UNIT – III

INTRODUCTION TO MANAGEMENT

Meaning of Management

A universal concept that is needed in every organization whether it is a business organization or a non-business organization such as hospital school, etc., is known as **Management.** An organization's success depends on the successful functioning of its management and is always required whenever human and non-human resources of an organization work together for the accomplishment of any objective. In present times, with an increase in the size and complexities of modern organizations. The concept of management has gained immense importance.
The definition of Management varies with the context in which it is used. In a broader sense, Management can be defined as per **Traditional Approach** and **Modern Approach.**

Traditional Definitions of Management

Management consists of getting things done through others. A manager is one who accomplishes objectives by directing efforts of others.
– C.S. George

The traditional definitions of Management were vague as they were unable to identify the functions; a manager has to perform to get things done through others. Besides, these definitions gave an impression of the manipulative practice of management and ignored the needs of workers and treated them as a means for getting results in any way.

Modern Definitions of Management

Management is the creation of an internal environment where individuals working in a group can perform effectively and efficiently for the achievement of organizational goals.
– Koontz and Donnell

Management is a process through which an organization designs and maintains an environment in which individuals work together with the motive of achieving organizational goals effectively and efficiently.

Concept of Management

The three essential elements that come under the concept of Management are as follows:

1. **Management is a 'Process':**

Management involves a series of inter-related functions like planning, organizing, staffing, directing, and controlling, which makes it a process. Every manager performs these functions to achieve goals.

2. **Management requires Effective Performance:**

Effectiveness in Management means achieving goals **on time.** In simple terms, it aims at end result. **For example,** if an organization achieves its sales target within time, it is said to be effective.

3. **Management needs Efficiency:**

Efficiency in Management means doing tasks correctly and with minimum cost. It is not enough to just complete the task on time, it should be accurate also. Besides, management also aims at using its resources efficiently as it reduces the cost of the firm ultimately resulting in higher profits.

Characteristics of Management

1. **Continuous Process:**

Management is a continuous process. It means that the process of business management goes on until the company exists, as it helps in achieving the organizational goals. Every manager of an organization has to perform the different functions of management in a series (planning, organizing, staffing, directing, and controlling).

2. **Goal-oriented:**

Every organization has a set of predetermined goals or objectives that it aims to accomplish during its existence. Every organization has different goals. Hence, management helps these organizations in fulfilling their goals by utilizing the given limited resources in the best optimum manner. **For example,** if the objective of Airtel is to add a billion Airtel Xtreme customers in a year, then all of its managerial activities will be directed toward the achievement of this objective.

3. **All Pervasive:**

The process of business management is universal in nature. Every organization, whether small scale, large scale, economic, social, etc., uses the process of management at every level or stage. Besides, the activities involved in the management of an organization are common for all whether it is a social, political, or economic enterprise.

4. **Multidimensional:**

Management is a multidimensional process as it does not involve only one activity. The three main activities involved in management are Management of Work, Management of People, and Management of Operations.

- **Management of Work:** Every organization is set up to perform some work or goal, and the management aims at achieving these goals or tasks. The work of an organization depends upon the nature of Business; **for example,** work to be fulfilled in a hospital is treating patients, in a university is educating students, etc.
- **Management of People:** People are the most essential assets of an organization and refer to human resources. It is the duty of the management to get the work completed through human resources/people by making their strengths effective and weaknesses irrelevant. Managing people have two dimensions; viz., Taking care of a group of people and Taking care of employees' individual needs.
- **Management of Operations:** Operations are the activities of an organization's production cycle, like purchasing inputs, converting them into semi-finished goods, and finished goods. Simply put, Management of operations consists of a mix of Management of Work and Management of People, and decides what work has to be done, how it has to be done, and who will do it.

5. **Dynamic Function:**

There are different internal and external factors that affect the working of an organization. An organization has to change and adapt itself on the basis of changing environment to accomplish the organizational goals and objectives. Hence, management is a dynamic function.

6. **Management is a Group Activity:**

Management involves a group of people performing managerial activities. The functions of management can be executed only when every individual performs his/her role their respective status and department. And as the result of management affects every individual and every department of an organization, it always refers to a group effort.

7. **Management is an Intangible Force:**

Management is a function that cannot be physically seen but its presence can be felt by watching the orderliness and coordination in work environment and happy faces of the employees when the task is completed.

Objectives of Management

1. **Social Objectives:**

These refer to the objectives which are desired to be achieved for the benefit of society. Every organization has a social responsibility to fulfill during its existence. Some of the social obligations of an organization include implementing environment friendly practices in the production process, providing basic amenities to employees such as healthcare, education, etc., and providing the unprivileged sections of society with employment opportunities.

2. **Organizational Objectives:**

With the help of management, every organization sets and achieves organizational goals. The three major organizational objectives are survival, profit, and growth.

- **Survival:** One of the basic objectives of every organization is survival. It does so by making positive decisions for the organization with the help of the business management process.
- **Profit:** Survival is not enough for an organization; it has to earn profits to grow and expand in the future. Hence, every organization has to ensure its profit so that it can cover its costs and risks.
- **Growth:** Besides earning a profit, an organization has to grow in order to remain in the industry. For this purpose, the management of an organization has to exploit its resources effectively and efficiently.

3. **Personal or Individual Objectives:**

As discussed earlier, people are the main asset of an organization having different goals, backgrounds and personalities. It is the duty of the managers to ensure that the personnel objectives are aligned with the organizational objectives. Individual or Personal Objectives of an organization consists of satisfying needs like Social Needs, Financial Needs, Good and Healthy Working Conditions, and Higher Level Needs.

Importance of Management

1. **Increases Efficiency:**

The management process of an organization increases its efficiency by reducing cost and increasing productivity by utilization of the available resources in the best possible and optimum way.

