

# Marketing Management

## MEANING OF SOME IMPORTANT TERMS:

**Need** is the basic human requirements. Essential items necessary or fundamental to human existence.

**Wants** are the desire for a particular product. Tend to be satisfier specific‘.

**Demand** is the willingness to buy that is backed by purchasing power

**Utility** is the want satisfying power of a product.

What can be marketed?

### **A product**

Bundle of utility not confined to physical products but can refer to other things of value such as **services**, ideas, and place. It refers to anything that satisfies a need or want.

May be tangible or intangible (i.e. goods and services) even people can be marketed.

**Customers** are people or organizations that seek satisfaction of their wants.

### **Marketers**

Anyone taking a more active role in the process of exchange is called a marketer. Normally it is the seller. But in certain situations, it may also be the buyer. This may be in the situation of rare supply.

Sellers as marketer are the deliverers or providers of satisfaction. They make available products or services and offer them to customers with an intention of satisfying customer needs and wants. They can be divided into:

Goods marketers (such as Hindustan Lever)

Services marketers (such as Indian Airlines)

Others marketing experiences (such as Walt Disney) or places (like tourist destinations).

Marketing activities are the activities carried on by the marketers to facilitate exchange of goods and services between the producers and the users of such products.

### **Market**

Market is a place where buyers and sellers meet and conduct buying and selling activities. It does not necessarily mean a geographical place (e.g. conduct of business

thro telephone, mail or internet) The other ways in which this term is being used is in the context of a product market (cotton market, gold or share market), geographic market (national and international market), type of buyers (consumer market and industrial market) and the quantity of goods transacted (retail market and wholesale market).

In the modern marketing sense, it refers to a set of actual or potential buyers of a product or service i.e. all customers who share a particular need or want and are able to buy the product (also referred to as target markets)

## **Marketing**

Traditionally it has been defined as performance of business activities that direct the flow of goods and services from producers to consumers. Therefore, activities such as packing, warehousing, transportations and pricing are all referred to as marketing activities.

In modern times thinkers like **Philip Kotler have defined ,”marketing as a social process by which individual groups obtain what they need and want through creating offerings and freely exchanging products and services of value to each other”.**

### **Features of Marketing:**

1. **Need and Want:** The primary motivation for people to engage in the process of marketing is the satisfaction of some need or want. Thus, the focus of a marketer is satisfaction of such needs or wants of individuals or organizations by developing necessary products and services.
2. **Creating a Market Offering:** Market offering is a complete offer for a product/service having given features like size, quality and availability at a given location etc. A good market offer is one that is developed after analyzing the needs and preferences of potential buyers.
3. **Customer Value:** A product will be purchased only if the buyers’ perception of its value is more than the price that he has to pay for the product. The job of a marketer is to add value to the product so that the customers prefer it in relation to the competing products and decides to purchase it.
4. **Exchange Mechanism:**
  - a. The process of marketing involves exchange of products and services for money or for something considered to be of value by the people.
  - b. For any exchange to take place, it is important that the following conditions be satisfied:
  - c. Involvement of at least 2 parties-the seller and the buyer
  - d. Each party must have something perceived as valuable by the other.

- e. Each party must have the ability to communicate with the other and deliver the product or the service.
- f. It must be voluntary- that is, each party must have the freedom to accept or to reject the other party's offer.
- g. The party should be willing to enter into a transaction with each other.

## **Marketing Management**

Can be defined as the process of planning, organizing, directing and controlling the activities related to the marketing of goods and services to satisfy customer wants.

**According to Philip Kotler Marketing Management is the analysis, planning, implementation and control of programs designed to create, build and maintain mutually beneficial exchange relationships with target markets for the purpose of achieving organizational goals.**

### **The process of Marketing involves:**

- Choosing a target market
- Getting, keeping as well as growing the customer

that is, ensure that the target customers purchase the firm's product, ensure that they keep their customers satisfied with the products and attract new customers so that the firm can grow.)

- Create, develop and communicate superior values to the customers.

Marketing management not only is concerned with creating a demand for the firm's product but also managing the products demand effectively as per the situation in the market. For example, if demand is seasonal, the marketing team can use tools such as off season discounts to attract customers during the firms' lean season and attempt to change the time pattern of demand.

But sometimes, if the demand is 'OVERFULL', that is, more than what the company can handle, the marketer will try to restrict the demand.

## **What can be marketed?**

i) **Physical Products:** DVD player, Motorcycle, ipods, Cell phone, Footwear, Television, Refrigerator.

ii) **Services:** Insurance, Health Care, Business Process Outsourcing, Security, Easy

Bill service, Financial Services (Investment), Computer Education, Online Trading.

iii) **Ideas** : Polio Vaccination, Help age, Family Planning, Donation of Blood (Red cross), Donation of money on Flag Day (National Foundation for Communal Harmony).

iv) **Persons**: For Election of Candidates Posts

v) **Place** : \_Visit Agra – ‘City of Love’, Udaipur – ‘The City of Lakes’, Mysore – The City of Gardens’, When Orissa celebrates, Eleven the God Join In’.

vi) **Experience**: Customized Experiences as Dinner with a cricketer (say Dhoni);

Lunch with a celebrity (say Bill Gates or Aishwarya Rai) or experience of Balloon Riding, mountaineering, etc

vii) **Events**: Sports events (say Olympics, Cricket series), diwali mela, fashion show, music concert, film festival, elephant race (Kerala Tourism).

viii) **Information**: Production packaging and distribution of information by organizations such as universities, research organizations, providing information as market information (marketing research agencies), technology information.

ix) **Organizations**: For boosting their public image organizations such as Hindustan Lever, Ranbaxy, Dabur, Proctor and Gamble, communicate with people. Example, Phillips says, Let’s make Things Better.

x) **Properties**: Intangible rights of ownership of real estate in financial property.

BasisOf Difference	Selling	Marketing
<p>1. PartOf The Process Vs. Wider Term - <b>Scope</b></p>	<p>Selling is a part of marketing. The focus is transferring the ownership of the Product from the seller to the buyer.</p> <p>Has a narrower scope than marketing</p>	<p>Marketing is a much wider term</p> <p>Consisting of a number of activities.</p> <p>Thus selling is only a part of marketing.</p>
<p>2. Transfer Of Title Vs. Satisfaction Of Customer Wants – <b>Main Focus</b></p>	<p>Affecting transfer of title and possession of goods from seller to buyer</p>	<p>Achieving maximum satisfaction of Customer needs and wants.</p>
<p>3. <b>Profit Motive</b> Thro Maximizing Sales Vs. Customer Satisfaction</p>	<p>Activities directed at maximizing sales and thereby the profits available to a business in the <u>short run</u>.</p>	<p>Focus on customer satisfaction as a route to profit maximization in the <u>long run</u>.</p>
<p>4. <b>Start And End Of Activities</b></p>	<p>Starts with production and ends with sale, which is transfer of ownership.</p>	<p>Start much before production and continues even after sale has been concluded.</p>

<b>5. Difference In The Emphasis</b>	Bending the customer according to the products.	Develop the product and other strategies as per the customer demand.
<b>6. Difference in Strategies.</b>	Involves efforts such as promotion and Persuasion.	Uses integrated marketing efforts  Involving strategies in respect of product, promotion and physical Distributaries.

## Marketing Management Philosophies

Marketers attempt to identify customers' wants and needs and accordingly create products, price them, promote and distribute them to satisfy the demand of customers. Thus, the marketer makes an offer to the customer with the hope of actualizing an exchange with potential customers.

