

CHAPTER 11

Marketing Management

- **Market:** is used for a place where the buyers and sellers meet and conduct buying and selling activities. In the traditional sense, the market means a place where buyers and sellers gather to enter into transaction involving the exchange of goods and services but today business can be conducted on telephone, through mail, internet etc. In modern marketing sense the term market has a broad meaning. It refers to a set of actual and potential buyers of a product or service.
- **Marketer or Seller:** If a customer is the seeker of satisfaction the marketer is the provider of satisfaction. Marketer can be a person or an organization who makes available the products or services and offers them to the customer with an intention of satisfying the customer needs and wants.
- **Marketing:** Marketing is a social process whereby people exchange goods & service for money or for something of value to them. Anything that is of value to the other can be marketed e.g.
 1. Physical Products - T.V., Mobile phone etc.
 2. Services - Insurance, education etc.
 3. Person - Selection for different posts.
 4. Place-visit - Agra, Taj Mahal, etc.
 5. Events - Fashion show, Films Festivals
- **Important Features of Marketing:**
 1. **Needs and wants:** Satisfaction of the needs and wants of individuals and organizations.
 2. **Creating a market offering:** Complete offer for a product of service.
 3. **Customer value:** greatest benefit or value for the money.
 4. **Exchange mechanism:** Exchange of products/services for money/for something of value to them.
- **Meaning and concept of Marketing Management:** Marketing management means management of the marketing functions. It is the process of organizing, directing and controlling the activities related to marketing of goods and services to satisfy customers' needs & achieve organizational goals.

Marketing management involves the following steps or activities:

 1. **Choosing a target market:** e.g., a manufacturer may choose to make ready-made garments up to the age of 5 years for children.
 2. **Creating customers in target market:** To increase the number of customers by analyzing their needs, wants etc.
 3. **Creating superior value:** To make the product better than competitors products for customers.

- **Functions of Marketing/Marketing activities:**

1. **Marketing research:** Gathering and analyzing marketing information i.e. what the customers want to buy, when they are likely to buy, in what quantities do they buy, from where do they buy etc.
2. **Marketing planning:** Specific plan for increasing the level of production, promotion of the products etc. and specify the action programmes to achieve these objectives.
3. **Product designing and development:** Marketer must take decision like, what-product, which model/size? brand name? Packaging? Quality level? So that Customer needs are satisfied.
4. **Buying & assembling:** e.g. Car-Raw materials like steel, tyres, batteries, seats, steering wheel etc. are bought & then assembled in the form of a complete product.
5. **Packaging/Labelling:** designing the package for the product and put label on the package.
6. **Branding:** Creating a distinct identity of the product from that of competitors e.g. Videocon washing machine, Usha Fans, Lux Soap etc.

- **Concepts & Philosophies of Marketing:**

1. **Production Concept:** Profits could be maximized by producing products on a large scale, thereby reducing average cost of production. Drawback: Customers do not always buy in expensive products.
2. **Product Concept:** When the supply of products increases customers begins to prefer products of superior quality and features. Therefore, the focus shifted from quantity of production to quality of products.
3. **Sales Concept:** With the passage of time the marketing environment underwent future change of quality and availability does not ensure survival and growth of the firm because of competition to sell quality products. Therefore, firms must undertake aggressive selling and promotion efforts to make customer buy their products.
4. **Marketing Concept:** Implies that a firm can achieve its goals by identifying needs of the customer and satisfying them better than the competitors. Customer satisfaction is the precondition for realizing the firm's goal and objectives,
5. **Societal Marketing Concept:** Under this concept customer satisfaction is supplemented by social welfare. Some products bring harmful effect on environment so these should not be supplied. It pays attention to the social, ethical and ecological aspects of marketing. Raman, Joginder, John, Iqbal and Shreya are friends. They are operating different business. Each one has his/her own concept regarding operating their business. Raman believes in producing products at a large scale. Thereby decreasing the average cost of the products and selling it's at a reasonable price.

