GLOSSARY:

**Marketing** is a social activity directed towards satisfying customer needs  
and wants through an exchange process.  
• The **five core concepts** of marketing are:  
❖ Needs, wants, and demand,  
❖ Product and services,  
❖ Exchange process,  
❖ Customer value and satisfaction, and  
❖ Markets.  
• The **main functions** of marketing are advertising, sales promotion,  
market research, and sales planning.  
• Marketing is not only important for a company but also for consumers  
and the economy. It attempts to improve standard of living through  
better product and service offers.  
• Marketing, as a concept, has evolved over a period of time and has  
witnessed changes and modifications with the progress of civilisation.  
There are **five concepts** that explain this change and offer ways to  
companies on how to conduct their activities. They **are** production  
concept, product concept, selling concept, marketing concept, and  
societal marketing concept.

**Exchange process**: It occurs when the buyer with a demand and a seller with a product offering confront each other.  
**Marketing myopia:** It refers to a short-sighted and inward looking approach to marketing that focuses more on the needs of the producer than the needs and wants of the consumers.  
**Marketing:** A societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others.  
**Marketing orientation:** It requires the firm to look for consumer needs and the necessity to search for new opportunities to satisfy the consumers in a better way than the competitor.

**Needs:** A condition or situation in which something is required.  
**Production concept:** A concept that assumes that customers will choose products and services that are widely available and are of low cost.  
**Product concept:** A concept based on the proposition that consumers will favour those products that offer the most attributes like quality, performance,and other innovative features.  
**Selling concept**: A concept that proposes that customers will not buy  
enough of the organisation’s products unless they are persuaded through selling efforts.

**Marketing mix** is a model of crafting and implementing marketing  
strategies. It represents controllable tactical elements. The most popular  
classification of marketing mix includes product, price, place  
(distribution), and promotion.  
• **The four traditional Ps** of the marketing mix are adequate for marketing  
a product but they are not enough to market a service.  
• For **services marketing**, strategists have suggested an extended mix  
which includes people, process, and physical evidence, in addition to the  
four Ps.  
• **Marketing planning** is a forward-looking exercise, which determines the  
future strategies of an organisation with special reference to its product  
development, market development, channel design, sales promotion,  
profitability, etc.  
**• Marketing implementation** is an important function of marketing  
management process. Companies follow two major approaches to  
ensure proper strategy implementation. These are internal marketing  
and total quality management.  
**• Marketing control** involves establishment of performance standards,  
evaluation of performance against laid down standards, and taking  
corrective and timely action to reduce discrepancies between desired  
and actual performance. Performance standards refer to expected levels  
of performance against which performance can be compared.  
• **Control** involves evaluation and effectiveness of marketing strategies,  
sales analysis, marketing cost analysis, and marketing audits.

**Marketing audit**: It refers to the analysis and evaluation of a firm's  
marketing approach, activities, aims, and results achieved.  
**Marketing control:** The process by which managers ensure that the  
planned activities are completely and properly executed.  
**Marketing implementation**: It requires organising and coordinating people, resources, and activities.

**Marketing mix:** A planned mix of the controllable elements of a product's marketing plan commonly termed as 4Ps - product, price, place, and promotion.  
**Marketing plan:** It is a written document that details the necessary actions to achieve one or more marketing objectives.  
**Quality Function Development (QFD):** QFD is applied in the early stages of the design phase so that the customers’ wants are incorporated into the final product.  
**Return On Quality (ROQ):** ROQ assumes that there is a trade-off between the costs and benefits of improving quality. The optimum quality level of products and services maximises profits rather than maximising quality.  
**Strategic business unit:** An autonomous division or organisational unit,  
small enough to be flexible and large enough to exercise control over most of the factors affecting its long-term performance.  
**SWOT analysis:** It is a strategic planning method used to evaluate the  
strengths, weaknesses, opportunities, and threats involved in a project or a business.  
**Total Quality Management:** It is the continuous process of reducing or  
eliminating errors in manufacturing, streamlining supply chain management, improving the customer experience, and ensuring that employees are up-to- speed with their training.

• A marketing manager is required to observe and monitor the trend in the external environment and incorporate the results of this observation in business and marketing plans.  
**• Environmental scanning** helps a marketing manager in analysing the  
components of the company’s environment.  
• **Observation** and **evaluation** of marketing environment helps the  
marketing manager to identify opportunities and threats involved in the  
business and helps in designing suitable marketing responses.  
• Analysing the **micro environment** is very important for businesses that  
include their suppliers, intermediaries, customers, shareholders, and  
competitors.  
• **Macro environmental factors** are grouped as demographical, cultural,  
social, legal and political, economic, natural, and technological  
environment.  
• Two **common environment scanning techniques** used by the companies are **Delphi technique** and **scenario building** technique.  
  
