to their members on matters of consumer interest and help them to take up their grievances with District Forum, State Commission and Nation commission.
5. They interact with businessmen and Chambers of Commerce and Industry for ensuring better deal for consumers.
6. They launch PIL on important consumer issues.
7. Collecting data on different products and testing them.
8. Organising exhibitions on spurious and adulterated products.
9. Organising protests and boycotts against adulteration, underweight, price rigging, etc,
10. Producing films and cassettes on food adulteration, drug misuse etc.

The Consumer Protection Act, 1986 (CPA)

Meaning of a consumer

- ✓ A person who buys any goods for a consideration which has been paid or promised, or partly paid and partly promised, or under any system of deferred payment.
- ✓ A person who hires or avails of any services for consideration which has been paid or promised, or partly paid and partly promised, or under any system of deferred payment.

Who is not a consumer?

- ✓ According to the consumer protection act 1986 the following persons are not consumers.
 - a) The persons who obtains goods for resale or commercial purposes.
 - b) The person using goods without the approval of the buyer.
 - c) The person who is beneficiary of services without the approval of the hirer of service.

- d) The person who obtains goods and services without consideration.

Meaning of a complaint

- ✓ Complaint means any allegation in writing made by a complainant that
 - a) An unfair trade practice or a restrictive trade practice has been adopted by any trader or service provider.
 - b) Goods bought by him or agreed to be bought by him suffer from one or more defects.
 - c) Services hired or availed of, or agreed to be hired or availed of, by him suffer deficiency in any respect.

Who can file a complaint?

- ✓ The following can file a complaint under the act
 - a) A consumer or
 - b) Any voluntary consumer association registered under the companies act 1956 or under any other law for the time being in force or
 - c) The central government or any state government or
 - d) One or more consumers, where there are numerous consumers having the same interest or
 - e) In case of death of a consumer, his legal heir or representative.

Against whom can a complaint be filed?

- ✓ Complaint can be filed against,
 - a) The seller, manufacturer or dealer of goods which are defective. Defect means fault, imperfection or shortcoming in the quality, quantity or purity of goods.
 - b) The provider or services if they are deficient in any manner. Deficiency means any imperfection, shortcoming or inadequacy in the quality, nature and manner or performance of services.

Remedies available to the consumer

- ✓ Remedies available to an aggrieved consumer are as follows:
 1. Removal of defects in goods or deficiency in service.
 2. Replacement of defective goods with new goods of similar description.
 3. Refund of price by the seller or manufacturer.
 4. Payment of compensation for any loss suffered by the consumer.
 5. Withdrawal of hazardous goods from the market.
 6. Discontinuance of unfair and restrictive trade practices.

Features of Consumer Protection Act 1986

1. The act applies to all goods and services unless specifically exempted by the government of India.
2. It covers all sectors whether private, public or cooperative.
3. This act provides remedy in addition to those available under other laws. In other words, the provisions of the act are compensatory in nature.
4. The act prescribes consumers rights relating to safety, information, choice, representation, redressal and education.
5. The act provides for a three tier judicial machinery – district forum, state commission and national commission. In addition, Consumer Protection Councils have been set up at both central and state levels. These are advisory bodies.
6. A complaint can be filed by consumer or any voluntary consumer organisation which is registered by the government.
7. A complaint must be filed within two years of the purchase of goods or hire of service.
8. Complaints can be filed with respect to fraudulent practices of traders and manufacturers, defective goods and deficiency of service.
9. Every complaint must be disposed of as speedily as possible and within three months. If the complaint requires analysis or testing of goods, it must be disposed within five months.

Redressal Machinery

- ✓ The consumer grievances are redressed by three tier machinery under Consumer Protection Act, 1986. It seeks to protect the rights and interests of consumers by operating at district, state and national levels.
- ✓ The three tier redressal machinery are given below,

Diagram from s.chand , kalyani

1. District Forum
 - ✓ This is established by the State government in each of its districts
 - (a) Composition → District forum consists of a president and two other members appointed by the State Government, one of whom shall be a women and such forums are headed by the person who either is or has been a district judge. The forum has the power of civil court for enquiring into any complaint. It can summon and enforce attendance of witness, examine, receive evidences, documents, etc.
 - (b) Jurisdiction → A written complaint can be filed before the District consumer forum where the value of goods and services and the

compensation claimed does not exceed (symbol) 20 Lakhs. The complaint can be filed by the consumer to whom goods are sold or services rendered or a recognised consumer association.