2. **Helps in Achieving Group Goals:**

Effective management process creates teamwork and builds coordination among the members of an organization. The managers provide a common path or direction to their employees for the accomplishment of the overall objectives of the organization.

3. **Creates a Dynamic Organization:**

Every organization works in a changing environment. The managers of an organization have to help their members adapt to the changing environment, which ultimately helps them ensure the survival and growth of the organization. Besides, the management convinces the employees that the changes brought in the organization will benefit their future prospects.

4. **Development of Society:**

Every organization has various objectives toward different groups of society. Along with the development of the organization, its management has to develop the society too. To do so, the management helps the organization produce good quality products, adopt new technologies, and provide employment opportunities to the weaker sections of society.

5. **Helps in Achieving Personal Objectives:**

Every individual or employee of an organization has different objectives or goals they wish to accomplish while doing their jobs. Management helps these employees in fulfilling their personal objectives along with the organizational objectives.

Functions of Management

1. **Planning:**

Planning means deciding in advance what to do, how to do, when to do, and who is going to do. In simple terms, planning means setting up goals, deciding the course of action, timeline of the work, etc., in advance for the success and growth of an organization. It is the first step in the process of management, and every other function of business management depends upon the planning function. For effective planning, an organization has to analyze the external and internal environment, formulate plans, forecast the future, and decision-making process.
For example, setting up the sales target for the organization, formulating rules and regulations for the employees and the firm, etc.

2. **Organizing:**

The second function of management is organizing. It involves assigning duties, grouping different tasks, and establishing authority and responsibility. Proper organizing in an organization ensures its success by providing the course of action. According to the nature of the work of an organization, different firms require different kinds of organizational structures.

In simple terms, organizing means dividing a whole task into small units of work, and then distributing them along with authority and responsibility.
For example, the top managers of an organization can allot different tasks to different departments of the organization. The department heads can then allot the sub-units of the task to different employees based on their designation, qualification, expertise and skills.

3. **Staffing:**

Staffing means recruiting the right person for the right job and at the right time. The staffing process of business management involves recruitment, selection, development, appointment and training of employees in an organization. The human resource department of an organization deals with staffing by ensuring that the employee selected for a specific job position has the right qualifications, skills, experience, expertise and abilities.
For example, In an Ed-tech organization, the human resource department can look for educational qualifications, like graduation and post-graduation and skills like communication, decision-making, problem-solving and experience for the development of commerce courses as per the requirement of the job position.

4. **Directing:**

The work of an organization does not end at staffing. The organization has to guide, supervise, direct, inspire, motivate and instruct the recruited employees. Hence, the process of directing includes taking the required steps to supervise, direct, and motivate employees in achieving the organizational goals, along with their personal objectives. A good leader must use criticism and compliments in such a way that it motivates the employees to work up to their full potential.
For example, Middle-level management can use positive reinforcement or negative reinforcement to motivate the employees in working towards the fulfillment of organizational goals accordingly.

5. **Controlling:**

The last function of business management is controlling. It means deciding the standards of organizational performance in advance, measuring the actual results, comparing the standard and actual performance, finding variations, and taking required corrective measures. Controlling is a continuous process as an organization has to perform the process until it reaches the desired goals.
For example, an organization has set the standard sales as 50,000 units. However, the actual sales of the organization are 40,000 units. The variation in the actual and standard performance

is 10,000 units. Now, the managers will look for the reasons behind the lack of 10,000 more units and then take corrective actions to attain standard sales.

Principles of Management

Henry Fayol's 14 Principles of Management

Fayol's 14 Principles of Management identified the skills that were needed to manage well. As well as inspiring much of today's management theory, they offer tips that you can still implement in your organization. Fayol also created a list of the five primaries Functions of Management, which go hand in hand with the Principles.

Fayol called managerial skills "administrative functions." In his 1916 book, "Administration Industrielle et Générale," he shared his experiences of managing a workforce. Fayol's book – and his 14 Principles of Management – helped to form what became known as Administrative Theory. It looks at the organization from the top down, and sets out steps for managers to get the best from employees and to run a business efficiently.

It was the reality of Fayol's day-to-day managing, seeing what worked and what didn't, that informed his 14 Principles of Management. By focusing on administrative over technical skills, the Principles are some of the earliest examples of treating management as a profession. They are:

1. **Division of Work.**

Assign each employee a task that they can become proficient at. Productivity increases as employees become more skilled, assured and efficient. Today, experts still warn against multi-tasking.

2. **Authority.**

Managers must possess the authority to give orders, and recognize that with authority comes responsibility. As well as rank, Fayol argues that a manager's intelligence, experience and values should command respect.

3. **Discipline.**

Everyone should follow the rules. To help, you can make agreements between the organization and employees clear for all to see.

4. **Unity of Command.**

Fayol wrote that "an employee should receive orders from one supervisor only." Otherwise, authority, discipline, order, and stability are threatened.

5. **Unity of Direction.**

Teams with the same objective should be working under the direction of one manager, using one plan. That, Fayol wrote, "is the condition essential to unity of action, coordination of strength and focusing of effort."

6. **Collective Interest over Individual Interest.**

Individuals should pursue team interests over personal ones – including managers.

7. **Remuneration.**

Employee satisfaction depends on fair remuneration for everyone – financial and non-financial. Fayol said pay should be fair and reward "well-directed effort."

8. **Centralization.**

Balancing centralized decision making (from the top) with letting employees make decisions. Or as Fayol wrote, "A place for everyone and everyone in his place."

9. **Scalar Chain.**

Employees should know where they stand in the organization's hierarchy and who to speak to within a chain of command. Fayol suggested the now-familiar organization chart as a way for employees to see this structure clearly.