**Actors:** Players of micro environment who have a direct bearing on the  
marketing decisions.  
**Business cycle**: A predictable long-term pattern of irregular periods of  
economic growth and decline that is characterised by changing  
employment, industrial productivity, and interest rates.  
**Cultural environment**: It is everything that is socially learned and shared by the members of the society. It consists of material artefacts and non-material components.  
**Country market**: It is the sum total of some sub-markets identified more  
closely with the ethnic and language based classifications.  
**Demographic environment**: It includes the population and its  
characteristics.

**Delphi technique:** A forecasting procedure in which a series of questions and the resulting feedback are used to reach a group consensus.  
**Environment scanning**: It refers to careful monitoring of an organisation's internal and external environments for detecting early signs of opportunities and threats that may influence its current and future plans.  
**Economic environment**: All those macro economic factors like income  
distribution, level of saving, debt and credit available to consumers, and  
stages in business cycle.  
**Inflation**: The overall general upward price movement of goods and  
services in an economy.  
**Marketing environment**: Refers to all the forces outside marketing that  
affect marketing management’s ability to build and maintain successful  
relationships with the target customers.

• **Marketing** **success** depends on making correct and timely decisions.  
• Marketing managers need **reliable** and **timely** information about a large  
number of external and internal factors relevant to decision areas.  
Practically every decision area relevant to marketing requires the input  
of information.  
• The term **‘Marketing Information Systems**’ refers to a programme for  
managing and organising information gathered by an organisation from  
various internal and external sources. Its focus is on data storage,  
classification, and retrieval.  
• **Marketing research** is a growing and widely used business activity,  
because a manufacturer needs to know more about his final consumers.  
• The marketing manager, using a variety of sources, obtains many types of information on which to base his/her decisions. Certain data, such as daily sales figures and monthly or quarterly totals are continuously and regularly supplied.  
• Other information such as consumer survey results is generated only on special request. Other information, perhaps informally gathered  
competitive information, comes to the manager on an unscheduled  
basis.

**Descriptive studies**: In such studies, information is collected from a  
representative sample of respondents and the information collected is  
analysed by using statistical methods.  
**Exploratory research**: This includes the discovering of general nature of the problem and to correctly understand the involved variables.  
**Exploratory research**: This is the preliminary investigation of a marketing problem and is undertaken in order to understand and identify the problem.  
**Focus group**: Focus group is a popular technique for exploratory research and brings together about eight to ten people with similar backgrounds to meet a moderator/analyst for a group discussion.

**Marketing Information Systems (MIS**): MIS is a programme for managing and organising information gathered by an organisation from various internal and external sources.  
**Primary research**: Original research done by individuals or organisations to meet specific objectives is called primary research.  
**Research**: Systematic and objective investigation of a subject or problem to discover relevant information for principles.  
**Secondary data**: Secondary data is any information originally generated for some other purpose rather than the current problem under consideration and can be either internal or external to the organisation.

**Consumer behavior** is the study of why, how, what, where, and how  
often do consumers buy and consume different products and services.  
• Consumer behaviour **is affected** by a host of variables i.e., cultural  
factors, social factors, and personal factors.  
**• Henry Assael** has explained the relationship between the level of  
involvement by the consumers in the purchase of goods and services  
and the level at which diverse goods or services differ from one another.  
• **Consumer buying decision** is influenced by one’s psychological framework comprising the individual’s personality, learning process, levels of motivation, perception towards products and brands, and  
formation of positive attitude towards the brand.  
• In an individualised adoption process, the consumer moves through **five stages to either make a purchase** decision or a reject decision. The  
stages are: awareness, interest, evaluation, trial, and adoption.  
• Whenever a need gets a direction or goal and all the energies of consumer are targeted towards achieving the goal, it takes the shape of  
a buying motive.  
• **Howard-Sheth model** uses the concept of stimulus-response in order to  
explain buyer’s brand choice behaviour over a period of time.

**Engel-Kollat-Blackwell** Model view consumer behaviour as a decision process and identify five activities which are: problem recognition /need  
recognition, information search, evaluation of alternatives, choice, and  
outcomes.  
  
