

Unit -2 Marketing

The activity or business of promoting and selling products or services, including market research and advertising.

1. Traditional Marketing Concept :

Traditional marketing concept focuses on products only and it aims in production and marketing of products and gaining more profit. Traditional marketing is profit oriented. It is based on old marketing concept and refers to a narrow concept. Traditional marketing concept is based on push marketing. It is one dimensional as the only target of it is to sell the product and get the profit.

Most commonly used **traditional marketing strategies** are :

- Business cards
- TV and Radio ads
- Billboards and signage
- Flyers and brochures
- Telephone marketing

Advantages and Disadvantages of Traditional Marketing Concept :

Advantages :

- Opportunity for powerful creative efforts
- Easy to understand
- Easier reach to local target audience

Disadvantages :

- Little interaction
- Targeted customer is minimal

2. Modern Marketing Concept :

Modern marketing concept focuses on customer's need and wants and it aims in meeting the customer's satisfaction. Modern marketing is customer oriented. It is based on new marketing concept and refers to a broader concept. Traditional marketing concept is based on pull marketing. It is multidimensional as along with selling product and getting profit it also gives emphasis on customer satisfaction, planning, after sales service and many other variables.

Most commonly used **modern marketing strategies** are :

- Internet ads

- E-mail marketing
- E-commerce website
- Use of social media
- Marketing automation

Advantages and Disadvantages of Modern Marketing Concept :

Advantages :

- Higher ROI
- Deeper levels of customer engagement and targeting
- Cost effective
- Opened to larger and bigger markets

Disadvantages :

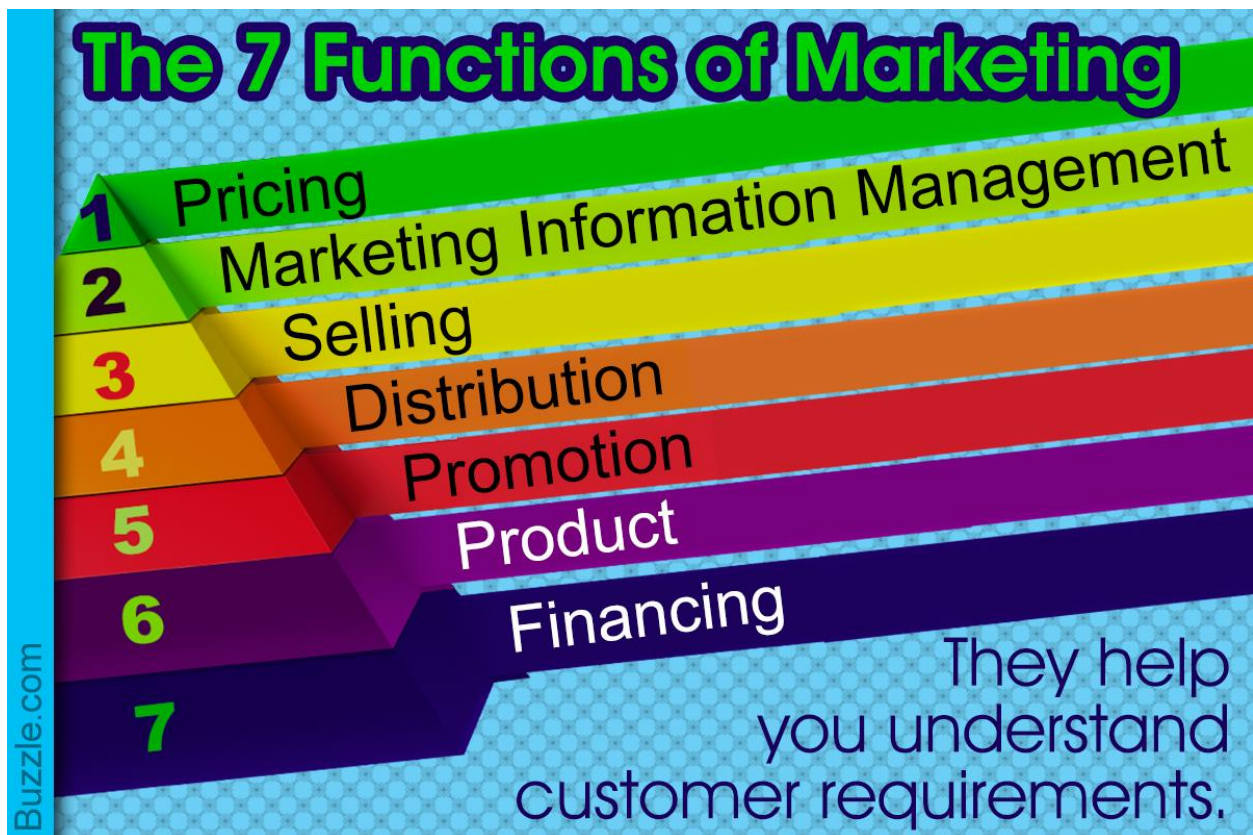
- Requires technical skill to be active in digital marketing and in use of internet
- More costly in implementing.