The process of creation of an offer and the interaction with the market, that is, the marketing efforts may be guided by different philosophies, which are as follows:

- Production concept
- Product concept
- Selling concept
- Societal marketing concept
- Marketing concept

<b>BASIS</b>	<b>PRODUCTION CONCEPT</b>	<b>PRODUCT CONCEPT</b>	<b>SELLING CONCEPT</b>	<b>Societal marketing concept</b>	<b>Marketing Concept</b>
<b>Environment in which formed</b>	In the earlier days of the industrial revolution, the number of producers were limited, → limited supply of industrial products → not able to match demand . So, anyone who was able to produce goods could easily find buyers for the same.	With passage of time, the supply improved→ customers started looking for products that were superior in performance, quality and features.	Increase in scale of production→ competition among the sellers → Product quality and availability alone did not ensure survival as a large number of firms were now selling products of similar quality	Firms must perform marketing in a fashion that societal well being is enhanced i.e. attention must be paid to social, ethical and ecological aspects of marketing.	Marketers believe that potential exchange will be realized when firms develop products and services that customers want and not just what the firm can produce and therefore satisfies customers better than competitors. That is, firms following this philosophy make products in response to the market needs.
<b>Assumption</b>	Potential exchange would be realized simply if the products are widely available and inexpensive.	Potential exchange would be realized when the products are of high quality	Potential exchange is realized only if firms undertake aggressive selling and promotion efforts, that is, customers, if left alone, would not buy or not buy enough of the firms' product	Environmental ills such as pollution plundering of resources, drug abuse etc. must be avoided while identifying and meeting customer needs. Thus it holds that the task of a firm is to identify the needs and wants of the target market and deliver the desired satisfaction in an effective and efficient manner so that the long term well being of the consumers and the society as a	There are two dominant forces in the market – Customers and Competitors. Firm must keep a constant check on customers and factors that influence customer needs as this will help them in shaping products and services in accordance with changing customer needs. Also firm must maintain a constant vigil on competitors and formulate strategies to ensure that they satisfy customer needs better than them

				whole is taken care of.	
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### Basis of Differences in the Marketing Management Philosophies

Philosophies/ Bases	Production Concept	Product Concept	Selling Concept	Marketing Concept	Societal Concept
<b>Starting Point</b>	Factory	Factory	Factory	Market	Market/Society
<b>Main focus</b>	Quantity of product	Quality, performance and features of product	Existing product	Customer needs	Customer needs and society's well being
<b>Means</b>	Availability and affordability of product	Product improvements	Selling and promoting	Integrated marketing	Integrated marketing
<b>Ends</b>	Profit through Volume of production	Profit through sales volume	Profit through sales volume	Profit through customer satisfaction	Profit through customer satisfaction and social welfare.

## Functions of marketing

### 1. Gathering And Analyzing Market Information:

To gather market information and systematic investigation of facts

The marketer makes a **SWOT analysis** i.e. the analysis of strengths and weaknesses of the organization and the available opportunities and threats. It is necessary to identify needs. **Identifying customer needs and wants, identifying buying motives**, choice of a brand name, packaging and media used for promotion. Data is available both from primary as well as secondary sources.

### 2. Marketing planning :

Aim to develop a complete marketing plan so that the **marketing objectives** can be achieved . It also must specify the action programs.



E.g if a marketer aims at enhancing his market share in the country in the next three years, then his marketing plan should include various important aspects like plan for increasing level of production, promotion of products etc.

### 3. **Product designing and development:**

Involves decisions regarding the product to be manufactured and its **attributes such as its quality considerations, packaging, models and variations to be introduced etc.** Done by anticipating customer needs and developing new products or improving existing products to satisfy these needs.

### 4. **Standardization and grading:**

**Standardization** is the process of setting certain standards for a product on the basis of its desired qualities. E.g. ISI mark for electrical goods. **Grading** Division of products into classes made up of units possessing similar features such as for agricultural products

### 5. **Packaging and labeling:**

Packaging‘ refers to **designing a package (that is a wrapper or a container)** for a product. Packaging protects the products from damage , risks of spoilage, breakage and leakage. It also makes buying convenient for customers and serves as a promotional tool. **Labeling** is designing a label to be put on the package. It may vary from a simple tag to complex graphics.

### 6. **Branding**

One of the most important decisions that a marketers has to take in the area of ‘product’ is in respect of branding. Whether to sell the product in its generic name or in a Brand name. Branding helps in differentiation, builds customer loyalty and promote its sale. Decision to be made whether each product will have a separate brand name or the same brand name to be used for all products.

### 7. **Customer support services:**

A very important of marketing relates to developing customer support services these include services such as after-sales and maintenance services, handing customer complaints etc secure repeat sales from customers and developing brand loyalty for a product.

### 8. **Pricing of products :**

Price is defined as the **exchange value in terms of money** and Pricing of Products refers to the process of fixing up the price of a product. It plays an important role in the success or failure of a product as the demand of a product is related to the price of the same. Factors affecting pricing decisions are cost of production, demand of the product, degree of competition etc.

## 9. **Promotion:**

Promotion of goods and services includes all activities undertaken to inform prospective customers about the product, its qualities, availability, price etc. Examples of promotional activities are advertising, personal selling, publicity and sales promotion. Essential for creating, maintaining and increasing the demand of a product. Crucial decisions are about deciding the promotion budget and the promotion mix that is the combination of promotional tools that will be used.

## 10. **Physical distribution:**

It is concerned with making the goods and services available at the right quantity and at the right time it ensure that the goods move from the production center and reach the consumers in the consumption center. Two major decisions in this area are:

- **Decisions w r t channels of distribution or marketing intermediaries**
- **Physical movement of goods**

Important decision areas include managing inventory, storage and warehousing and transportation of goods from one place to another.

## 11. **Transportation:**

Transportation is the physical movement of goods and removes the hindrance of place and creates place. Not only finished goods but raw materials are also transported. Affected by the nature of products, its cost and location of target markets. It involves decisions such as mode of transportation, route planning etc. It helps to avoid situations of extreme surplus and deficiencies.

## 12. **Storage and warehousing:**

Producers need to hold and preserve goods during the time gap between production/purchase and sale/resale of products. Storage and warehousing helps in protecting the goods and maintaining adequate stock for future use and also helps a firm to manufacture products in anticipation of demand. **It minimizes price fluctuations.** Manufactures/retailers may maintain their own warehouses or fire services of warehousing companies.

## **Role of Marketing**

### **Role in a firm**

Marketing emphasizes that the customer is the key to the survival and growth of an

organization in the contemporary competitive environment.

- It, thus, helps in focusing the activities of an organization on the needs and wants of the customers.
- An analysis of the needs and wants shall be undertaken in order to decide what to produce and sell.
- The product will then be :
  - o Designed according to the needs of the potential customers
  - o Made available through outlets convenient to the customers
  - o Priced at a level the target customers can afford.

Marketing, thus, helps in serving customers in a better way and a satisfied customer is the most valuable asset to any firm.

### **Role in an economy**

Acts as a catalyst in the economic development of the country and helps in raising the standard of living of the people.

Plays a significant role in the economic development of the nation by inspiring people to undertake new activities and to set up new enterprises for producing goods and services needed by the customers.

Overcomes obstacles posed by high prices due to **imbalances in the levels of production and consumption.**

**Ensures smooth flow of goods through efficient physical distribution arrangements.**

By linking the business and consumption centers, it accelerates the economic activities leading to higher incomes, more consumption and increased saving and investments. It thus helps in finding the right type of products and services that a firm should produce, the places where it should make such products available for sale, the price at which they should be sold and the channels that should be used for moving the products to the ultimate place of consumption or use.

### **Marketing Mix**

There are a large number of factors that affect marketing decisions.

They can be classified as:

- Non-controllable factors
- Controllable factors:

To be successful, a firm needs to make sound decisions controllable factors while keeping the environmental factors in mind. To develop marketing tools, marketing managers use the above mentioned controllable factors and the set of marketing tools that a firm uses to pursue its marketing objectives in the target Market is described as Marketing Mix.

