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CENTRE FOR DISTANCE AND ONLINE EDUCATION
(CDOE)

BACHELOR OF COMMERCE
SEMESTER - IV

PRINCIPLES OF MARKETING
(Candidates admitted from 2024 onwards)

PERIYAR UNIVERSITY

CENTRE FOR DISTANCE AND ONLINE EDUCATION (CDOE)

B.Com 2024 admission onwards

Principles of Marketing

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DEPARTMENT OF COMMERCE

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TEXT BOOK:

1. Marketing – R.S.N. Pillai and Bhagavathi, S.chand & Co Ltdf, 2009 ed &2011 reprint
2. Marketing – Rajan Nair, Sultan Chand & Sons, New Delhi, 2005 ed.
3. Principles of Marketing – Sonatakki, Kalyani Publishers, New Delhi.

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1. Principles of Marketing – Philip kotler & Gary Armstrong.
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UNIT I

MARKETING

1.1 Marketing meaning

Marketing is a common process by means of which goods and services are exchange and their values are determined in terms of money. It is a human activity directed by satisfying needs and wants through exchange process. Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, services to create exchanges that satisfy individual and organizational goals.

Marketing Definition

'Marketing is the management process that identifies, anticipates and satisfies customer requirements profitably'. -The Chartered Institute of Marketing.

'The right product, in the right place, at the right time, and at the right price'-Adcock et al

'Marketing is the human activity directed at satisfying human needs and wants through an exchange process'-Kotler

Market

The term market is derived from the Latin work "Mercatus". It means "to trade". A Market may be described as a place or geographical area where buyers and sellers meet and function, goods or services are offered for sale, and transfers of title of ownership occur.

Definition

According to Pyle "Market includes both place and region in which the buyer and seller are in free competition with one another". A point of view of economics, a market is defined as "an aggregate of the potential buyers for a product or service".

1.2 Nature of Marketing:

The nature of marketing can be understood by the study of following characteristics

of marketing:

(1) Marketing is a process of exchange: Marketing is a process of exchange of goods and services between buyers and sellers. Selling organizations transfer the ownership in goods to buyer in return for the purchase price paid by the buyers.

(2) Marketing starts and ends with customers: All the activities of marketing are aimed at earning the profits through satisfaction of consumer needs in the most effective and efficient manner. Hence, consumer is at the focal point of the marketing processes. Efforts are made to understand consumer behaviour, his needs, wants, tastes, fashions, likes and dislikes and product and policies of business are framed in order to ensure maximum satisfaction of consumers. This helps business to maximize its profits through satisfaction of consumer needs.

(3) Marketing is good oriented process: Increase in sales volume, increase in profit and expansion of business are the main goals of every organisation. Therefore, marketing is a goal-oriented process.

(4) Marketing involves creation of utilities: Marketing creates value in goods by making them available to consumers at proper time and proper place and through proper person. Thus, it creates time, place and possession utility. Time utility is created if the goods are provided at a time when they are needed. Place utility is created by making the goods at a place where they are needed. Utility of possession is created when the goods are made available to proper person.

(5) Marketing is a continuous process: Marketing can also be viewed as a continuous process involving various function to be performed in a sequence. These functions are analysing marketing opportunities, conducting a research to select target markets, designing marketing strategies, planning marketing programs, organising, implementing and controlling marketing efforts.

(6) Marketing is a dynamic system: Marketing can also be viewed as an ongoing or dynamic system involving a set interacting and interrelated activities of various organisations to reach the customers. Using this information, the business organisations supply the desired goods and services to the society to satisfy the consumer needs and thereby they earn profit.

(7) Marketing is a creation and delivery of standard of living: The standard of living of people in a society is determined by the quality and quantity of goods and services used by them.

(8) Marketing is a crucial managerial function: Marketing is an important function of management of modern business. Production, finance, marketing, human resource development are considered to be the main functions of management. However, the success of other functions is governed by the success in marketing function. Hence, marketing is a crucial of all managerial functions.

(10) Marketing is a universal function: Marketing is the essential function of all kinds of organization irrespective of their size, nature and place. Commercial organizations use it for creation of demand for their goods and services so as to maximize the profit. Even the governmental and non-commercial organizations like educational institutions, charitable trusts, clubs and associations use the marketing function to improve the efficiency of their operation

1.3 Scope of Marketing

Scope of marketing can be discussed under the following captions.