**Adoption process**: The process of accepting new product ideas by individual customers.  
**Consumer behaviour**: The mental and emotional processes and the observable behaviour of consumers during searching, purchasing, and post -consumption of a product or service.  
**Diffusion process**: The spread of innovation across the society is known as diffusion process.  
**Exogenous variables**: The variables which are not defined but are taken as constant, such as social and organisational setting, social classes,culture, financial status, etc.  
**Motivation**: The driving forces within an individual produced by a state of  
tension caused by unfulfilled needs, wants, and desires.  
**Psychological factors**: These are the internal factors of individual which influence her/his purchase behaviour..  
**Reference group**: A group of people with whom an individual identifies herself/himself and the extent to which that person assumes many values,  
attitudes, or behaviours of group members.  
**Social class**: Societal rank, which is one’s position relative to others on one or more dimensions valued by the society.  
**Stimulus**: An input to any of the five senses.  
**Stimulus ambiguity**: It may lead to an overt search for information about the product.

• The organisational market consists of businesses, non-profit organisations, government and its departments, and other non-consumer organisations like resellers and marketing organisations.  
• A variety of influences and factors add to this complexity. The behaviour of organisational buyers differs significantly from individual buyers.  
There are several differences between the organisational buying behaviour and consumer buying behaviour.  
• Organisational buying behaviour is a functional involvement in which buyers at different capacity in different functional departments objectively evaluate the possible options.  
• **Three types of buying situations** are popular among business buyers.  
They are - straight re-buy, modified re-buy, and new buy.  
• Buying centres play seven roles i.e., initiators, users, influencers, deciders, gatekeepers, approvers, and buyers.  
• Organisational buying behaviour is also influenced by various factors  
i.e., environmental, organisational, individual, and interpersonal  
variables.  
• There are **several stages or steps in business** buying process. They are - problem recognition, need recognition, product specification, supplier search, proposal solicitation, supplier selection, order routine  
specification, and performance review.

**Approvers**: They are the people in the organisation who authorise the proposed actions of deciders or buyers.  
**Buyers**: Buyers are individuals or groups who finally procure by placing an order with the necessary specifications.  
**Buying centre**: In organisational marketing, the buying centre is made up of persons who are responsible for purchase decision-making in an organisation.  
**Gatekeepers**: The people in a buying centre within a firm who control the flow of purchasing information within the organisation as well as between the buying firm and potential vendors.

**Business Buyer Behaviour  
Influencers**: People who provide the information required to evaluate the vendors and their products.  
 **Modified re-buy**: In this stage, the buyers want product modification, price modification, terms modification, or suppliers’ modifications.  
**New task**: This is the stage in which an organisation is purchasing a major product for the first time.  
**Organisational buying behaviour**: Organisational buying behaviour is a multi-stage process in which the buyers recognise their organisational need and then develop exact specifications of the product, its quality, and  
schedule of requirements through intra-department and within the buying centre deliberations.  
**Straight re-buy**: In this situation, an organisation follows the routine step of informing sellers about their requirements and supply specifications.

**Segmentation** is a scientific process in which the marketing manager  
identifies the bases or variables on which the market is to be divided,  
forms segments, profiles them, and then launches marketing  
programmes for each segment.  
•• Requisites of effective market segmentation include identity,  
accessibility, responsiveness, size, measurability, and nature of  
demand.  
•• The marketing manager follows four-step process for segmenting the  
market - form the segments, profile the segments, evaluate the  
segments, and target market selection.  
• There are a few common bases, which are used in segmentation e.g.,  
demographic, economic, psychographics, etc.  
• Marketers use three strategic options in target marketing. They are  
undifferentiated marketing, differentiated marketing, and concentrated  
marketing.  
• Once the segment is identified and target market decision is made, the  
marketer needs to position the offer in the market.  
• Positioning is an act of designing the company’s product offering and  
image to occupy a distinctive place on relevant dimensions in the minds  
of customers.

**Behavioural segmentation**: In behavioural segmentation, buyers are  
divided into groups on the basis of their knowledge or attitude towards the  
use of a product or response to a product.  
**Concentrated marketing**: It is a market coverage strategy in which  
company follows ‘one product-one segment’ principle.  
**Demographic segmentation**: In demographic segmentation, the market is  
divided into groups based on variables such as age, family size, family, etc.  
**Differentiated marketing**: It is a market coverage strategy in which the  
company goes for proper market segmentation as depicted by its analysis of  
the total market.