10. **Order.**

Fayol wrote that, "The right man in the right place" forms an effective social order. He applied the same maxim to materials: right one, right place. Academics note that this principle pre-empted the Just in Time (JIT) strategy for efficient production.

11. **Equity.**

Managers should be fair to all employees through a "combination of kindliness and justice." Only then will the team "carry out its duties with... devotion and loyalty."

12. **Stability of Tenure of Personnel.**

Organizations should minimize staff turnover and role changes to maximize efficiency. If people are secure and good at their jobs, they are happier and more productive.

13. **Initiative.**

Employees should be encouraged to develop and carry out plans for improvement. As Fayol wrote, " At all levels of the organizational ladder, zeal and energy on the part of employees are augmented by initiative."

14. **Esprit de Corps.**

Organizations should strive to promote team spirit, unity, and morale.

Human Resource Management

Introduction

Human resource management (HRM or HR) is the strategic and coherent approach to the effective and efficient management of people in a company or organization such that they help their business gain a competitive advantage. It is designed to maximize employee performance in service of an employer's strategic objectives. Human resource management is primarily concerned with the management of people within organizations, focusing on policies and systems. HR departments are responsible for overseeing employee-benefits design, employee recruitment, training and development, performance appraisal, and reward management, such as managing pay and employee-benefits systems. HR also concerns itself with organizational change and industrial relations, or the balancing of organizational practices with requirements arising from collective bargaining and governmental laws.

Human resource management is the strategic approach to nurturing and supporting employees and ensuring a positive workplace environment. Its functions vary across different businesses and industries, but typically include recruitment, compensation and benefits, training and development, and employee relations.

Human Resources (HR) is the department within a business or organization responsible for managing its employees. HR is responsible for hiring, firing, and managing employee benefits, payroll, and other staffing needs.

HRM also includes employee assessment like performance appraisal, facilitating proper compensation and benefits, encouragement, maintaining proper relations with labor and with trade unions, and taking care of employee safety, welfare and health by complying with labor laws of the state or country concerned.

Human Resource Management is a management function concerned with hiring, motivating, and maintaining the workforce in an organization. Human resource management deals with issues related to employees such as hiring, training, development, compensation, motivation, communication, and administration. Human resource management ensures the satisfaction of employees and a maximum contribution of employees to the achievement of organizational objectives.

Definition

Human Resource Management (HRM) is an operation in companies designed to maximize employee performance in order to meet the employer's strategic goals and objectives. More precisely, HRM focuses on management of people within companies, emphasizing on policies and systems.
In short, HRM is the process of recruiting, selecting employees, providing proper orientation and induction, imparting proper training and developing skills.

According to Armstrong (1997), Human Resource Management can be defined as "a strategic approach to acquiring, developing, managing, motivating and gaining the commitment of the organization's key resource – the people who work in and for it."

Scope of HRM

The scope of HRM is very wide. It consists of all the functions that come under the banner of human resource management. The different functions are as follows −

1. **Human Resources Planning:**

It is the process by which a company identifies how many positions are vacant and whether the company has excess staff or shortage of staff and subsequently deals with this need of excess or shortage.

2. **Job Analysis Design:**

Job analysis can be defined as the process of noticing and regulating in detail the particular job duties and requirements and the relative importance of these duties for a given job.

Job analysis design is a process of designing jobs where evaluations are made regarding the data collected on a job. It gives an elaborate description about each and every job in the company.

3. **Recruitment and Selection:**

With respect to the information collected from job analysis, the company prepares advertisements and publishes them on various social media platforms. This is known as recruitment.

A number of applications are received after the advertisement is presented, interviews are conducted and the deserving employees are selected. Thus, recruitment and selection is yet another essential area of HRM.

4. **Orientation and Induction:**

After the employees are selected, an induction or orientation program is organized. The employees are updated about the background of the company as well as culture, values, and work ethics of the company and they are also introduced to the other employees.

5. **Training and Development:**

Employees have to undergo a training program, which assists them to put up a better performance on the job. Sometimes, training is also conducted for currently working experienced staff so as to help them improve their skills further. This is known as refresher training.

6. **Performance Appraisal:**

After the employees have put in around 1 year of service, performance appraisal is organized in order to check their performance. On the basis of these appraisals, future promotions, incentives, and increments in salary are decided.

7. **Compensation Planning and Remuneration:**

Under compensation planning and remuneration, various rules and regulations regarding compensation and related aspects are taken care of. It is the duty of the HR department to look into remuneration and compensation planning.

Features of HRM

Human Resource Management as a discipline includes the following features −

- It is pervasive in nature, as it is present in all industries.
- It focuses on outcomes and not on rules.
- It helps employees develop and groom their potential completely.
- It motivates employees to give their best to the company.
- It is all about people at work, as individuals as well as in groups.
- It tries to put people on assigned tasks in order to have good production or results.
- It helps a company achieve its goals in the future by facilitating work for competent and well-motivated employees.
- It approaches to build and maintain cordial relationship among people working at various levels in the company.

Function of Human Resource Management

Human Resource Management functions can be classified into the following three categories.

- Managerial Functions,
- Operative Functions, and
- Advisory Functions.

The Managerial Functions of Human Resource Management are as follows:

1. **Human Resource Planning**:

In this function of HRM, the number and type of employees needed to accomplish organizational goals are determined. Research is an important part of this function, information is collected and analyzed to identify current and future human resource needs and to forecast changing values, attitudes, and behavior of employees and their impact on the organization.

2. **Organizing:**

In an organization tasks are allocated among its members, relationships are identified, and activities are integrated towards a common objective. Relationships are established among the employees so that they can collectively contribute to the attainment of the organization's goal.