Joginder focuses on providing best quality products because he believes that a customer always wishes to buy a good quality product. The price of the product is secondary, John is of the belief that most important aspect of business is sales and so he undertakes aggressive selling & promotional effort. Iqbal believes that his firm can achieve its goals only by identifying the needs of the customer & satisfying them better than the competitors. Shreya on the other hand feels that her firm has a responsibility towards the society as well. So she provides customer satisfaction along with using technique which are environmental friendly.

- **Meaning and Concept of Marketing and Selling:** Marketing is a wide term. It refers to a large set of activities of which selling is just one part. A marketer before making the sale does a lot of other activities such as planning the type, design of the product, the price and selecting the distribution outlets at which the same would be available.
- **Selling:** It refers to the sale of goods or service through publicity, promotion and salesmanship. The title of the product is transferred from seller to buyer. The entire focus in selling is to convert the product into cash.

Difference between Selling & Marketing

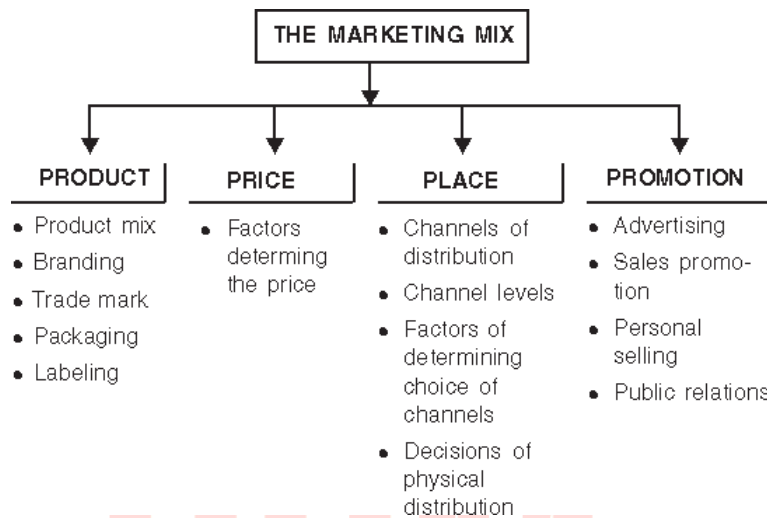
Basis	Selling	Marketing
Scope	It is only a part of process of marketing.	It is a wide term consisting of a number of activities such as notification, customers' needs etc.
Focus	Transfer of the title from seller to consumer.	Achieving maximum satisfaction of customers' needs and wants.
Pre-dominance	Product is given quantity.	Customer is treated as the king.
Aim	Profits through sales volume.	Profits through customer satisfaction.
Emphasis	Bending the customer according to the product.	To develop the products as per the customer needs.

Meaning and concept of Marketing Mix-in orders to satisfy the needs and wants of its customer, every business firm must develop an appropriate marketing mix.

- **Marketing Mix:** Marketing mix refers to ingredients or the tools or the variables which the marketer mixes in order to interact with a particular market.
- **Elements of Marketing Mix:** The four main elements of marketing mix as classified by MCarthy are:
 - A. Product
 - B. Price
 - C. Place/Physical Distribution

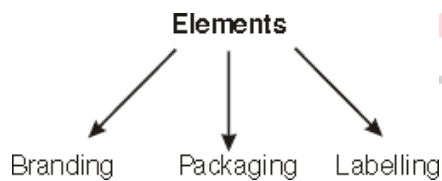
D. Promotion

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

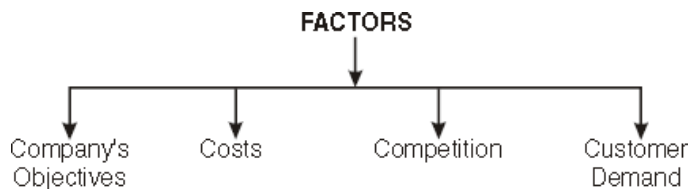


• **Elements/4 Ps of Marketing Mix:**

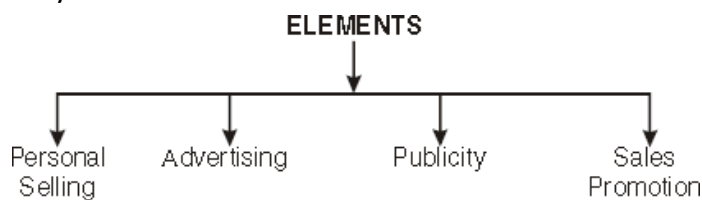
1. **Product Mix:** All the features of the product or service to be offered for sale.