**Geographic segmentation**: In this type of segmentation, the market is  
divided into different geographical units such as nations, states, regions,  
cities, or neighbourhoods.  
**Market segmentation**: It is the process of dividing a potential market into  
distinct sub-markets of consumers with common needs and characteristics.  
**Positioning**: It is a process of creating an image of goods and services in  
the consumers’ mind.  
**Psychographic segmentation**: In psychographic segmentation, buyers are  
classified into different groups on the basis of lifestyle or personality and  
values.  
**Target marketing**: It involves breaking a market into segments and then  
concentrating the marketing efforts on one or a few key segments.  
**Undifferentiated marketing**: It is a market coverage strategy in which the  
company treats the target market as one and does not consider the market  
segments that exhibit uncommon needs.

**A product** is the offer that the consumer ultimately owns in the exchange process. Each product offers some level of core, tangible, and  
augmented benefit to consumers.  
• A product has **different layers** or levels like an onion and each layer  
contributes to the make of the product. The identified levels are: core  
layer, basic product layer, expected product layer, augmented product  
layer, and potential product layer.  
• Products can be classified on the basis of **three essential** characteristics  
- durability, tangibility, and user type.  
**• Product mix** is an assortment of all related and unrelated products that  
the company offers in the market place. Product mix has got four  
important elements like width, depth, length, and consistency.  
**• Product line** decisions are related to the length and depth of each  
product line and the decisions that the marketer should take for each  
product’s market segment.  
• Many companies follow different types of new product development  
system which are concept generation and market structure identification,  
advertising development, product formulation and testing,  
commercialisation, and final launch.  
• Products follow certain kinds of lifecycle patterns. The stages of product  
lifecycle are introduction stage, growth stage, maturity stage, and  
decline stage.

**Convenience products**: These products satisfy the needs but one isn’t  
willing to spend time or effort to shop for them.  
**Durable goods**: These are the goods that survive many uses by  
consumers.  
**Industrial products**: Products that are used in producing other products.  
**Non-durable goods**: These are the goods, which are consumed in one  
instance or a few uses.

**Product**: A product is anything which is offered to the market to satisfy  
consumer needs and wants.  
**Product line**: A set of individual products that are closely related.  
**Product width**: It explains how many different product lines a company  
carries.  
**Product depth**: It explains the number of products that a product line has in its overall product mix.  
**Shopping products**: The consumers compare the features and buying  
criteria of these products with the competing brands before making a choice

**Brand i**s a name, word, mark, or a combination thereof, used to identify  
some product or service of one seller and differentiate it from the  
competitors. Branding has both pros and cons.  
**• Brand equity** is the added value that the consumer assigns to the  
products and services. Components of brand equity are brand loyalty,  
brand awareness, and perceived quality.  
**• Brand position** is that part of brand identity and value proposition that is to be actively communicated to the target audience which depicts  
advantages of the brand over competitors.  
• A **brand name** is believed to indicate product's benefits, be memorable  
and help in reinforcing the belief and associations in the consumer's  
psyche. A brand name can be classified as descriptive, suggestive, and  
free standing brand name.  
• **The brand sponsorship** involves whether a brand should be a  
manufacturer's brand, private brand, partly manufacturer's brand, or  
partly private brand.  
• **The brand development** decision involves a set of decisions to add or  
maintain a number of brand elements to its product portfolio. It involves  
brand extension, sub-branding, master branding, and family branding.

**Brand**: The name, word, symbol, or a combination intended for identifying seller’s product or service and distinguish them from other rivals.  
**Brand name**: That brand part consisting of a word, letter, or group of words or letters that can be expressed.  
**Brand equity**: Brand equity is the total accumulated value or worth of a  
brand.  
**Brand image**: The perception about a brand as reflected by the  
associations held in the consumer memory.  
**Brand position**: The component of brand identity and value proposition  
demonstrating advantage over competing brands and used to communicate  
to the target audience.