3. **Directing**:

Activating employees at different levels and making them contribute maximum to the organization is possible through proper direction and motivation. Taping the maximum potentialities of the employees is possible through motivation and command.

4. **Controlling**:

After planning, organizing, and directing, employees' actual performance is checked, verified, and compared with the plans. If the actual performance is found deviated from the plan, control measures are required to be taken.

The Operative Functions of Human Resource Management are as follows:

1. **Recruitment and Selection**:

Recruitment of candidates is the function preceding the selection, which brings the pool of prospective candidates for the organization so that the management can select the right candidate from this pool.

2. **Job Analysis and Design**:

Job analysis is the process of describing the nature of a job and specifying the human requirements like qualification, skills, and work experience to perform that job. Job design aims at outlining and organizing tasks, duties, and responsibilities into a single unit of work for the achievement of certain objectives.

3. **Performance Appraisal**:

Human resource professionals are required to perform this function to ensure that the performance of employees is at an acceptable level.

4. **Training and Development**:

This function of human resource management helps employees acquire skills and knowledge to perform their jobs effectively. Training and development programs are organized for both new and existing employees. Employees are prepared for higher-level responsibilities through training and development.

5. **Wage and Salary Administration**:

Human resource management determines what is to be paid for different types of jobs. Human resource management decides employee's compensation which includes - wage administration, salary administration, incentives, bonuses, fringe benefits, etc,.

6. **Employee Welfare:**

This function refers to various services, benefits, and facilities that are provided to employees for their well-being.

7. **Maintenance:**

Human resource is considered an asset for the organization. Employee turnover is not considered good for the organization. Human resource management always tries to keep their best performing employees with the organization.

8. **Labor Relations**:

This function refers to human resource management interaction with employees represented by a trade union. Employees come together and form a union to obtain more voice in decisions affecting wage, benefits, working conditions, etc,.

9. **Personnel Research**:

Personnel research is done by human resource management to gather employees' opinions on wages and salaries, promotions, working conditions, welfare activities, leadership, etc, such researches help in understanding employee satisfaction, employee turnover, employee termination, etc.

10. **Personnel Record**:

This function involves recording, maintaining, and retrieving employee-related information like - application forms, employment history, working hours, earnings, employee absents and presents, employee turnover, and other data related to employees.

The Advisory Functions of Human Resource Management are as follows:

Human Resource Management is expert in managing human resources and so can give advice on matters related to human resources of the organization. Human Resource Management can offer advice to:

1. **Advised to Top Management:**

The personnel manager advises the top management in the formulation and evaluation of personnel programs, policies, and procedures.

2. **Advised to Departmental Heads:**

The personnel manager advises the heads of various departments on matters such as manpower planning, job analysis, job design, recruitment, selection, placement, training, performance appraisal, and etc.

Personnel Management

Personnel management is an administrative function within an organization that oversees the hiring, organization and support of employee positions. A branch of human resources, personnel management focuses on recruiting the right individuals to fit a position and supporting those already working for the company.

Personnel management is a business function that primarily deals with the administrative and record-keeping requirements relating to the full employee lifecycle of staff in a company. The term could cover a number of different tasks and activities, such as writing contracts and letters, paying salaries, and ensuring adherence with employment law and regulations in a number of areas such as health and safety, employee discipline, grievance, etc.

Functions and principles of personnel management

The principles of personnel management inevitably differ across different companies. However, the majorities of organizations believe that effective personal development, good communication, the dignity of labor, and high morale are the key benchmarks within the function and should be integrated into both HR and wider organizational strategy at all levels.

1. **Planning:**

This aspect involves forecasting what staff vacancies might be required by the business in the future and subsequently planning recruitment activities to support this.

2. **Organizing:**

Personnel management is responsible for ensuring that the organizational structure of employees meets the business needs, both now and in the future.

3. **Staffing:**

This involves inducting new hires effectively into the business and working on an ongoing basis with staff to train and develop them within their current roles. This includes identifying opportunities for potential transfers or promotions.

4. **Motivating:**

Good personnel management is responsible for creating and maintaining a harmonious working environment. This includes ensuring that the compensation and benefits strategy for the business encourages success, employee disciplinary and grievance procedures, effective communication, and solid health and safety policies.

5. **Controlling:**

Ensuring a robust performance appraisal process is crucial for personnel management. Also vital is supporting initiatives to help employees' attitudes towards work to be positive, with high morale.

Differences between Personnel Management and Human Resource Management

BASIS FOR COMPARISON	PERSONNEL MANAGEMENT	HUMAN RESOURCE MANAGEMENT
Meaning	The aspect of management that is concerned with the work force and their relationship with the entity is known as Personnel Management.	The branch of management that focuses on the most effective use of the manpower of an entity, to achieve the organizational goals is known as Human Resource Management.
Approach	Traditional	Modern
Treatment of manpower	Machines or Tools	Asset
Type of function	Routine function	Strategic function
Basis of Pay	Job Evaluation	Performance Evaluation
Management Role	Transactional	Transformational
Communication	Indirect	Direct
Labor Management	Collective Bargaining Contracts	Individual Contracts
Initiatives	Piecemeal	Integrated
Management Actions	Procedure	Business needs

Decision Making	Slow	Fast
Job Design	Division of Labor	Groups/Teams
Focus	Primarily on mundane activities like employee hiring, remunerating, training, and harmony.	Treat manpower of the organization as valued assets, to be valued, used and preserved.