Difference between Traditional Marketing and Modern Marketing :

S.No.	TRADITIONAL MARKETING CONCEPT	MODERN MARKETING CONCEPT
01.	Traditional Marketing concepts focuses on products only.	Modern Marketing concepts focuses on customer's needs and wants.
02.	In traditional marketing the objective is maximum profit.	In modern marketing the objective is maximum customer satisfaction.
03.	Traditional marketing is short term oriented.	Modern marketing is long term oriented.
04.	It targets customer in focus of product/service selling and availing high profit.	It targets customer in focus of providing product/service and availing satisfactory profit.
05.	In traditional marketing concept there is less promotional activities.	In modern marketing concept there is sustained promotional activities.
06.	Traditional marketing is one type of push marketing.	Modern marketing is one type of pull marketing.

07.	It is based on manual and physical marketing concepts.	It includes digital/automated marketing along with traditional marketing methods.
08.	Traditional Marketing concept is a narrow concept.	Where as modern marketing is a broader concept.
09.	In traditional marketing segments are developed by product portfolio.	In modern marketing segments are developed by differences between customers.
10.	It is stuck in existing market.	It is always in search for potential market.
11.	It has no target set of customers or any regular customer base.	It has target set of customers or a regular customer base.
12.	It is based on production and selling concept.	It is based on social and selling concept.
13.	It ignores the market survey and market competition.	It does the market survey and efforts to know market competition.
14.	Geographical scope of traditional market is local area.	Geographical scope of modern market is global area.

Functions of Marketing:



What is the need for Marketing strategy?

1. The fight for market share –. Each market is divided into shares, which are captured by the players of the market.
2. External business environment –. Most sectors like Petrol, banking, airlines, logistics as well as telecommunications are regulated by government.
3. Business expansion –.
4. Management of channel structure.

1) The fight for market share –

Each market is divided into shares, which are captured by the players of the market. This fight for market share is intensifying. Because of competition, margins are poor, and hence the increase of market share provides leverage to the company. To increase market share, companies need marketing strategy.



2) External business environment –

Most sectors like Petrol, banking, airlines, logistics as well as telecommunications are regulated by government. Similarly, the PEST environment affects decision-making continuously. As this external business environment keeps changing, the need for marketing strategy arises because you need to be ready for the changes in external environment.

3) Business expansion –

While managing all aspects of businesses, the firm also needs to expand at a rapid pace. This involves various kinds of mergers, acquisitions takeovers or introduction of new product lines, each of which needs to be micro managed. Any business that wants to expand, needs a marketing strategy in place to ensure that the expansion is happening in the right manner, and is maintaining the right pace. The business also needs to be ready for the “ifs and buts” of business, in case the expansion is slower or faster than forecast.

4) Management of channel structure –

The distribution channel is changing very fast. Many companies now have their own softwares and they can monitor what is happening at the distributor level. The rise of modern retailers and E-retailers is giving more power in the hand of consumers as well as distribution channel. At the same time, changes are happening on the purchase end with buying groups being formed & supply being managed to match demand. All these require the right strategies in place to prepare for good or bad times.

5) Penetration of national and international brands –

Not only do manufacturers have to worry about local brands, but they have to worry about national as well as international brands entering the market. If you look at printers or technology driven products, you will find bulk of the products originating from China or Japan. On the other hand, Automobiles mainly originate from Germany or USA. Thus, a national level manufacturer, needs to have a strong marketing strategy in place to ward off competition from international players. On the other hand, the international player has to enter with the right marketing strategy otherwise he will lose.

6) Increasing segments / product portfolio –

Take any company you want, you will find that the company has multiple products and an in-depth product portfolio. Because economies of scale offers many advantages, companies keep expanding their product portfolios and keep targeting more inter connected market segments. So a FMCG company which is selling chocolates, can also venture into biscuits because the channel is the same.

Thus, with so many segments in place, strategic management becomes very important.