2. **Price Mix:** Value (Money) in lieu of product/service received by seller from a buyer.



3. **Promotion Mix:** Informing the customers about the products and persuading them to buy the same.



4. **Place Mix:** Physical distribution: Various decisions regarding distribution of products.
- Channels of distribution: Whether wholesalers, retailers are to be used or not.
 - Physical movement of the products from producer to consumers.
 - Storage, transportation, managing inventory (stock) etc.
 - **IP - PRODUCT MIX: Meaning and Concept of Product:** Product is anything that can be offered to a market to satisfy a want or need.
 1. Product mix refers to a combination of various features relating to the product or service like quality, size, range, package, warranty etc.
 - **PRODUCT MIX** – Three components are - Branding, Packaging, Labelling.

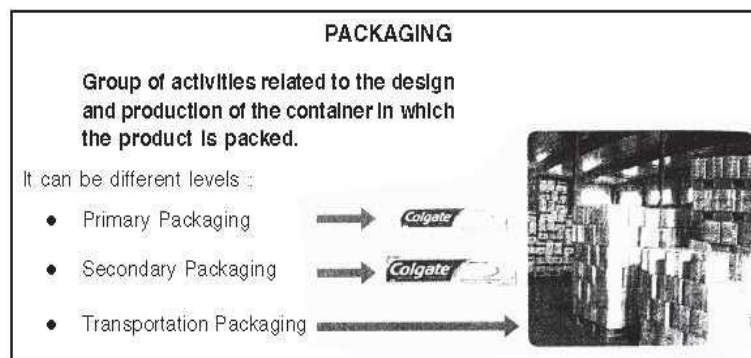
1. (i) **Branding** -giving a name/a sign; a symbol etc. to a product e.g.: Pepsi, Nike:



- **Qualities of a Good Brand Name:**
 1. **Simple and Short:** A brand name should be simple and short as Tata, Bata
 2. **Easily Pronounceable:** A brand names should be easily pronounceable as Lux, Dalda.
 3. **Suggestive:** Band name should be self-explanatory, suggesting the inherent quality of the product as Ujjala suggests more whiteness.
 4. **Distinctive:** Band name should be so distinctive that it highlights itself in the group of other brand names such as: Tide, Perk.
- **Advantages of Branding:**
 1. Brand name helps in advertising it in an easier way.
 2. Brand name establishes permanent identity of the product.
 3. Branded products can be easily identified by consumers.
 4. Brand name promotes repurchasing.
 5. Branding ensures a particular level of quality of the product: If there is any deviation in the quality the customers can make a complaint to the manufacturer.
- **Packaging:** Act of designing and producing the container or wrapper of a product. Good packaging often helps in selling the product so it is called a silent salesman.

Levels of Packaging:

1. **Primary Package:** refers to the product's immediate container e.g. toffee in a wrapper, a match box.
2. **Secondary Package:** refers to additional layers of protection that are kept till the product is ready for use e.g. a Colgate toothpaste usually comes in a card board box.
3. **Transportation Package:** refers to further packaging components necessary for storage, identification and transportation e.g. package of toffees are put into corrugated boxes for storing at a manufacturer's warehouse and for transportation.



- **Functions of Packaging:**

1. **Product Identification:** Packaging helps in identification of the product.
2. **Product Protection:** The main function of the packing is to provide protection to the product from dirt, insects and breakage.
3. **Convenience:** It provides convenience in carriage, stocking and in consumption.
4. **Product Promotion:** Packaging simplifies the work of sales promotion.