Marketing Management
Introduction

Marketing management is centered on creating, planning, and implementing strategies that will help achieve wider business objectives. These business objectives can involve increasing brand awareness, boosting profits, or entering previously untapped markets. When we begin to consider the field of marketing management, it’s important to look to marketing experts Philip Kotler and Kevin Lane Keller, who, in their book “Marketing Management," offer a standard marketing management definition as “the development, design, and implementation of marketing programs, processes, and activities that recognize the breadth and interdependencies of the business environment.”

Marketing management is the organizational discipline which focuses on the practical application of marketing orientation, techniques and methods inside enterprises and organizations and on the management of a firm's marketing resources and activities.

Marketing management employs tools from economics and competitive strategy to analyze the industry context in which the firm operates. These include Porter's five forces, analysis of strategic groups of competitors, value chain analysis and others.

Definition

Marketing management refers to **the control and operations of various marketing activities and the people involved in those activities**, such as managers, marketing management professionals, contractors, and more. Relevant actives often include: Setting goals and developing marketing strategies.

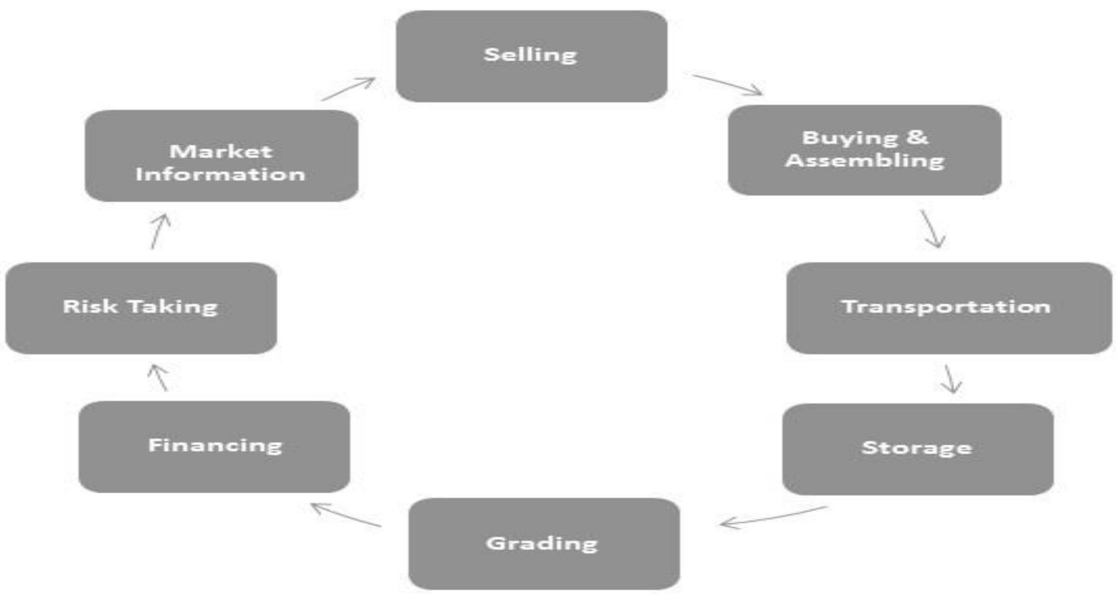
Marketing management refers to the extensive process of planning, organizing, monitoring, and executing your marketing programs, policies, and strategies to achieve your business objectives. It helps to generate greater profits by effectively bringing in more potential consumers to your base.

Functions of Marketing Management

We need to understand the major functions of marketing management in order to understand and groom our organization. The following are some of the major functions of marketing management −

1. Selling
2. Buying and Assembling
3. Transportation
4. Storage
5. Standardization and Grading
6. Financing
7. Risk Taking
8. Market Information

The marketing process performs certain activities as the products and services move from the producer to consumer. All these activities or jobs are not performed by every company.



1. **Selling:**

Selling is the crux of marketing. It involves convincing the prospective buyers to actually complete the purchase of an article. It includes transfer of ownership of products to the buyer.

Selling plays a very vital part in realizing the ultimate aim of earning profit. Selling is groomed by means of personal selling, advertising, publicity and sales promotion. Effectiveness and efficiency in selling determines the volume of the firm's profits and profitability.

2. **Buying and Assembling:**

It deals with what to buy, of what quality, how much from whom, when and at what price. People in business purchase to increase sales or to decrease costs. Purchasing agents are much tempted by quality, service and price. The products that the retailers buy for resale are selected as per the requirements and preferences of their customers.

Assembling means buying necessary component parts and to fit them together to make a product. ‘Assembly line’ marks a production line made up of purely assembly functions. The assembly operation includes the arrival of individual component parts at the work place and issuing of these parts for assembling. Assembly line is an arrangement of employees and machines in which each individual has a particular job and the work is passed directly from one employee to the next until the product is complete.

3. **<u>Transportation:</u>**

Transportation is the physical means through which products are moved from the places where they are produced to those places where they are needed for consumption. It creates location utility.

Transportation is very important from the procurement of raw material to the delivery of finished products to the customer’s places. Transportation depends mainly on railroads, trucks, waterways, pipelines and airways.

4. **<u>Storage:</u>**

It includes holding of products in proper, i.e., usable or saleable, condition from the time they are produced until they are required by customers in case of finished products or by the production department in case of raw materials and stores. Storing protects the products from deterioration and helps in carrying over surplus for future consumption or usage in production.

5. **<u>Standardization and Grading:</u>**

Standardization means setting up of certain standards or specifications for products based on the intrinsic physical qualities of any item. This may include quantity like weight and size or quality like color, shape, appearance, material, taste, sweetness etc. A standard gives rise to uniformity of products.

Grading means classification of standardized items into certain well defined classes or groups. It includes the division of products into classes made of units possessing similar features of size and quality. Grading is very essential for raw materials; agricultural products like fruits and cereals; mining products like coal, iron and manganese and forest products like timber.