(1) Change in the marketing concept: Traditionally, marketing was treated as a distributive activity aimed at pushing the product to consumer with the object of maximizing profit. However, this concept of marketing has changed in the recent years. According to the modern concept, marketing is a comprehensive activity focused on consumer satisfaction. It tries to (i) study consumer behaviour, (ii) identify consumer needs, likes and dislikes, (iii) design and improve the products and policies of the organization so as to match their needs, (iv) sell and distribute the goods and services to consumers, (v) provide the after-sale services, if any, (vi) ensure their total satisfaction, and (vii) derive the profit there-from. As a result of this change in the concept, the functions of marketing have increased largely.

(2) Expansion of markets: Increase in the scale of production due to development in the technology, in transport and telecommunication and liberal trade policy of different nations have led to the expansion of markets from local level to global level. Several multinational companies have entered the markets of developing countries

(3) Growth in marketing activities: With the change in the marketing concept and geographical expansion of markets, there has been enormous increase in the scope of marketing. The role of ever increasing intermediaries in the marketing field is becoming more significant. Such intermediaries are traders, agents, transporters, warehouses, banks and insurance companies.

4) **Outsourcing of marketing operations:** In the recent years, the trend of outsourcing of several marketing operations has been emerging. Several companies are outsourcing most of their marketing processes such as customer care, market research, advertising and publicity, etc. This helps the companies to concentrate well on their core activities and make optimum utilisation of resources. It also helps them to avail the expert marketing services of specialist organisations at competitive rates.

1.4 Importance of marketing

(I) Importance of Marketing to the Business Firm

(1) Increased Turnover and Profit: The major concern of the top management of every business firm is to increase the turnover, improve the market share and enhance the return on investment in the business.

(2) Expansion of Markets: It tries to understand consumer needs and behaviour and improves its products and policies to suit the requirements of customers. As a result, there is intensive and extensive coverage of market and expansion of markets from local to national and international.

(3) Achievement of Business Goals: Maximisation of profit and wealth through increased turnover, expansion of market, maximisation of consumer satisfaction are the goals of every business. Marketing serves as an effective tool for the accomplishment of these business goals.

(4) Success in Competition: For the success in the global competition in the modern market, it becomes essential for the business to perform its marketing activities in the most scientific manner. There is a need a analysing marketing opportunities, conducting research to select target markets, adopt proper marketing strategies and planning, organizing as well as controlling of marketing activities.

(5) Enhancement of Goodwill: Efficient marketing enables the business to identify and the needs of its customers. It does the extensive coverage of markets and enhances the goodwill of business and develops customer loyalty.

(6) Stability and Development: Performance of marketing function enables the business to analyse market conditions, adopt proper marketing strategies and policies, withstand the competition, broadening consumer base and stabilising as well as developing business.

(7) Provision of market information: Research function of marketing provides valuable information about various trends in the market and business environment. policies to improve the efficiency and performance of business.

(9) Facilitates large scale production: Revolution in technology has enabled the large-scale production of various goods and services by modern business houses.

Efficient marketing facilitates such large-scale production by creating, maintaining and expanding market demand for it.

(II) Importance of Marketing to Customers

(1) Provision of goods and services: Marketing brings new varieties of useful and quality goods and services to the consumers scattered over wide geographical area. Consumers can enjoy different goods and services produced across the world or different parts of his own country. For example, tea from Assam, apples from Kashmir, cloth from Gujarat, computers from USA, cars from Germany, a cycle from China andso on.

(2) Wide range of goods and services: A well-developed marketing system makes different varieties of each kind of commodity or service to customers. Consumer can have a choice from the wide range of goods in different sizes, colours and others specifications. He can use and enjoy different varieties for a change and derive maximum satisfaction from them. For example, cars of different models are available from car manufacturing companies, such as Maruti-800, Alto, Wagnar, Zen, Omni,Suzuki, Santro, Santro-Zing, Honda City, Scorpio, Tata-Safari, Indica, Sonata, Benz, etc. In the same way, tooth paste, shampoos, two-wheelers, soaps and detergents, etc. are available in wide range.

(3) Continuous, adequate and timely supply: A well-developed marketing system makes uninterrupted, adequate and timely supply of goods and services to satisfy consumer needs.

(4) Quality goods at low price: Development in marketing results in competition. Each firm tries to identify the exact needs of consumers and fulfil them through the supply of quality goods at competitive price. As a result, consumers are benefitted. In absence of the development in marketing. Consumers in remote areas would have suffered lots of hardship in obtaining these goods and services.

(5) Improvement in the standard of living: Marketing helps to achieve, maintain and raise the standard of living of the community Marketing provides a wide range of quality goods and services to consumers in continuous manner and improves their standard of living

(6) Consumer education: Marketing provides useful information about the features, utility, instruction for use, repair and maintenance of goods and services to consumers.

This educates the consumer and adds to their knowledge.