Let us recapitulate the important concepts discussed in this unit:  
• **Price** is the exchange value of a product. It is the amount of money or  
other products needed to acquire a product.  
• A firm's price decision is influenced by many internal factors (production,  
pricing policy, pricing objectives, and marketing strategy) and external  
factors (customers, suppliers, middlemen, competitors, and government  
regulatory agencies).  
• **Under cost-plus method**, the price is set to cover costs and pre-  
determined percentage or profit. Mark-up price is the simplest method of  
setting the price of a product. The firm achieves break-even when the  
total revenue is just equal to the total costs. Under marginal cost pricing,  
fixed costs are ignored and prices are determined on the basis of  
marginal cost.  
• **Value pricing** says that the price should represent a high-value offer to  
consumers. Competition-based pricing pushes the costs and revenues  
as secondary considerations.  
• Competition has forced companies to adjust their base prices according  
to the situations.  
• One of the key pricing decisions revolves around initiating a price  
change and responding to price change

**By-product pricing**: It refers to the pricing of by-products for the  
consumers seeking to purchase the by-products.  
**Cash discount**: These are price reductions based on promptness of  
payment that are used to overcome bad credit risk.  
**Dumping**: In international trade, it is the practice of pricing products less in host countries than their price in home country.  
**Going rate pricing**: In this method, the firm adjusts its own pricing policy to the general pricing structure in the industry.  
**Mark-up pricing**: When a retailer follows the practice of fixing the price  
such that it covers the costs and leaves a reasonable profit margin, it is  
known as a mark-up policy.

**Product-bundling pricing:** Sellers often bundle their products and features at asset price.  
**Quantity discount**: Quantity discounts are price reductions related to the quantities purchased as it depends on the size of the order, measured in terms of physical units of a particular commodity.  
**Reference pricing**: Pricing strategy in which prices are set as per the  
customer’s perception and consideration while glimpsing at a given product.  
**Sealed-bid pricing:** In this method, the firms submit bids in sealed covers for the price of the job or the service. This is based on firm’s expectation about the level at which the competitor is likely to set up prices rather than on the cost structure of the firm

Let us recapitulate the important concepts discussed in this unit:  
• A **marketing channel** moves goods from producers to consumers. It  
overcomes the major time, place, and possession gaps. Marketing  
channel members perform many functions such as buying, carrying  
inventory, selling, transporting, financing, promoting, negotiating,  
conducting marketing research, and servicing.  
• For setting up a channel, a channel design decision involves the steps of analysis of customer’s desired service output levels, establishing  
channel objectives, identifying major channel alternatives, and  
evaluating the major alternatives.  
• After the selection of channels, the channel manager should develop  
channel management strategy for the selected channels. The channel  
management decisions involve selecting, training, motivating, evaluating  
channel members and modifying channel arrangements.  
**• Logistics management** is concerned with the management of physical  
distribution of material. Logistics functions are grouped as primary and  
secondary activities which include warehousing, inventory management,  
product packaging, acquisition and control, and transportation system.  
**• Retailing** is the final connection in the marketing channel that brings  
goods from manufacturers to consumers. The various types of retail  
formats are kirana stores, department stores, discount stores, category  
killers, specialty stores, superstores, and hyper markets.  
**• Wholesaling** is concerned with the activities of selling to retailers and  
other merchants, but not to ultimate consumers. The different kinds of  
wholesalers are merchant wholesalers, agent wholesalers, and  
manufacturers’ sales branches and offices.

**Agent**: Intermediaries with legal authority to market goods and services and  
to perform other functions on behalf of the producer are called agents or  
brokers.

**Distribution channel**: A distribution channel for a product is the route taken by the title to the goods as they move from the producer to the ultimate customer.  
**Logistics**: It is a commercial planning basis to administer material, service, information, and capital flow.  
**Middlemen**: Middlemen refer to just about anybody acting as an  
intermediary between the producer and the consumer.  
**Retailer**: As the last link in many marketing channels, retailers are the last link marketing channels and sell directly to final customers.  
**Wholesaler**: Wholesalers are organisations that buy from producers and  
sell to retailers and organisational customers.

• **An integration marketing communication** programme can be defined  
from two points - continuity and strategic orientation.  
**• Advertising** is a paid form of non-personal communication by an  
identified sponsor through non-personal and mass media to inform,  
persuade, and influence an identified audience.  
• **Sales promotion** involves demonstrations, contests, prices-off, coupons,  
free samples, special packaging, and money refund offers.  
• **Public relations** are a diverse field incorporating a wide variety of  
activities in support of both corporate and brand goals.  
• In publicity, the media, rather than the company, becomes the  
information source.

**Advertising**: Any paid form of non-personal persuasion and promotion of  
ideas, goods, or services by an identified sponsor.  
Integrated marketing communication: Synergistic approach to achieving  
the objectives of a marketing campaign through a well co-ordinated use of  
different promotional methods.  
**Public relations**: A promotion intended to create goodwill for a person or  
institution.  
**Publicity:** It refers to getting media news coverage.  
**Sales promotion**: Sales-stimulation achieved through contests,  
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