Success of a market offer will depend upon how well these ingredients are mixed to

create superior value for customers and simultaneously achieve their sales and profit objective. Thus, an ideal marketing mix would need

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## **Marketing Mix**

**Marketing Mix is a set of marketing tools that the firm uses to pursue its marketing objectives in a target market. The variables or elements of marketing mix have been classified in to four categories, popularly known as four P's of marketing:**

- **Product**
- **Price**
- **Place**
- **Promotion.**

### **Product:**

Product mix relates to decisions regarding **planning, developing and producing the right type of products and services for the consumers.**

Product is the tangible/intangible product, which is goods/services/anything of value that is offered to the market for exchange. It relates to not only the physical product but also the benefits offered by the product from the customers' point of view.

It also includes the extended product- that is, what is offered to the customers by way of after sales services, handling complaints etc. this decision is more important for durable products.

**Important decisions in this area include deciding about the features and quality of the product, its packaging, labeling, trademark and branding of products.**

### **Price:**

**It is a value that a buyer passes on to the seller in lieu of the product or services provided.**

It is a source of revenue for the seller.

Marketers need to analyze the objectives of setting price and analyze the factors that determine the price.

Decisions also include pricing methods, pricing strategies, pricing policies, price changes, discounts to be offered, credit terms etc.

Price is the cost the customers has to bear for the product and so must be set so that the

customers perceive the price to be in line with the value of the product.

### **Place:**

Set of decisions that need to be taken in order to make the product available for purchase and consumption of the target market at the right place, in the right time and at the right price.

It includes all the activities involved in transferring ownership and physical possessions of the product to the consumer.

It involves decisions with respect to:

- 1. Channels of distribution- selection of intermediaries/dealers to reach the customers, providing support to the intermediaries etc.**
- 2. Physical distribution-managing inventory, storage, warehousing and transportation of goods from the place where they are produced to the place where it is required by the buyer.**

### **Promotion :**

These are activities undertaken to persuade and motivate people to buy their products.

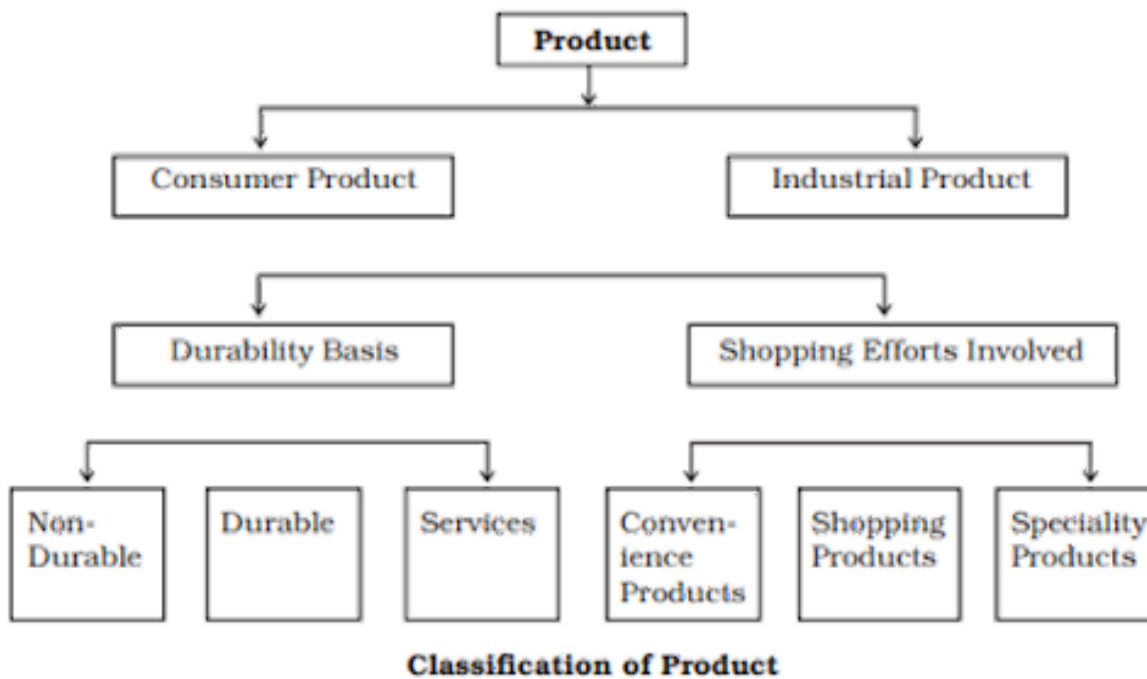
It involves **communicating the features, attributes, availability, merits etc** of the product to both the customers and the participants in the channels of distribution in order to achieve sales goals.

**Tools used include advertising, sales promotion, personal selling etc.**

### **Product**

Product may be defined as anything that can be offered to a market to satisfy a want or need. It is offered for attention, acquisition, use or consumption. From the customer's point of view, a product is a bundle of utilities, which is purchased because of its capability to provide satisfaction of certain needs.

## **CLASSIFICATION OF PRODUCTS**



## CONSUMER PRODUCTS

Products, which are purchased by the ultimate consumers or users for satisfying their personal needs and desires are referred to as consumer products. For example, soap, edible oil, eatables, textiles, toothpaste, fans, etc. which we use for our personal and nonbusiness use are consumer goods.

The consumer products have been classified on the basis of two important factors: (A) the extent of shopping efforts involved, and (B) durability of the product.

**A. Shopping Efforts Involved** On the basis of the time and effort buyers are willing to spend in the purchase of a product, we can classify the consumer product into the following three categories as here under

1. **Convenience Products:** Those consumer products, which are purchased frequently, immediately and with least time and efforts are referred to as convenience goods. Examples of such products are cigarettes, etc

**Characteristics of Convenience products are:**

- a. These products are purchased at convenient locations, with least efforts and time;
- b. Convenience products have a regular and continuous demand, as these generally come under the category of essential products;
- c. These products have small units of purchase and low prices. For example the eggs are sold at Rs. 28 per dozen and the customers purchase them in small numbers;
- d. Sales promotion schemes or short term incentives such as sales contests, discount offers, etc play an important role in the marketing of such products. Convenience products have standardised price as most of these products are branded products;
- e. The competition in these products is high as the supply is greater than the demand. The marketers have, therefore, to heavily advertise for these products

**2. Shopping Products:** Shopping products are those consumer goods, in the purchase of which buyers devote considerable time, to compare the quality, price, style, suitability, etc., at several stores, before making the final purchase.

Eg: shopping products are clothes, shoes, jewellery, furniture, radio, television, etc

Important characteristics of shopping products are:

- a. The shopping products are generally of durable nature, i.e., they normally survive many uses;
- b. The unit price as well as profit margin of shopping products is generally high;
- c. As these products have high unit price, customers compare the products of different companies before making selection;
- d. Purchases of shopping products are generally pre-planned and there is little degree of impulse buying in these products;
- e. Retailers generally play an important role in the sale of shopping products as a lot of persuasive effort is needed to convince the buyers to purchase.

**3. Speciality Products-** Speciality products are those consumer goods which have certain special features because of which people make special efforts in their purchase. The buyers are willing to spend a lot of time and efforts on the purchase of such products. Eg; rare collection of artwork or of antiques,

Important characteristics of Specialty products-

- a. The demand for speciality products is limited as relatively small number of people buy these products;
- b. These products are generally costly and their unit price is very high;

- c. These products are available for sale at few places as the number of customers is small and are willing to take extra efforts in the purchase of these products;
- d. An aggressive promotion is required for the sale of speciality products, in order to inform people about their availability, features, etc.;
- e. After sales services are very important for many of the speciality products.

**B. Durability of Products** On the basis of their durability, the consumer products have been classified into three categories— Durable, Non-durable and Services.