- **Advantages of Packaging**

1. **Rising standards of Health and Sanitation:** The people are becoming health conscious so they like to buy packed goods. The reason is that the chances of adulteration in such goods are minimized.
 2. **Innovational Opportunity:** With the increasing use of packaging more innovational opportunity becomes available in this area for the researcher.
 3. **Product Differentiation:** Packaging is helpful in creating product differentiation. The colour, material and size of the package makes differences in the quantity of the product.
- **Labeling:** Labeling means putting identification marks on the package. Label is a carrier of information & provides information like - name of the product, name of the manufacturer, contents of the product, expiry and manufacturing date, general information for use, weight etc. Labels perform following functions:

- 1. Identify the product:** It helps the customers to identify the product from the various types available. For example: We can easily identify a Cadbury chocolate from the various chocolates by purple colour of its label.
- 2. Describe the product and specify its contents:** The manufacturer prints all the information related to the product.



- 3. Grading of products:** With the help of label, products can be graded in different categories **for example:** Brook Bond Red Label, Brook Bond Yellow Label, Green Label etc.



- 4. Helps in promotion of products:** Attractive and colourful labels excite the customers and induce them to buy the products. For example: 40% extra free mentioned on detergent etc.
- 5. Providing information required by law:** There is legal compulsion to print batch no., contents, max retail price, weight/volume on all the products and statutory warning on the packet of cigarettes, "Smoking is injurious to health": In case of hazard or poisonous material appropriate safety warnings need to be put.

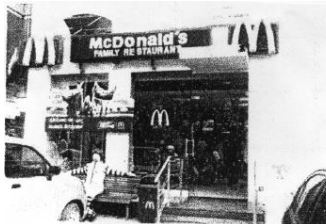
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- **II P-PRICE MIX: Meaning and concept of Price:** Price may be defined as the amount of money paid by a buyer (or received by a seller) in consideration of the purchase of a product or a service. Pricing is crucial for manufacturers, customers and intermediaries. A customer will buy a product only when he perceives that value or a product is at least equal to value of money, which he has to pay in the form of price. Before framing any pricing policy following factors should be considered:

1. Pricing Objectives

- (a) to maximize profits in the short term-tend to charge maximum price.
 - (b) Obtain large share of the market i.e., by maximizing sales it will charge lower price.
 - (c) Firm is operating in the competitive market it may charge low price for it.
- 2. Cost of Production:** Needs to be fully realized before fixing prices.
 - 3. Demand:** High Demand and less supply may permit increase in price while low demand and more supply may not allow increase in price.

4. **Competition in Market:** Prices of competitors need to be considered before fixing prices.
 5. **Government Policies:** Products regulated by government pricing regulations need to be priced as per government policies.
- **III. P-Place Mix/Physical Distribution Mix:** Covers all the activities required to physically move goods from manufacturers to the customer's Important activities include.
 1. **Order Processing:** Accurate & speedy order processing leads to profit & goodwill & vice versa.
 2. **Transportation:** Add value of the goods by moving them to the place where they are required.
 3. **Inventory control:** Additional demand can be met in less time, the need for inventory will also be low.
 4. **Ware housing:** Need arises to fill the gap between the time when the product is produced & time when it is required for consumption.
 - **Channels of Distribution:**
 - Direct Channel** — Manufacturer-Customer
 - Indirect Channel** —
 1. Manufacturer-Retailer-Customer.
 2. Manufacture-Wholesaler-Retailer-customer.
 3. Manufacture → Agent → Wholesaler → Retailer → Customer