6. **<u>Financing:</u>**

Financing involves the application of the capital to meet the financial requirements of agencies dealing with various activities of marketing. The services to ensure the credit and money needed and the costs of getting merchandise into the hands of the final user are mostly referred to as the finance function in marketing.

7. **<u>Risk Taking:</u>**

Risk means loss due to some unforeseen situations. Risk bearing in marketing means the financial risk invested in the ownership of goods held for an anticipated demand, including the possible losses because of fall in prices and the losses from spoilage, depreciation, obsolescence, fire and floods or any other loss that may occur with the passage of time.

8. **Market Information:**

The importance of this facilitating function of marketing has been recently marked. The only sound foundation on which marketing decisions depend is timely and correct market information. The importance of this facilitating function of marketing has been recently marked. The only sound foundation on which marketing decisions depend is timely and correct market information.

Marketing Strategies

A marketing strategy is a long-term plan for achieving a company's goals by understanding the needs of customers and creating a distinct and sustainable competitive advantage. It encompasses everything from determining who your customers are to deciding what channels you use to reach those customers.
Marketing strategy is an organization's promotional efforts to allocate its resources across a wide range of platforms, channels to increase its sales and achieve sustainable competitive advantage within its corresponding market.
A marketing strategy refers to a business's overall game plan for reaching prospective consumers and turning them into customers of their products or services. A marketing strategy contains the company's value proposition, key brand messaging, data on target customer demographics, and other high-level elements.

- A marketing strategy is a business's game plan for reaching prospective consumers and turning them into customers of their products or services.
- Marketing strategies should revolve around a company's value proposition.
- The ultimate goal of a marketing strategy is to achieve and communicate a sustainable competitive advantage over rival companies.

Create a Marketing Strategy

Creating a marketing strategy requires a few steps. HubSpot, a digital marketing resource, offers insight into how to create your strategy.

1. **Identify your goals:**

While sales are the ultimate goal for every company, you should have more short-term goals such as establishing authority, increasing customer engagement, or generating leads. These smaller goals offer measurable benchmarks for the progress of your marketing plan. Think of strategy as the high-level ideology and planning as how you accomplish your goals.

2. **<u>Know your clients:</u>**

Every product or service has an ideal customer, and you should know who they are and where they hang out. If you sell power tools, you'll choose marketing channels where general contractors may see your messaging. Establish who your client is and how your product will improve their lives.

3. **<u>Create your message:</u>**

Now that you know your goals and who you're pitching to, it's time to create your messaging. This is your opportunity to show your potential clients how your product or service will benefit them and why you're the only company that can provide it.

4. **<u>Define your budget:</u>**

How you disperse your messaging may depend on how much you can afford. Will you be purchasing advertising? Hoping for a viral moment on social media organically? Sending out press releases to the media to try to gain coverage? Your budget will dictate what you can afford to do.

5. **<u>Determine your channels:</u>**

Even the best message needs the appropriate venue. Some companies may find more value in creating blog posts for their website. Others may find success with paid ads on social media channels. Find the most appropriate venue for your content.

6. **<u>Measure your success:</u>**

To target your marketing, you need to know whether it is reaching its audience. Determine your metrics and how you'll judge the success of your marketing efforts.

<u>The 7 Ps of Marketing</u>

Since the 1960s, the 4 Ps of marketing have been applied to support the concept of the mix. The 4Ps are a set of four letters that stand for the following:

- Product
- Price
- Place
- Promotion

The marketing mix process has changed in response to changes in the company and consumer markets. McCarthy's concept was developed in 1981 by Bernard H. Booms and Mary J. Bitner into the 7Ps of marketing mix that we know today.

The original four Ps are still in place, but Booms and Bitner added three more:

- People
- Process
- Physical evidence

Let's dive deep into each one of them in the 7Ps of marketing,

1. **Product:** The characteristics, unique selling factors, and overall quality of the product or service being offered
2. **Promotion:** Methods used to advertise the product through many channels are referred to as promotion
3. **Price:** The product's long-term price plan, including promotions, discounts, and special offers
4. **Place:** Where do customers find your product, learn about it, and then buy it
5. **People:** Those who come into direct and indirect touch with your target clients
6. **Process:** How you will deliver the product to clients and provide them with the finest experience possible
7. **Physical evidence:** tangible goods and experiences that convince clients that your product is genuine — in the case of digital, this includes website visits, confirmation emails, testimonials, client feedback, and more