**1. Non-durable Products:** The consumer products which are normally consumed in one or few uses are called non-durable products.

Eg: toothpaste, detergents, bathing soap stationary products

**2. Durable Products:** Those tangible consumer products which normally survive many uses

Eg refrigerator, radio, bicycle, sewing machine and kitchen gadgets are referred to as durable products

**3. Services:** Services are intangible in form. By services we mean those activities, benefits or satisfactions, which are offered for sale, e.g., dry cleaning, watch repairs, hair cutting, postal services, services offered by a doctor, an architect and a lawyer.

**Characteristics of services are:**

- a. By their very nature, services are intangible, i.e., we can not see, feel or touch them;
- b. A service is inseparable from its source. That means we cannot separate the service from the person providing the service;
- c. The services cannot be stored. They are highly perishable. For example, if a tailor does not work for one week, the services he would have provided during such period go waste;
- d. Services are highly variable as their type and quality depends on the person providing them.

**INDUSTRIAL PRODUCTS**

Industrial products are those products, which are used as inputs in producing other products. Eg: raw materials, engines, lubricants, machines, tools, etc

**Characteristics of industrial products-**

- 1. **Number of Buyers:** the numbers of buyers of industrial products are limited.



Eg:sugarcane is purchased by few producers of sugar, but sugar, which is a consumer product, is purchased by crores of people in our country.

2. **Channel Levels:**the sale of industrial products is generally made with the help of shorter channels of distribution, i.e., direct selling or one level channel.

3. **Geographic Concentration-** Because of location of industries at certain points or regions, industrial markets are highly concentrated, geographically.

Eg-demand for power loom comes from Bombay, Sholapur, Bangalore, etc. where the textile industry is concentrated in our country.

4. **Derived Demand:** The demand for industrial products is derived from the demand for consumer products. For Example, the demand for leather will be derived from demand for shoes and other leather products in the market.

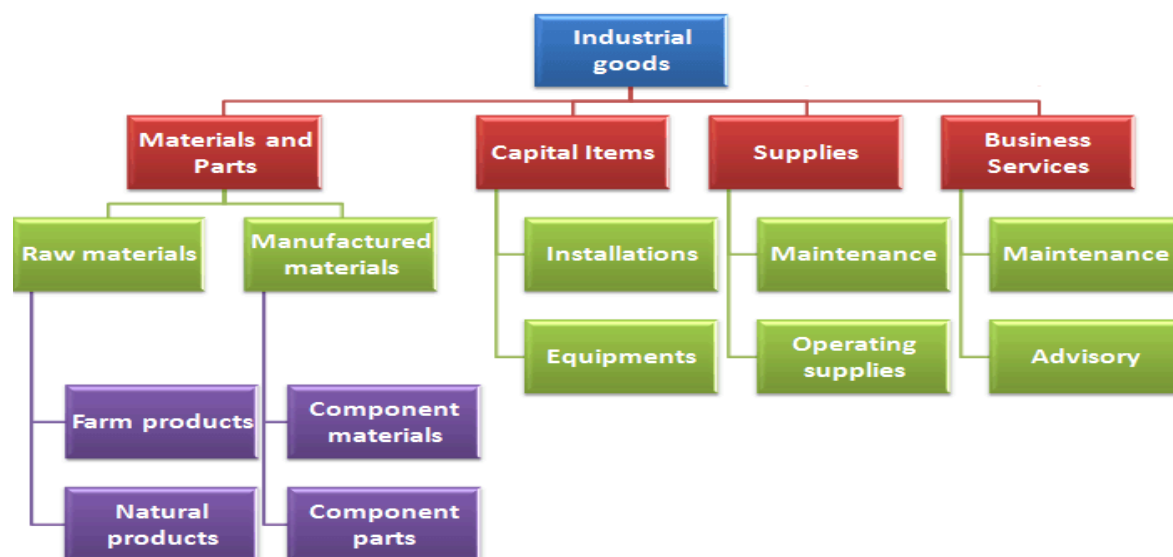
5. **Reciprocal Buying:** Some big companies from basic industries like oil, steel, rubber, and medicines resort to the practice of reciprocal buying.

Example, Ashok Leyland may buy tyres and tubes from MRF, which in turn may buy trucks from Leyland, whenever it feels the need for the same

6. **Role of Technical Considerations:** Technical considerations assume greater significance in the purchase of industrial products because these products are complex products, bought for use in business operations.

7. **Leasing Out-** Industrial product market prefers to lease out rather than to purchase the products on an outright basis because of the heavy price of these products.

## Classification of Industrial Goods



The industrial goods are classified into the following major categories:

(i) **Materials and Parts**: These include goods that enter the manufacturer's products completely. Such goods are of two types:

- a. **Raw material**: including farm products like cotton, sugar cane, oil seed and natural products such as minerals (say crude petroleum, iron ore), fish and lumber;
- b. **Manufactured material and parts**. These are again of two types – component materials like glass, iron, plastic and component parts such as tyre, electric bulb, steering, and battery.

(ii) **Capital Items**: These are such goods that are used in the production of finished goods. These include:

- a) installations like elevators, mainframe Computers, and
- b) equipment like Hand Tools, Personal Computer, Fax Machines, etc.

(iii) **Supplies and Business Services**: These are short lasting goods and services that facilitate developing or managing the finished product. These include:

- (a) maintenance and repair items like Paint, Nails, etc., and
- (b) operating supplies like Lubricant, Computer Stationery.

## **Branding**

Marketers have to decide whether the firm's products will be marketed under a brand name or a generic name. Generic name refers to the name of the whole class of the product. example, a book, a wristwatch, tyre.

**The process of giving a name or a sign or a symbol etc., to a product is called branding.**

### **Important terms in Branding:**

- a. **Generic name**: Name of the whole class of the product. Eg. Toothpaste, wrist watch etc.
- b. **Branding**: The process used to create a distinct identity of a product. It is the process of using a name, term, symbol or design individually or in some combination to identify a product.
- c. **Brand** : Name, term, sign, design or some combination of the above used to identify the products of the seller and to differentiate them from those of competitors.
- d. **Brand Name** : Part of a brand that can be spoken
- e. **Brand mark** : Part of a brand that is in the form of symbols, design, color

scheme or lettering that cannot be uttered but can be recognized.

f. **Trade Mark** : Brand/ part of brand that is given legal protection against its use by other firms.

### **Advantages to the marketers:**

#### **1. Enables product differentiation:**

Branding helps in distinguishing the firm's products from that of its competitors, thus secures and controls its markets.

#### **2. Helps in advertising and display programmes:**

Without a brand, the advertiser can only create awareness about the generic product and not be sure of the sale of his brand.

#### **3. Differential pricing:**

Branding enables a firm to charge different prices for its products. As when customers like and become used to a brand, they would agree to pay a little more for it than the competing product.

#### **4. Ease in introduction of a new product**

When a new product is introduced under a known brand, it minimizes selling costs and enjoys the reflected glory of the brand.

### **Advantages to Customers:**

1. **Helps in product identification:** Branding helps in identifying the products. If a customer is satisfied with a brand, he will not make a close inspection every time.

2. **Ensures quality:** Branding ensures a particular level of quality of the product. Whenever there is any deviation in quality, customers can have a recourse to the manufacturer/marketer.

3. **Increases confidence and level and satisfaction of customers**

4. **Status symbol:** Some brands become status symbols because of their quality. The customers feel proud of using them and adds to the level of satisfaction of customers

### **Characteristics of a good brand name:**

1. The brand name should be short, easy to pronounce, spell and remember (Rin, Vim, Ponds)

2. The brand name should suggest product benefits and quality (Genteel, Boost)

3. The brand name should be distinctive (Zodiac, Safari)

4. The brand name should be adaptable to packing or labeling requirements, to different advertising media and to different languages.