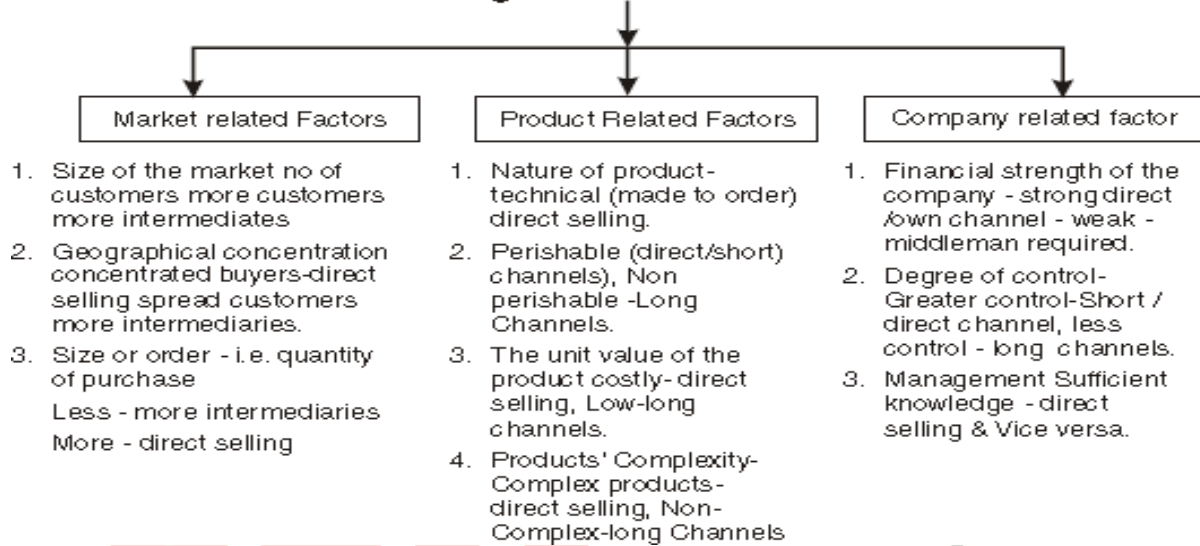
Direct Channel

ONAL GROUP

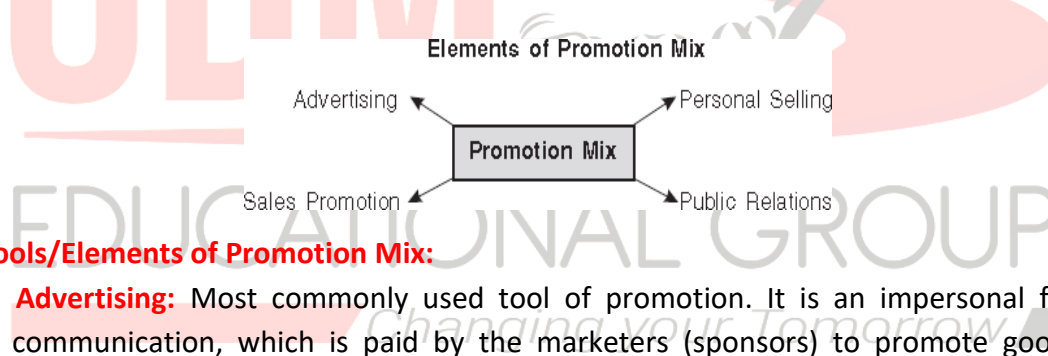
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- **Factors Determining Choice of Channels of Distribution:** Choice of appropriate channel of distribution is a very important marketing decision, which affects the performance of an organization. Whether the firm will adopt direct marketing channels or long channels involving a no. of intermediaries is a strategic decision.

Factors Determining Choice of Channels of Distribution



- **IV. P-Promotion Mix:** It refers to combination of promotional tools used by an organization to communicate and persuade customers to buy its products.