7) Technology –

This point requires no explanation because we ourselves know how much humanity has progressed in terms of technology in the last 1 century. There was a time when Barter system was used and there were no quality or price standards in place. But if today, you don't supply a quality product, your reviews will be plastered on a 100 review sites, on E-commerce portals as well as in consumer forums. Technology has made decision-making very simple. And hence you require strategy in place to handle ever improving technology.

8) Innovation –

The need for marketing strategy does not end at handling the business alone. It is fine to be a “me too” brand. But if you really want to be at the top of the business pyramid, you need innovation at all levels – product, supply or manufacturing to give you a competitive advantage.

9) Demanding customers –

At the end, you have to remember that whatever you do, the success and failure lies in the hands of the customers. The power has shifted from the manufacturers to the customers. And due to the habit of receiving excellent service over a period of time, most customers have become demanding like a spoilt brat. They want only the best. You need marketing strategy to give the best to your customers.

Market survey is the **survey research and analysis of the market for** a particular product/service which includes the investigation into customer inclinations. ... Market surveys are tools to directly collect feedback from the target audience to understand their characteristics, expectations, and requirements.

Raw materials are **the input goods or inventory that a company needs to manufacture its products**. Examples of raw materials include steel, oil, corn, grain, gasoline, lumber, forest resources, plastic, natural gas, coal, and minerals.

The machinery & equipment must be “*used directly* in a manufacturing operation, testing operation, or research and development operation.”

Items that are not **used directly** in a qualifying operation are not eligible for the exemption. RCW 82.08.02565 provides eight descriptions of the phrase "used directly." The manner in which a person uses an item of machinery and equipment must match one of these descriptions. If machinery and equipment is not "used directly" it is not eligible for the exemption.

Machinery and equipment is "used directly" in a manufacturing operation, testing operation, or research and development operation, if the machinery and equipment meets any one of the following criteria:

1. **Acts upon or interacts with an item of tangible personal property.** Examples of this are drill presses, cement mixers (agitators), ready-mix concrete trucks, hot steel rolling machines, rock crushers, and band saws. Also included is machinery and equipment used to repair, maintain, or install tangible personal property. **Computers** qualify under this criteria if:
 1. They direct or control machinery or equipment that acts upon or interacts with tangible personal property; or
 2. If they act upon or interact with an item of tangible personal property.
2. **Conveys, transports, handles, or temporarily stores an item of tangible personal property at the manufacturing site or the testing site.** Examples of this are wheelbarrows, handcarts, storage racks, forklifts, tanks, vats, robotic arms, piping, and concrete storage pads. Floor space in buildings does not qualify.

Items that are used to ship the product or in which the product is packaged are not eligible under this criterion. This includes materials used to brace or support an item during transport.

Storage of raw material or other tangible personal property, packaging of tangible personal property, and other activities that potentially qualify under the "used directly" criteria, and that do not constitute manufacturing in and of themselves, must take place at the manufacturing site to qualify for the exemption.

3. **Controls, guides, measures, verifies, aligns, regulates, or tests tangible personal property at the site or away from the site.** Examples of "away from the site" are road testing of trucks, air testing of planes, or water testing of boats, with the machinery and equipment used off site in the testing eligible under this

criteria. Machinery and equipment used to take readings or measurements is eligible under this criterion.

4. **Provides physical support for or access to tangible personal property.** Examples of this are catwalks adjacent to production equipment, scaffolding around tanks, braces under vats, and ladders near controls. Machinery and equipment used for access to the building or to provide a work space for people or a space for tangible personal property or machinery and equipment, such as stairways or doors, is not eligible.
5. **Produces power for or lubricates machinery and equipment.** A generator providing power to a sander is an example of machinery and equipment that produces power for machinery and equipment. An electrical generating plant that provides power for a building is not eligible. Lubricating devices, such as hoses, oil guns, pumps, and meters, whether or not attached to machinery and equipment, are eligible.
6. **Produces another item of tangible personal property for use in the manufacturing operation, testing operation, or research and development operation.** Machinery and equipment that makes dies, jigs, or molds, and printers that produce camera-ready images.
7. **Places tangible personal property in the container, package, or wrapping in which the tangible personal property is normally sold or transported.**
8. **Is integral to research and development as defined in RCW 82.63.010.**
"Integral" means the machinery and equipment is necessary for research and development.

Example, an electrical apparatus used directly in a research and development operation need only be "integral" to the research and development operation to be entitled to the M&E exemption. There is no requirement that it act upon or interact with an item of tangible personal property or produce power for machinery and equipment

Examples of items that are not used directly in a qualifying operation:

- Cafeteria furniture
- Safety equipment not part of qualifying M&E
- Packaging materials
- Shipping materials
- Administrative or office equipment