5. The brand name should be versatile to accommodate new products (Maggi)

6. The brand name should be capable of being registered and protected legally
7. The brand name should have staying power(should not get outdated easily)

## **Packaging**

Packaging refers to the act of designing and producing an appropriate container or wrapper of a product.

### **Levels of packaging**

There are three different levels of packaging.They are:

1. **Primary package** –It refers to the product's immediate container. In some cases kept till the product is used.

Eg]Plastic packet for socks or package for the lifetime of the product (toothpaste)

2. **Secondary package** –It refers to the additional layer of protection till the product is ready for use.

Eg ( cardboard box for toothpaste)

3. **Transportation packaging** –It refers to the further packaging components necessary for storage, identification or transportation.

Eg ( corrugated boxes containing 10, 20, or 100 units)

### **Importance of packaging:**

1. **Rising Standards Of Health And Sanitation** -The increased standards of living in the country has led to purchasing packed goods as the chances of adulteration in such goods are minimized.
2. **Self-Service Outlets**-There is an increasing trend of self service outlets in major cities, so some of the traditional role assigned to personal selling w.r.t promotion has gone to packaging.
3. **Innovational Opportunities**–Recent developments in the area of packaging has brought in innovation on packaging used to market products e.g. tetra packs for milk.
4. **Product differentiation** –Packaging can be efficiently used to product differentiation.The colour, size, material etc of packaging makes a difference in perception of customers about the quality of the product.

## **Functions of Packaging**

1. **Product Identification** –Packaging helps in production identification .

Eg: colgate in red, colour, vanish = pink, tide = orange

2. **Product Protection** –Packaging provides protection from spoilage, breakage, leakage, pilferage, damage, climatic effect etc during storage, distribution and transportation.

3. **Facilitating Use Of The Product** –Packaging Should be designed to provide convenience to open, handle and use the product for the consumers. Eg cosmetics, toothpaste etc.

4. **Product Promotion** - Packaging is used for promotion purposes. The colour scheme, photographs or typeface may be used to attract customers. Specially used in self service stores.

## **Labeling**

A label is attached to the product package and helps in identification of product and communicating with the potential buyer and promoting the sales of the products by providing necessary information to the consumers.

Labels may be a simple tag attached to a product or complex graphics that are a part of the package.

### **Functions of labeling**

1. **Describe the products and specify its content**

Labels provide detailed information about the contents, price, promotion schemes, cautions in use , method of use etc

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

The brand name printed on its package creates product identity and common identification information including name and address of the manufacturer, net weight when packed, manufacturing date, maximum retail price and Batch number. Etc

3. **Grading of products**

With the help of labels products can be graded into different categories on the basis of features, quality etc.

4. **Help in promotion of products**

Labels help in sales promotional schemes launched by companies, They attract attention and give reason for purchase – 40% extra, free gift inside.

#### **5. Providing information required by law**

Labels provide information pertaining to legal requirements namely statutory warnings. Besides for hazardous materials safety warnings need to be put on labels

### **PRICING**

Price refers to the amount of money which is paid by a consumer to obtain a product. It represents the total sum of value exchanged for obtaining the benefit of having or using the product. Pricing occupies an important role in marketing as the products cannot be sold in the market without a price tag or guidelines to determine the price.

It is also an important factor determining the demand of a product. Generally, the demand for a product shares a **negative relation** with its price, which means that as the price increases, the demand for the product decreases and vice versa. Marketers must suitably decide a price by properly analysing the various related factors such as the target customers, pricing range of competitors and goals of the firm.

#### **Factors determining price determination:**

1. **Product cost:** Price should include all costs and also include a fair return for undertaking the marketing effort and risk.

Price includes the cost of producing, distributing and selling the product.

Costs set the floor price. Price should recover total costs (Fixed costs/overheads + Variable costs + Semi-variable costs) in the long run but in certain circumstances (introduction of a new product/entry into a new market) product price may not cover all the costs for a short while.

There are three types of costs: Fixed costs/overheads- Variable costs and Semi-variable costs.

**a. Fixed costs/overheads-** costs that do not vary with the level of activity or volume of production e.g. rent of a building, salary etc.

**b. Variable costs** – vary in direct proportion with the level of activity or volume of production e.g. cost of raw material, labour etc

**c. Semi-variable costs-** vary with the level of activity /volume of production but not in direct proportion e.g. cost of transportation of finished goods etc

2. **Utility and demand:**

Utility provided by the product and the demand of a product set the upper limit of price that a buyer would be willing to pay for a product.

Buyers pay to the point where the utility of the demand is more than or equal to the utility derived from it.

The Law of demand states that consumers purchase more at a lesser price. Price elasticity of demand implies how responsive the demand is to the changes in price.

- ❖ **Elastic demand**: The demand is said to be price elastic if a given proportionate change in price leads to a more than proportionate change in demand. **In such a case, charging a higher price by the firm would lead to a large fall in demand.**
- ❖ **Inelastic demand**: The demand is said to be price inelastic if a given proportionate change in price does not bring about any significant change in demand. In such a case, it is possible for a firm to charge a higher price. **This is because even at a higher price, the demand will not fall much.**

So, goods generally having an elastic demand have a comparatively lower price than those which have an inelastic demand.

### 3. **Extent of competition in the market**:

Competitors' price, the quality and features of their products and their anticipated reactions must be examined carefully before fixing the price of a product. Greater the similarity between the products, the higher is the degree of loss of freedom to fix prices

If there are competing **firms, prices get fixed at a lower level.** But prices tend to be higher with lesser competition.

### 4. **Government rules and regulations**:

In order to **protect the interests of the public** against unfair prices, the government can intervene and fix the prices of essential commodities. For example, the government can declare a product as an essential product and regulate its prices. Common products included in essential commodities are drugs, LPG, some food items etc. Higher prices invite Government action.

### 5. **Pricing objectives**:

Pricing objectives include :

**Profit-maximization** – in the short run the firm will charge maximum price for its products but instead of charging the maximum price in the short run if the firm wants to maximise profits in the long run it will charge a lower per unit price so that it can capture a larger share of the market and maximize its long run profits.

Apart from profit maximization other objectives may be:

- i )Market leadership** - prices will be at a lower level to attract more customers.
- ii)Surviving in a competitive market**-A firm will charge **lowest possible** prices and offer discounts also.
- iii)Product quality leadership** higher prices will be charged to cover heavy

expenditure on R&D.

6. **Marketing methods used:**

Price determination is affected by the distribution system, quality of salesman employed, quality of advertising, type of packaging etc.

**PLACE MIX**

A set of decisions needs to be taken to make the product available to customers for purchase and consumption.

The marketer needs to make sure that the product is available at the **right quantity, at the right time and at the right place**. There are two important decisions --

- a) **Channels of distribution which comprises of using intermediaries in the distribution process,**
- b) **Physical distribution of products from producers to consumers.**

**A. Channels Of Distribution:**

Includes a series of firms, individuals, people, institutions, merchants and functionaries who form a network which helps in the transfer of title to a product from the producer to the end consumer.

They help to overcome time, place and possession gaps that separate the goods and services from those who need/want them from those who want them.

Thus, intermediaries in the channel of distribution help to:

- i. Assist in transferring title to goods from the producers to consumers.
- ii. Bring economy of effort
- iii. Cover large geographical area and bring efficiency in distribution
- iv. Transportation, storage and negotiation
- v. Make various items available at one place
- vi. Serves as an authentic source of market information.

**Functions of Channels of Distribution:** Distribution channels provide time, place, and ownership utility. They make the product available when, where, and in which quantities the customer wants

- 1. **Sorting:** The middlemen collect goods from various sources. These goods are different in -quality, size, nature, colour etc.



The intermediaries sort these foods into homogeneous groups on the basis of the size, quality, nature etc.