(III) Importance of Marketing to Economy

(1) Creation of employment: Marketing generates gainful employment

opportunities. Effective and continuous employment in production of goods depend supon equally continuous marketing of the product. Development of marketing leads to the development in the fields of trade, communication, transport, advertising, publicity, banking and insurance. Large employment opportunities are created in all these areas.

(2) Stimulation to production: Marketing converts latent demand into effective demand and produces variety of goods and services to fulfill the growing demand. This stimulates the production and accelerates the capital formation in the economy.

(3) Reduction in cost: Development in marketing leads to expansion of markets and large scale production. It results in a lower cost of production and distribution, lower prices to consumers and final benefit to the society.

(4) Improvement in the standard of living: Marketing system of a nation provides a wide range of goods and services to the people in adequate quantities. It stimulates production and improves the quality of production. It converts production and purchasing power into consumption

(5) Accelerates economic development: Ordinarily, there cannot be high level ofs economic activity without a highly developed marketing system. Marketing system provides channels of ideas information producers the specific needs and preferences of consumers. It also informs consumers about the products that are offered by the manufacturers. It also makes the goods produced by the producers to the consumers at right time and right place whenever they are needed.

1.5 EVOLUTION OF MARKETING CONCEPT:

1. BARTER SYSTEM:

Barter system means an exchange of goods possessed by one person with the goods of another person. Under this system goods are exchanged against goods without any medium of exchange, like money.

2. PODUCTION ORIENTATION:

During the early days of business activities, the emphasis was mainly on production. The businessmen thought that they could produce anything and sell. To a certain extent they were successful too. The was a stage where producers, instead of being concerned with the consumer preferences, concentrated on the mass production of goods of the purpose of profit.

- Consumers favor products that are available and highly affordable
- Improve production and distribution
- ‘Availability and affordability is what the customer wants

3. SALES ORIENTATION:

The idea of mass production of goods as conceived in the previous stage did not work later. Mass Production must have resulted in a condition of supply exceeding the demand. Further, with the growth of transport and communication and improvement in the lifestyles of people the attitude of businessman has to change.

- Consumers will buy products only if the company promotes/ sells these products.
- ‘Creative advertising and selling will overcome consumers’ resistance and convince them to buy’.

4. MARKETING ORIENTATION:

In the previous stage the strategy of the marketers was to “somehow sell” to goods produced. Marketers decided to measure the need of the consumers. All the marketing efforts right from production to making sale would be in tune with the needs of the buyers.

- Focuses on needs/ wants of target markets and delivering satisfaction better than competitors.
- ‘The consumer is king! Find a need and fill it’

5. CONSUMER ORIENTATION:

It is an extension of the previous stage and not something different altogether. The marketer measurement of consumer needs alone is not enough. Their needs must be fulfilled. They decided to give all that the buyers expect in the goods and services marketed. This is mainly due to competitive pressures.

- Focuses on needs/ wants of target markets and delivering superior value
- ‘Long-term relationships with customers and other partners lead to success’

6. MANAGEMENT ORIENTATION:

Management is the art of getting things done by others. The techniques of management are being applied in several functional areas of business like production, financing and marketing. The present-day marketers are well versed in management and controlling all marketing activities.

1.6 Concept of Marketing

There are several concepts of marketing, as shown below:

Concepts of Marketing

Traditional Concepts Modern Concepts

(1) The Production Concept (1) Consumer Orientation

(2) The Product Concept (2) Integrated Marketing

(3) The Selling Concept (3) Customer Satisfaction

(4) The Marketing Concept

(5) The Societal Marketing Concept

(I) Traditional Concepts

Traditional concept refers to the old philosophy of marketing. There are five.They are-

(1) The Production Concept: The production concept is the oldest concept. According to this philosophy, consumer favours those products that are easily available and highly affordable. Hence, management of business houses should concentrate on reducing the production cost and do the distribution of goods with maximum efficiency. The production concept believes that if the product is really good and the price is reasonable, there is no need for special marketing efforts. The concept can be illustrated as under:

- Low Price
- Production Good Sales
- Proper Supply

In such situations, management can try to increase the production and reduce the cost to achieve good sales.

(2) The Product Concept: The product concept is the philosophy, which believes that consumers favour only those products that offer good quality, performance and unique features. Hence, the management of a business should concentrate its efforts in continuous product improvements in order to maximize sales and profit. This concept is shown in the following figure:

- Good Product
- Good Sales

Thus, according to product concept, whenever a firm has a good product, it creates its own demand and it needs a little sale promotional effort.