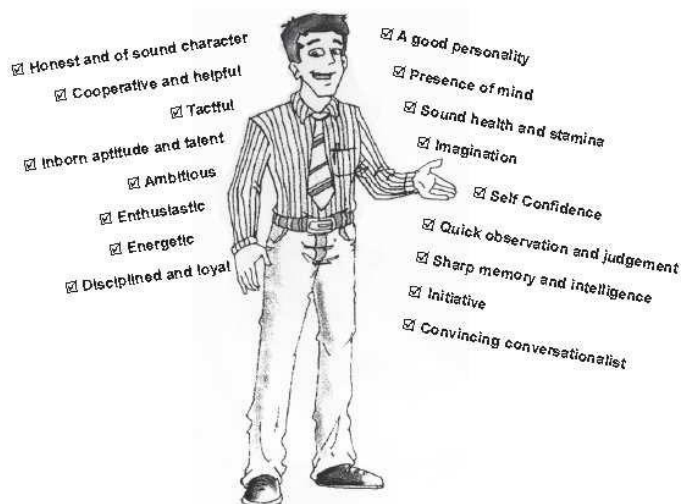
- **Tools/Elements of Promotion Mix:**
 1. **Advertising:** Most commonly used tool of promotion. It is an impersonal form to communication, which is paid by the marketers (sponsors) to promote goods and services. Common mediums are newspaper, magazine, television & radio.
- **Role or Importance of Advertising:**
 1. Enhancing customer satisfaction and confidence.
 2. Helpful in increasing the demand of existing product.
 3. Helpful to increase the market share.
 4. Helpful in generating more employment.
 5. Helpful in the economic development of the country.
 6. Knowledge of various product.
 7. No fear of exploitation.
- **Objections against Advertising:** Though advertising is one of the most frequently used medium of promotion of goods & services but it attracts a lot of criticism/objections against it, which are as follows:

1. **Increased Product Price:** Which is ultimately added to product cost, manufacturers pass this cost to ultimate customers.
 2. **Confusion to Customers:** The number of advertisements shown for a single product having different brands confuse the customers and it becomes very difficult for them to make choice.
 3. **Encouraging sale of Inferior Products:** In many cases some product features are over emphasized.
 4. **Advertisement of Bad Tastes:** Events, models degrade the human dignity.
 5. **Undermines Social Values and Promotes Materialism:** It induces the customers to buy more and more products. Because of emphasis on materialism, social relationships are distorted which brings social disorder. In the changed economic environment of globalization, advertising is considered as an important tool of marketing. It helps a firm in effectively communicating with its target market, increasing the sale and thereby reducing the per unit cost of production. It is not a social waste rather it adds value to the social cause by giving a boost to production and generating employment.
- **Personal Selling:** Personal selling consists of contacting prospective buyers of product personally i.e. face to face interaction between seller and buyer for the purpose of sale.

Features of the Personal Selling:

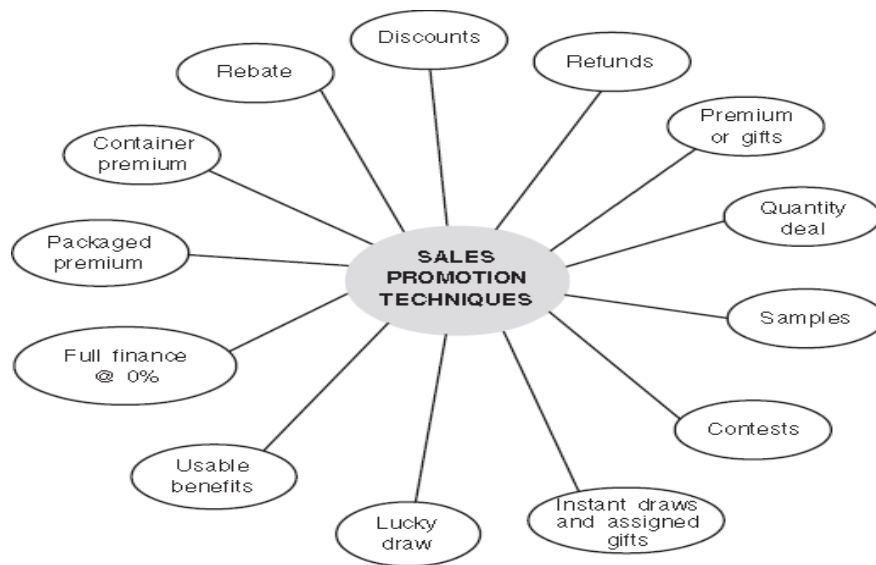
1. Personal contact is established under personal selling.
2. Oral conversation.
3. Quick solution of queries.
4. Receipt of additional information.
5. Development of relationship with the prospective customers which may become important in making sale.