2. **Accumulation:** It involves accumulation of goods into homogenous lots into homogenous lots and this helps to maintain continuous flow of supplies.
3. **Allocation:** Breaking homogenous stock into smaller marketable lots.
4. **Assorting:** Middlemen procure a variety of goods from manufacturers and then supply them in the desired combination to the users.
5. **Product Promotion:** The middlemen advertise the product kept with them. They also do certain sales promotion activities like demonstrations; special displays etc. to increase the sale of products.
6. **Negotiation:** Middlemen negotiate price, quality, guarantee etc so that the transfer of ownership is properly affected.
7. **Risk Taking:** The merchant middlemen take title of goods and thereby assume risks on account of price and demand fluctuations, spoilage, destruction etc.

## **Types of Channel**

### **A. Direct/zero level channel:**

Direct channel of distribution means making goods available to consumers directly by manufactures without involving any intermediary.

**Manufacturer → Consumer**

E.g.: mail order, internet, door to door selling E.g. Eureka Forbes.

### **B. Indirect channel:**

Indirect channel of distribution means making goods available to consumers by employing one or more intermediaries.

#### **1. One level channel**

The intermediary adopted is the retailer. Goods pass from the manufacturers to the retailers who in turn sell the goods to the final users

**Manufacturer → retailer → consumer**

Usually used for specialty goods like expensive watches, appliances, Cars( Maruti Udyog) etc.

#### **2. Two level channel**

Two intermediaries namely the wholesaler and retailer are involved. The manufacturer sells the goods in bulk to wholesaler who sells in small lots to retailers who in turn sell all these goods to consumers

**Manufacturer → wholesaler → retailer → consumer.**

Most commonly used distribution network. Usually used for consumer goods like soaps , salt etc.

### **3. Three level channel**

Three intermediaries are involved namely agents, wholesaler ,retailer and Consumers  
Manufacturers use their own selling agents or brokers who connect with the wholesalers and then the retailers

**Manufacturer → agent→ wholesaler→ retailer →consumer.**

Channel is used when manufacturers cannot approach wholesalers directly or when they carry a limited product line and has to cover a wide market.

### **Factors Determining Choice of Channels:**

#### **1. Product Related Factors:**

##### **a. Product related**

**Industrial products** are technical, made to order, expensive and purchased by few buyers so require a shorter or direct channel involving few middlemen.

**Consumer products** are standardized, less expensive, less bulky, and non-technical & frequently bought, so they can be better distributed by a number of middlemen.

##### **b. Perishability of product:**

Fruits, vegetables and dairy products are perishable and short channels are used as long channels would hurt customer service levels.

Toiletry, groceries, fabrics are non-perishable so longer channels are used.

##### **c. Unit value of product:**

For Convenience goods longer channels are used .

**As the unit value is less** of with high turnover and to reach a wider market eg stationary

**For high unit value of products** (like gold, heavy equipment etc), shorter channels are recommended.

##### **d. Degree of complexity:**

Industrial or engineering products that are technical short channels are used.

##### **e. Standardization vs. customization:**

For customized products, direct contact between buyer and seller is required to evolve desired product parameters and so direct selling is preferred. Standardized products can easily be sold with the help of intermediaries.

##### **f. Bulk and weight**

Heavy and bulky products require shorter channels to minimize handling charges.

## 2. Company characteristics:

### a. **Financial strength**

Direct channel requires a large amount of funds to be invested in fixed assets for space and sales force. So if the company has spare funds, it can go for a direct channel.

### b. **Degree of control desired on distribution**

Management wants to have greater control on distribution then direct channel is used.

### c. **Market standing**

Well established companies enjoy goodwill and recognition and so can eliminate middlemen. But lesser known companies have to rely on middlemen to sell their products.

### d. **Volume of production**

Big manufacturers can sell directly to consumers but smaller companies do not have the necessary resources to sell to the consumers directly.

## 3. Competitive Factors:

Choice of channels used by competitors is important as it will have to select a channel similar to reach the customers. In some cases, producers avoid the channel used by competitors. Policy of firm- whether it wants to go with the competitors is different from them.

## 4. Market Factors:

### a. **Size of market** -Represents number of consumers

For **Industrial products**, small no. of buyers so short channels are used.

For **Convenience goods** there are large no of buyers so long channels are used. .

### b. **Geographical concentration of buyers**

**Industrial products** Buyers are concentrated in a small area short channel.

**Convenience goods** Buyers are widely dispersed so longer channel.

### c. **Order size** refers to quantity purchased.

For Industrial products, size of order is large hence shorter channels.

For Convenience goods, the size of the order is large so there is a longer channel.

## 5. Environmental Factors:

Environmental factors such as economic condition and legal constraints In a depressed economy marketers use shorter channels to distribute their goods in an economical way.

## Physical Distribution

**The physical movement of goods from the place of production to the place of consumption is known as physical distribution. It includes all the activities required to physically move the goods. For example, transportation, warehousing, inventory control etc.**

It involves the path taken to move the goods from place of production to place of consumption. It creates time and place utility and involves decision making with respect to transportation, warehousing, inventory control, material handling, order processing etc.

### **1. Order Processing:**

Processing of order implies the activities which take place between the placement of order and the final delivery to the consumer. It comprises steps such as placement of order, intimation of order to the manufacturer and delivery of goods. The system of distribution should be such that the processing of order is speedy. **Speedy processing** with sufficient accuracy leads to greater customer satisfaction.

Lack of this will lead to loss of business and goodwill.

### **2. Inventory control:**

Maintaining adequate inventory ensures product availability as and when demand arises and this prevents out-of-stock situations.

High level of inventory leads to a higher level of satisfaction for the consumers but also involves high cost. Benefits of maintaining optimum inventory should be balanced with the cost of inventory.

#### **Factors determining inventory level:**

- a) Policy w.r.t customer service to be offered.
- b) Degree of accuracy of the sales forecast.
- c) Responsiveness of the distribution system
- d) Cost of inventory
- e) Correct estimation of demand and inventory helps firm to:
  - Reduce their cost levels
  - Maintain production at a consistent level

### **3. Transportation:**

It refers to physical movement of goods to places where they are required. A very crucial decision as unless goods are physically available, the sale cannot be affected. A firm uses it both for bringing raw material to the firm and transporting finished products from the firm.

Modes available are rail, water, air, pipeline or trucks.

Decision criteria involved are speed, frequency, dependability, availability, cost etc.

### **4. Warehousing:**

Act of storing and assorting products in order to create time utility. There is a time gap between production and consumption and goods need to be stored during this time period.

Larger the number of warehouses lesser the time taken to serve customers at different locations but greater the cost of warehousing.

Firms may either use their own warehouses or hire services of specialized warehouses.

Products requiring long term storage (agricultural products) warehouses are located near production sites and minimizes transportation charges.

For bulky or hard to ship /perishable products ,warehouses need to be located near the marketplace.

Modern warehouses perform various specialized functions such as grading, Labelling Etc

## **Promotion Mix**

Promotion refers to the use of communication with the twin objective of **informing potential** customers about a product and **persuading them to buy it**. It is an important element of marketing mix by which marketers **make use of various tools of communication** to encourage exchange of goods and services in the market.

**Promotion mix** : refers to a combination of promotional tools used by an organization to achieve its communication objectives.

**Various tools used in promotion mix are:**

1. **Advertising**:Paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor.
2. **Sales Promotion**:Short term activity or non recurring incentives aimed at encouraging trial/purchase of a product. It includes a variety of on-recurrent activities like samples, coupons etc.
3. **Personal Selling**:Direct face to face interaction between sales personnel and potential customers.
4. **Publicity**: Publicity generally takes place when favourable news is presented in the mass media about a product or service.

They can be used in different combinations, to achieve the goals of promotion.