Product Life-Cycle

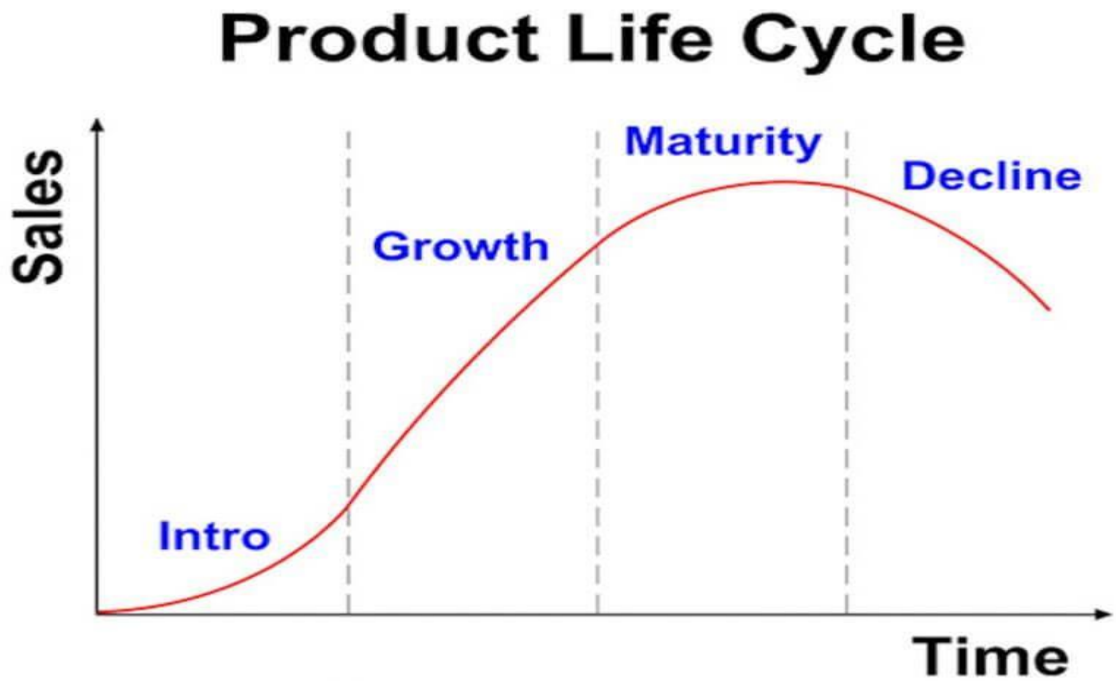
The term product life cycle refers to the length of time from when a product is introduced to consumers into the market until it's removed from the shelves. This concept is used by management and by marketing professionals as a factor in deciding when it is appropriate to increase advertising, reduce prices, expand to new markets, or redesign packaging. The process of strategizing ways to continuously support and maintain a product is called product life cycle management.

- A product life cycle is the amount of time a product goes from being introduced into the market until it's taken off the shelves.
- There are four stages in a product's life cycle—introduction, growth, maturity, and decline.
- A company often incurs higher marketing costs when introducing a product to the market but experiences higher sales as product adoption grows.
- Sales stabilize and peak when the product's adoption matures, though competition and obsolescence may cause its decline.
- The concept of product life cycle helps inform business decision-making, from pricing and promotion to expansion or cost-cutting.

How the Product Life Cycle Works

Products, like people, have life cycles. The life cycle of a product is broken into four stages—introduction, growth, maturity, and decline.

A product begins with an idea, and within the confines of modern business, it isn't likely to go further until it undergoes research and development (R&D) and is found to be feasible and potentially profitable. At that point, the product is produced, marketed, and rolled out. Some product life cycle models include product development as a stage, though at this point, the product has not yet been brought to customers. As mentioned above, there are four generally accepted stages in the life cycle of a product. Here are details about each one.



1. **<u>Introduction Stage:</u>**

The introduction phase is the first time customers are introduced to the new product. A company must generally includes a substantial investment in advertising and a marketing campaign focused on making consumers aware of the product and its benefits, especially if it is broadly unknown what the item will do. During the introduction stage, there is often little-to-no competition for a product, as competitors may just be getting a first look at the new offering. However, companies still often experience negative financial results at this stage as sales tend to be lower, promotional pricing may be low to drive customer engagement, and the sales strategy is still being evaluated.

2. **<u>Growth Stage:</u>**

If the product is successful, it then moves to the growth stage. This is characterized by growing demand, an increase in production, and expansion in its availability. The amount of time spent in the introduction phase before a company's product experiences strong growth will vary from between industries and products. During the growth phase, the product becomes more popular and recognizable. A company may still choose to invest heavily in advertising if the product faces heavy competition. However, marketing campaigns will likely be geared towards differentiating its product from others as opposed to introducing the goods to the market. A company may also refine its product by improving functionality based on customer feedback. Financially, the growth period of the product life cycle results in increased sales and higher revenue. As competition begins to offer rival products, competition increases, potentially forcing the company to decrease prices and experience lower margins.

3. **Maturity Stage:**

The maturity stage of the product life cycle is the most profitable stage, the time when the costs of producing and marketing decline. With the market saturated with the product, competition now higher than at other stages, and profit margins starting to shrink, some analysts refer to the maturity stage as when sales volume is "maxed out". Depending on the good, a company may begin deciding how to innovates its product or introduce new ways to capture a larger market presence. This includes getting more feedback from customers, and researching their demographics and their needs. During the maturity stage, competition is at the highest level. Rival companies have had enough time to introduce competing and improved products, and competition for customers is usually highest. Sales levels stabilize, and a company strives to have its product exist in this maturity stage for as long as possible.

4. **Decline Stage:**

As the product takes on increased competition as other companies emulate its success, the product may lose market share and begin its decline. Product sales begin to drop due to market saturation and alternative products, and the company may choose to not pursue additional marketing efforts as customers may already have determined whether they are loyal to the company's products or not. Should a product be entirely retired, the company will stop generating support for it and will entirely phase out marketing endeavors. Alternatively, the company may decide to revamp the product or introduce a next-generation, completely overhauled model. If the upgrade is substantial enough, the company may choose to re-enter the product life cycle by introducing the new version to the market.

Channels of Distribution

A distribution channel is the network of businesses or intermediaries through which a good or service passes until it reaches the final buyer or the end consumer. Distribution channels can include wholesalers, retailers, distributors, and even the internet.

Distribution channels are part of the downstream process, answering the question "How do we get our product to the consumer?" This is in contrast to the upstream process, also known as the supply chain, which answers the question "Who are our suppliers?"

A distribution channel is a path by which all goods and services travel to arrive at the intended consumer. Distribution channels can be short or long, and depend on the number of intermediaries required to deliver a product or service.

Increasing the number of ways a consumer can find a good can increase sales but it can also create a complex system that sometimes makes distribution management difficult. Longer distribution channels can also mean less profit for each intermediary along the way.