- (c) Role / Working → On receiving the complaint, District forum refers it to the opposite party and send samples of the product for testing to an approved laboratory if needed. Order is issued on the basis of the laboratory report, other evidences and hearing of the opposite party. The opposite will be directed to either replace the goods or return the paid or pay compensation for loss by injury to the consumer.
- (d) Appeal → if an aggrieved consumer is not satisfied by the decision of the District forum, he/she can challenge the same before the state commission, within 30 days of the order.

2. State Commission

- ✓ This is established by the State government in each their respective states.
- (e) Composition → State Commission consist of a president and not less than two other members and not more than such number of a members as may be prescribed, one of whom shall be a women. All are appointed by the state government. The commission is headed by the person who either is or has been a judge of the High court.
- (f) Jurisdiction → A written complaint can be filed before the state commission where the value of goods and services and the compensation claimed exceeds Rs.20 Lakhs but does not exceed Rs. 1 crore. Appeals against the orders of any district forum can also be filed before the state commission.
- (g) Role / Working → On receiving the complaint, State commission refers it to the opposite party and send samples of the product for testing to an approved laboratory if needed. Order is issued on the basis of the laboratory report, other evidences and hearing of the opposite party. The opposite party will be directed to either replace the goods or return the price paid or pay compensation for loss by injury to the consumer.
- (h) Appeal → if an aggrieved consumer is not satisfied with the order of the state commission, he/she can appeal to the national commission, within 30 days of passing of the order.

3. National Commission

- ✓ This is established by the Central government. It is the apex body in the three tier machinery set up by the government for redressal consumer grievances.
- (i) Composition → National Commission consists of a president and not less than four other members and not more than such number of members as may be prescribed, one of whom shall be a woman. All are appointed by

the central government. The commission is headed by the person who is a sitting or retired Judge of the Supreme Court. National commission has the powers of a civil court in dealing with cases and follow the procedures prescribed by the central government.

- (j) Jurisdiction → A written complain can be filed before the national commission where the value of goods and services and the compensation claimed exceeds Rs.1 Crore. Appeals against the orders of any state commission can also be filed before the national commission.
- (k) Role / Working → On receiving the complaint, National commission refers it to the opposite party and send the samples of the product for testing to an approved laboratory is needed. Order is issued on the basis of the laboratory report, other evidences and hearing of the opposite party. The opposite party will be directed to either replace the goods or return the price paid or pay the compensation for any loss or injury to the consumer.
- (l) Appeal → if an aggrieved consumer is not satisfied with the order of the national commission, he/she can appeal to the Supreme Court, within 30 days of passing of the order.

Basis	District	State Commission	National Commission
1. Composition	It consists of a president and two other members; one of the member has to be a woman.	It consists of a president and not less than two other members; one of the member has to be a woman.	It consists of a president and atleast four other members and one of the member has to be a woman.
2. Who can be a President	A working or retired Judge of District Court.	A working or retired Judge of High Court.	A working or retired Judge of Supreme Court.
3. Appointment of President	The president is appointed by the state government on the recommendation of the selection committee.	The president is appointed by the state government after consultation with the Chief Justice of the High Court.	The president is appointed by the central government after consultation with the Chief Justice of India.
4. Jurisdiction	Entertain complaints where the value of goods or services does not exceed ₹20 lakhs.	Entertain complaints when the value of goods or services exceeds ₹ 20,00,000 and upto ₹ 1 crore.	Entertain complaints where the value of goods or services exceeds ₹1 crore.
5. Appeal against orders	Any person who is aggrieved by the order of District Forum can appeal against such order to State Commission within 30 days.	Any person who is aggrieved by the order of State Commission can appeal against such order to National Commission within 30 days.	Any person who is aggrieved by the order of the National Commission can appeal against such order to Supreme Court within 30 days only cases where value of goods or services exceeds ₹1 crore can file appeal in Supreme Court.

MAIN CHANGES and COMPARISON (to the

The Consumer Protection Act, 1986

DISTRICT FORUM

- **Headed by** – Each District Forum is headed by the person who either is or has been a District Judge.
- **Composition** - President and two other members appointed by the State Government, one of whom shall be a woman.
- **Jurisdiction** - Value of goods and services and the compensation claimed **does not exceed ₹ 20 lakhs.**

STATE COMMISSION

- **Composition** – President and not less than **two** other members and not more than such number of members as may be prescribed, and one of whom shall be a woman.
- **Jurisdiction** - Value of goods and services and the compensation claimed **exceeds ₹ 20 lakhs but does not exceed ₹ 1 crore.**

NATIONAL COMMISSION

- **Composition** – President and not less than **four** other members and not more than such number of members as may be prescribed, and one of whom shall be a woman.
- **Jurisdiction** - Value of goods and services and the compensation claimed **exceeds ₹ 100 lakhs or ₹ 1 crore.**