## **Advertising**

**Impersonal form of communication that is paid for by the marketers(sponsors) to promote a good or service.**

**Features Of Advertising:**

1. **Paid Form** –sponsor has to bear the costs of communicating with the prospective buyer.
2. **Impersonal** – no direct face to face contact between prospects and advertisers. Creates a monologue and not a dialogue.

3. **Identified Sponsor** –undertaken by an identified individual who makes the advertising effort and bears the costs of it.

### **Merits Of Advertising:**

1. **Mass Reach** – large numbers of people over a large geographical area can be reached.
2. **Enhancing Customer Satisfaction And Confidence** – creates confidence and prospective buyers feel more comfortable and assured about the product quality
3. **Expressiveness** – due to development in art, computer designs and graphics, special effects can be created that makes simple products and messages look attractive.
4. **Economy**- because of its wide reach, overall cost of advertising gets spread over a wide audience and per unit cost of reach.

### **Limitations Of Advertising:**

1. **Less Forceful** – than personal selling as no compulsion on prospect to pay attention.
2. **Lack Of Feedback** – no immediate and accurate feedback mechanism to check delivery of messages.
3. **Inflexibility** – as a message is standardized and not tailor-made to suit the requirements of different age groups.
4. **Low Effectiveness** – as the volume of advertisements, becomes tougher to make advertising messages heard by target prospects.

### **Objections To Advertising:**

The opponents of advertising say that expenditure on advertising is a social waste because:

#### **1. Adds To Cost:**

Advertising unnecessarily adds to the cost of the product, which are ultimately passed on to the consumers in the form of higher prices. The money spent adds to the cost, which is an important factor in fixation of the price of the product.

#### **But**

Advertisements also increase the demand for the product as a large number of potential buyers come to know about the availability of the product and its features and are persuaded. The increased demand leads to higher production, so the firm is able to achieve economies of scale. Thus, **The per unit‘ cost** comes down which lessens the burden of consumers rather than adding to it.

#### **2. Undermines Social Values:**

Another important criticism of advertising is that it undermines social values and promotes materialism. It breeds discontent among people as they come to know about new products and feel dissatisfied about their present state of affairs. Some advertisements show new lifestyles which don't find social approval.

**But**

Advertising informs buyers about the improvement of new products over existing products. If the buyers are not about these products they may be using inefficient products. Also, the job of advertising is to inform. Whether to buy or not to buy is a decision that must be made by the buyers according to their needs. They may be motivated to work harder to be able to purchase these products.

**3. Confuses The Buyers:**

There are so many brands for the same product, each to be better than the rest, so the consumer gets confused as to which one is true and which should be relied upon. eg. We may note similar claims of whiteness or stain removing abilities in competing brands of detergent powder or claims of whiteness of tooth or 'feeling of freshness' in competing brands of toothpaste that it becomes confusing for the buyers to make a choice.

**But**

Consumers are rational human beings and should be able to make a choice keeping factors like price, style, size etc also under consideration. Buyers can clear their confusion by comparing and analyzing the information provided on the advertisements and other sources before taking a decision to purchase a product.

**4. Encourages sale Of Inferior Products:**

Advertisements do not distinguish between superior and inferior goods and persuade people to buy inferior products also. Some advertisements are deceptive. They make false and exaggerated claims and innocent buyers are deceived

**But**

Superiority and inferiority depends on Superiority and inferiority depends on the quality, which is a relative concept. The desired level of quality will depend on the economic status and preferences of the target customer. Production of inferior goods is not necessarily a disservice, as a section of population cannot afford to buy the high quality expensive products and need a cheaper variety.

**5. Some Advertisements Are In Bad Taste:**

Some advertisements are in a bad taste. That is, they do not show any care or concern for people's taste and may not appeal to everyone. E.g Advertisements showing women dancing when not required or running after a man because he is wearing a particular perfume are

certainly not good.

### **But**

Some advertisements distort the relationship between the employer and employees and as far possible, such advertising should be avoided. Tastes depend on personal opinion and what was unacceptable yesterday may not be and as far from ordinary today and vice versa.

**Conclusion:** After seeing the views of the opponents and proponents of advertising, it can be said that most of the criticism against advertising is not true. In fact in a changed economic environment of globalization, advertising is an important tool of marketing. It is not a social waste rather it adds value to the social cause by giving a boost to production and by generating employment

### **Personal Selling**

#### **Features Of Personal Selling:**

1. **Personal Form** – direct face to face dialogue takes place → interactive relationship between seller and buyer.
2. **Development Of Relationship** – with prospective customers that may lead to a sale.

#### **Merits**

1. **Flexibility** – sales presentation can be adjusted to meet the specific needs of individual customers.
2. **Direct Feed Back** – face-to-face communication → feedback from customers that can help salesmen adapt the presentation.
3. **Minimum Wastage** – company can decide the target market before making any contact with them.

#### **Role**

#### **Importance To Businessmen:**

1. **Effective Promotional Tool** – influences prospects about the merits of a product increase in sales.
2. **Flexible Tool** – sales offer may be varied to adapt to varying purchase situations.
3. **Minimizes Wastage Of Effort** – as compared to other promotion tools.
4. **Consumer Attention** – opportunity to detect loss of consumer interest and attention that can be looked into leading to successful completion of sale



5. **Lasting Relationship** – between salesperson and customer leading to personal rapport.
6. **Personal Rapport**- increases competitive strength of a business organization.
7. **Role In Introduction Stage** – helps persuade customers about the merits of the product.
8. **Link With Customers** –sales persons play persuasive role, service role and informative role and so link the firm to its customers

### **Importance To Customers**

1. **Help In Identifying Needs** – helps customers recognize their needs and wants and know how they can be satisfied.
2. **Latest Market Information** – w.r.t price changes, product availability and shortages, product introduction etc that help them take purchase decisions.
3. **Expert Advice**- Expert advice/guidance is provided to customers in order to help them purchase various goods and services
4. **Induces Customers** – to purchase products that satisfies their needs in a better way and thereby helps them improve their standards of living.

### **Importance To Society**

1. **Converts Latent Demand** – leading to more jobs, more incomes and more products and services thus leading to economic growth .
2. **Employment Opportunities** – Provides greater income and employment to unemployed youth.
3. **Career Opportunities** - with greater opportunities for advancement and job satisfaction as well as security, respect, interest and independence to young men and women.
4. **Mobility Of Sales People** – which promotes travel and tourism.
5. **Product Standardization** -standardization and uniformity in consumption patterns in a diverse society.

### **Sales Promotion**

Sales Promotion refers to short term incentives/ other promotion activities that seek to stimulate interest, trial or purchase.Induces customers to actually take the decision to buy.

#### **Sales Promotion activities aims to:**

- Increase sales volume by making customers buy more of a product than they would

otherwise buy.

- Induces trial with the use of free gifts or trial packs. These steps are targeted at customers who would not otherwise buy the product.
- Enhance repeat purchase.
- Gain shelf space
- Block competition by directing customer attention to promotions.

Sales promotion may be directed at Customers, middlemen or the firm's own sales force

### **Merits of Sales Promotion:**

1. **Attention Value:** Attract attention of people through use of incentives.
2. **Useful In New Product Launch:** Sales promotion tools induce people to break away from their regular buying behavior and try new products.
3. **Synergy in Total Promotional Efforts:** Sales promotion activities add to the overall effectiveness of the promotional efforts (advertising and personal selling) of a firm.

### **Limitations Of Sales Promotion – if used frequently:**

- a. **Reflects Crisis:** A firm that frequently relies on sales promotion activities may give the impression that it is unable to manage its sales and there are no takers for its products.
- b. **Spoils Product Image:** Consumers may feel that the products are not of good quality or are not appropriately priced.