- A distribution channel represents a chain of businesses or intermediaries through which the final buyer purchases a good or service.
- Distribution channels include wholesalers, retailers, distributors, and the Internet.
- In a direct distribution channel, the manufacturer sells directly to the consumer. Indirect channels involve multiple intermediaries before the product ends up in the hands of the consumer.

Components of a Distribution Channel

- **Producer:**

Producers combine labor and capital to create goods and services for consumers.

- **Agent:**

Agents commonly act on behalf of the producer to accept payments and transfer the title of the goods and services as it moves through distribution.

- **Wholesaler:**

A person or company that sells large quantities of goods, often at low prices to retailers.

- **Retailer:**

A person or business that sells goods to the public in small quantities for immediate use or consumption.

- **End Consumer:**

A person who buys a product or service.

Types of Distribution Channels

1. **Direct:**

A direct channel allows the consumer to make purchases from the manufacturer. This direct, or short channel, may mean lower costs for consumers because they are buying directly from the manufacturer.

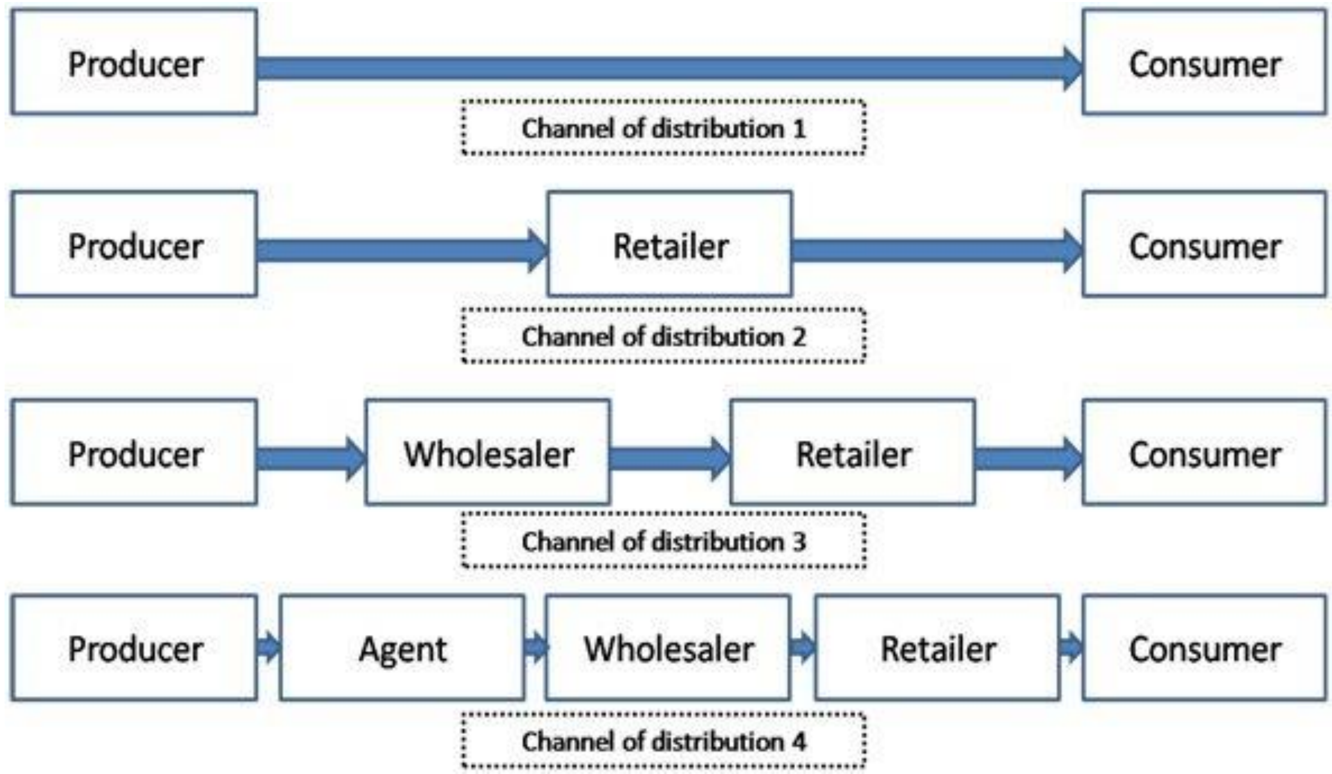
2. **Indirect:**

An indirect channel allows the consumer to buy the goods from a wholesaler or retailer. Indirect channels are typical for goods that are sold in traditional brick-and-mortar stores.

3. **Hybrid:**

Hybrid distribution channels use both direct channels and indirect channels. A product or service manufacturer may use both a retailer to distribute a product or service and may also make sales directly with the consume

Distribution Channel Levels



- **Level 1**

This is a direct-to-consumer model where the producer sells its product directly to the end consumer. Amazon, which uses its platform to sell Kindles to its customers, is an example of a direct model. This is the shortest distribution channel possible, cutting out both the wholesaler and the retailer.

- **Level 2**

A producer sells directly to a retailer who sells the product to the end consumer. This level includes only one intermediary. HP or Dell are large enough to sell their computer products directly to reputable retailers such as Best Buy.

- **Level 3**

Including two intermediaries, this level is one of the longest because it includes the producer, wholesaler, retailer, and consumer. In the wine and adult beverage industry, a winery cannot sell directly to a retailer. It operates in a multi-tiered system, meaning the law requires the winery to first sell its product to a wholesaler who then sells to a retailer. The retailer then sells the product to the end consumer.1

- **Level 4**

This level may add the jobber, this level adds the role of the individual who may assemble products from a variety of producers, stores them, sells them to retailers, and acts as a middle-man for wholesalers and retailers.