Qualities of a Good Salesperson



- **Qualities of a Good Salesman:**

1. **Physical Qualities:** Physical qualities include personality health, stamina and tolerance. A salesman can instantly connect with the customers if he is good looking and smart.
 2. **Mental Qualities:** These include mainly skills, mental alertness, imagination and self-confidence.
 3. **Technical Qualities:** He should have full and updated knowledge about the product he is selling-Its features, price and variety available. He should be aware of the nature of work carried on by the firm, he is working for.
 4. **Good communication skills:** He should be able to develop a good conversation with the customer. He should be confident while he is communicating and should be able to answer all the queries of the customer satisfactorily.
 5. **Honesty:** It is a very important quality of a good salesman. In order to establish the goodwill of firm he must be honest and sincere in performing his duty. A salesman who resorts to selling inferior goods, charging higher rates, providing wrong information, giving exaggerated claims etc. will cause a decline in goodwill of the firm in the long run.
 6. **Courtesy:** A Salesman who is polite and courteous generates buyer's confidence selling product becomes easy for him.
 7. **Persistent:** "Never give up", is the spirit that a salesman should have. Making the customer buy maximum amount of a product is the ultimate task given to him.
 8. **Capacity to inspire trust:** The salesman should have the convincing power to develop the belief in a customer that the product he is buying is the best product in the market.
- **Sales Promotion:** Short term incentives designed to encourage the buyers to make immediate purchase of a product/service.



Techniques:

7. **Product Combination:** Offering another product as gift along with the purchase of a product.
 8. **Instant draws and assigned gift:** Scratch a card and instantly win a prize with the purchase of a TV, T. Shirt, Refrigerator etc.
 9. **Quantity Gift:** Offering extra quantity of the product e.g., Buy three LUX soaps and get one free.
- **Public Relations:** “The Chartered Institute of Public Relations” defines Public Relations as a strategic management function that adds value to an organization by helping it to manage its reputation Public relations covers a wide range of tactics, usually involve providing information to independent media sources in the hope of gaining favorable coverage. It also involves a mix of promoting specific products, services and events and promoting the overall brand of an organization, which is an ongoing tact. Public Relation tools include:

Press Release: A press release is an announcement of an event, performance, or other newsworthy item that is issued to the press by a public relations professional of an organization. It is written in the form of a story with an attractive heading so that the media quickly grasp and circulates the message through newspaper/radio/television/internet.

1. **Press Kits:** It is a comprehensive package of information outlining a company's products and services most frequently sent to members of the press. It includes
 - A brief company biography. Information of senior management. Comments from customers.
 - Reprints of newspaper and magazine articles. Photos of products.
 2. **Brochures:** It is a booklet published by the organization which contains the organization's background, its ethics, vision, mission, its past, present and future projects, its CISP, etc. E.g.: brochure given to new employees to give them a gist of the organization.
 3. **Newsletter:** It is a printed publication produced at regular intervals focusing on a particular set of people. The content of a newsletter is presented in a writing style that is less formal and letter-like. For example, a newsletter published by a college consists of information about activities conducted during a particular period, special achievements by students or teachers, etc.
 4. **Events and Press support:** Special events are acts of news development. The ingredients are time, place, people, activities, drama, showmanship; one special event may have many subsidiary events, such as luncheons, banquets, contests, speeches, and many others as part of the buildup.
 5. **Conferences and Seminars:** Conferences and seminars are conducted for making people aware about the organization. For example, travel companies generally call prospective clients and offer travel packages. The members are contacted through telephones and asked to attend seminar.
 6. **Websites:** A website acts as a window for the outside world to know an organization. So it is designed not just to serve as a resource for members, but also to present a positive message to non-members who are browsing through.
- **ROLE OF 'PR' IN AN ORIGINATION**
 - (i) Smooth functioning of business and achievement of objectives.
 - (ii) Building corporate image that affects favorably on its products. Up keep of parks, gardens, sponsoring sports activities etc.