### **Commonly Used Activities**

1. **Rebate/ Price Offs:** Offering goods at a price lesser than the original price for a limited period of time to clear off excess stock. E.g a car manufacturer's offer to sell a particular brand of car at a discount of Rs.10,000, for a limited period.
2. **Discount:** A certain percentage of the price is reduced as a discount from the list price. Mainly used by retailers for a limited period when the season is about to change.e.g season's sale at snowwhite, reebok, lewis etc.
3. **Refunds:** Refunding a part of the price paid by the customer on production of some proof of purchase. e.g Rs 2 off on presentation of empty pack of Ruffle lays.
4. **Product Combinations/ Premium/Gifts** Offering a related/bonus product free on purchase of a product. Induces customers to switch brands. Shaker free with coffee, toothbrush free with toothpaste.

5. **Quantity Gifts:** Offering extra quantity of a product. e.g buy three soaps and get one free, shaving cream's offer of 49% extra.
6. **Instant Draws & Assigned Gifts:** Scratch a card and instantly win a refrigerator, car, T-shirt etc.
7. **Lucky Draw:** Opportunity to win gifts, expensive goods/holidays etc on lucky draw coupons. These draws are taken by names of customers who have bought the goods.
8. **Usable Benefits:** Discount voucher of related products or a free gift given with product, get a discount voucher for accessories on apparel purchase of Rs.1,000 and above.
9. **Full Finance at 0%:** Schemes of easy financing used for consumer durables e.g washing machines, T.V etc  
. But one has to be careful about file charges' recovered by firms.
10. **Sampling:** Offer of free samples of the product to potential customers. Generally used at the time of introduction of a product.
11. **Contests:** Competitive events involving application of skills or luck.e.g solving a quiz, answering some questions.

### **Difference between Advertising and Personal Selling**

S. No.	Basis of Difference	Advertising	Personal Selling
(i)	Form	It is an impersonal form of communication.	It is a personal form of communication.
(ii)	Message	It transmits standardised form of message.	Sales talk is adjusted keeping in view the customer's background and needs.
(iii)	Flexibility	It is inflexible.	It is flexible.
(iv)	Reach	Reaches the mass.	Limited people.
(v)	Cost	Cost per person is very low.	Cost per person is high.
(vi)	Time	Can cover market in a short time.	Time Consuming.
(vii)	Media	Use of the mass media.	No requirement of the media.
(viii)	Feedback	Lacks direct feedback.	Provides direct and immediate feedback.
(ix)	Role	More useful in creating and building interest of consumers in the firm's product.	It plays an important role in the awareness stage of the decision making.
(x)	Suitability	More useful in marketing to the ultimate consumers who are in large numbers.	More helpful in selling products to industrial buyers, intermediaries who are relatively few in number.

## **Publicity**

Publicity generally takes place when favourable news is presented in the mass media about a product or service.

For example, if a manufacturer achieves a breakthrough by developing a car engine and if this news is covered by television or radio or newspapers in the form of a news item. It would be termed as publicity because the engine manufacturer would benefit from such dissemination of information about its achievement by the media but would not bear any cost for the same.

## **Features**

- Publicity is an unpaid form of communication. It does not involve any direct expenditure by the marketing firm;
- There is no identified sponsor for the communication as the message goes as a news item.

## **Public Relations**

The concept of Public Relations involves a variety of programmes to promote and protect a company's image or its products. It means to strengthen relations with various stakeholders like customers, shareholders, employees, suppliers, investors etc. It is done through – news, speeches by corporate leaders, organizing events like sports events, concerts, seminars etc. Public relations covers a wide range of tactics, usually involving providing information to independent media sources in the hope of gaining favorable coverage. It also involves a mix of promoting specific products, services and events and promoting the overall brand of an organization, which is an ongoing tact.

## **Role of Public Relations**

The role of public relations can be discussed with respect to the functions which the department performs. Public relations itself is an important tool in the hands of the marketing department, which can be used to the advantage of the business. The public relations department performs five functions:

**1. Press relations:**

Information about the organisation needs to be presented in a positive manner in the press. This requires skill in developing and researching a story and getting the media to accept press releases. The public relations department is in contact with the media to present true facts and a correct picture about the company. Otherwise news can get distorted if taken from other sources.

**2. Product publicity:**

New products require special effort to publicise them. The public relations department manages the sponsoring of events such as arranging sports and cultural events like news conferences, seminars and exhibitions.

**3. Corporate Communication:**

Communicating with the public and the employees within the organisation. This is usually done with the help of newsletter, annual reports, brochures, articles and audio-visual materials. Speeches by the company's executives at a meeting of trade associations or trade fairs can really boost the company's image. Even interviews with TV channels and responding to queries from the media go a long way in promoting public relations.

**4. Lobbying:**

The organisation has to deal with government officials and different ministers in charge of corporate affairs, industry, finance with respect to policies relating to business and the economy. The government also seeks to maintain a healthy relationship with associations of commerce and industry and solicits the opinion of major stakeholders while formulating industrial, telecom, taxation policies, etc. The public relations department then has to be really proactive in promoting or defeating regulations that affect them.

**5. Counselling:**

The public relations department advises the management on general issues which affect the public and the position the company would like to take on a particular issue. The company can build goodwill by contributing money and time to certain causes like environment, wildlife, children's rights, education, etc. Such cause-related activities help in promoting public relations and building goodwill.

**Maintaining good public relations also helps in achieving the following marketing objectives**

i. **Building awareness:** Public relations department → build marketplace excitement before the product reaches the market or media advertising takes place. This usually creates a favourable impression on the target customer.

- ii. **Building credibility:** If news about a product comes in the media whether print or electronic it always lends credibility and people believe in the product since it is in the news.
- iii. **Stimulates sales force:** It becomes easier for the sales force to deal with the retailers and convince dealers if they have already heard about the product in the news before it is launched. Retailers and dealers also feel it is easier to sell the product to the ultimate consumer.
- iv. **Lowers promotion costs:** Maintaining good public relations costs much less than advertising and direct mail. However, it requires a lot of communication and interpersonal skills to convince the media to give space or time for the organisation and its product.

## Answer the following questions:

	Part - A
1	State any one Marketing Philosophy or concept.
2	Give an example for the marketing of services.
3	Give the meaning of Product?
4	What is Packaging?
5	What is Labelling?
6	State any one feature of convenience goods.
7	What is a Brand?
8	Name any one Distribution Channel.
9	What do you mean by Zero Level distribution channel?
10	What is Publicity?
	Part - B
11	What is Marketing?
12	Define Marketing.

13	Define Marketing Management.
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14	State any two features of Marketing.
15	State any two examples for the things that can be marketed other than product?
16	What is Standardization?
17	What is Grading of products?
18	How do you describe Marketing Mix?
19	What do you mean by Consumer Goods?
20	Give two examples for Convenience goods.
21	Name any two examples for Durable Products.
22	How do you describe Shopping Products?
23	State any two functions of packaging.
24	State any two objectives of Pricing.
25	State any two distinguishing features of advertising.
26	What is Personal Selling?
	<b>Part - C</b>
27	Discuss briefly any four differences between Selling and Marketing.
28	Explain the elements of Marketing Mix.
29	State any four features of speciality products.
30	Briefly explain any four characteristics of industrial products.
31	State any four considerations to be kept in mind while choosing a brand name.
32	How does packaging acquire significance in the marketing of goods?

33	Explain any four functions performed by a label.
34	Explain briefly any four objections against advertising.
35	Explain any four functions performed by public relations department of an organisation.
	<b>Part - D</b>
36	Explain any eight functions of Marketing.
37	What is Branding? Explain briefly its advantages to marketers and customers.
38	What is Pricing? Explain the factors affecting price determination.

39	Explain the advantages and limitations of advertising.
40	State any eight differences between Advertising and Personal selling.