(3) The Selling Concept: The selling concept is the philosophy, which holds that consumers do not buy the goods in sufficient quantity unless the business organisation undertakes an aggressive sales promotion effort. The producer undertakes effective salesmanship, advertising and public relations. This concept is indicated as under:

Product Promotion Sales

The selling concept is useful for promoting the sale of those goods that buyers don't think of buying so easily - such as insurance, consumer durables, cars, scooters, televisions, computers, etc. The assumptions of this philosophy are:

(1) Produce the best possible product at reasonable price;

(2) Find the buyers for the product; and

(3) Use aggressive advertising, salesmanship and sales promotion activities,

so as to maximize the turnover and profit.

(4) **The Marketing Concept:** The marketing concept is a more recent business philosophy. As per this philosophy, the key to achieve organisational goals lies in determining the needs and wants of potential customers and satisfying those more effectively and satisfying those more effectively than the competitors. It can be covered as under.

- Consumer Products Sales Profits
- Needs

(5) **The Societal Marketing Concept:** This concept is a further refinement of marketing concept. According to this concept, marker's job goes beyond understanding the consumer needs and matching the products accordingly. He should also care not only for consumer satisfaction, but also for social welfare through consumer welfare. In

other words, the management should discharge the social responsibilities while conducting the business.

The concept is indicated in the following figure.

- Customer Marketing Research & Production Sales
- Research Development Promotion

The features of social orientation philosophy are:

(1) Produce the products wanted by consumers;

(2) Discharge social obligations while marketing the goods;

(3) Meet consumer needs and achieve long-term business goals.

(II) Modern Concepts of Marketing:

According to the modern concept of marketing, all the marketing activities must be organised primarily to determine what the consumer wants and then to satisfy these wants through integrated marketing work so as to achieve organisational goals. Thus, the modern concept is a consumer orientation backed by integrated marketing aimed at generating consumer satisfaction as the key to satisfy organisational goals.

The main modern concept or features of marketing is:

(1) Consumer Orientation: According to Peter Drucker, the purpose of modern business is to create consumer. The marketing function of business should focus all it attention to the consumer. It should attempt to ascertain consumer needs and desires before committing its resources to produce and distribute products and services. Consumer is the King and all the business activities should rotate around the consumer needs and wants. Instead of making the consumer do what suits the interest of business, the business should take interest in understanding what consumer needs and do exactly those things. This is called consumer orientation. Consumer orientation suggests conduct of research to understand needs, wants, preferences and behaviour of consumer as a starting point of every business plan or proposal.

2) Integrated Marketing: The second important concept of modern marketing is integrated marketing. By keeping an eye on consumer needs, all the activities of marketing, such as demand forecasting, sales planning, advertising, selling, distribution, transport, storage, etc. should be properly integrated. Moreover, marketing is a part of managerial functions. The marketing function influences in other functions of business, such as production, finance, personnel etc. and in turn is influenced by these functions. In an integrated marketing set up all the functions of management and aligned and integrated in tune with marketing variables in order to create and retain customers.

3) Customer Satisfaction: The third pillar of modern marketing concept is customer satisfaction. The long-term success of the business depends largely on the amount of customer satisfaction it generates. Hence, the main task of marketing manager is maximisation of consumer satisfaction. The consumer has his own needs, preferences and expectation. These expectations are regarding price, quality, timely supply, after-sale services etc. A good marketing manager must identify and satisfy these consumer expectations in the best possible manner.

1.7 GLOBAL MARKETING:

Global marketing ismore than simply selling a product internationally .it includes the whole process of planning, producing, placing, promoting, and selling a company's products in world-wide market.

Advantages

- Economies of scale in production and distribution.
- Lower marketing costs.
- Power and scope.
- Consistency in brand image.
- Ability to leverage good ideas quickly and efficiently.
- Uniformity of marketing practices.
- Ability to leverage good ideas quickly and efficiently.
- It enables a company to leverage economies of scale.
- Economics of scale can save a company money in labour, packaging and marketing material costs.

Disadvantages;

- Differences in consumer needs, wants, and usage patterns for products.
- Differences in consumer response to marketing mix elements.
- Differences in brand and product development and the competitive environment.
- Differences in the legal environment, some of which may conflict with those ofthe home market.
- Differences in the institutions available, some of which may call for the creationof entirely new ones. (e.g. infrastructure)
- Differences in administrative procedures.
- Differences in product placement.

IMPORTANCE OF GLOBAL MARKETING:

Global marketing is, then, very important to internationalize a business, and preparing a good strategy for it has obviously some importance:

- Reduction of cost inefficiencies and of duplication of efforts between national and regional subsidiaries.
- Opportunities to the transfer products, brands and ideas to other subsidiaries.
- Appearance of global clients.
- Improvement of the ties between national infrastructures, leading to the development of a global marketing infrastructure.

1.8 E-MARKETING:

E-Marketing (Electronic Marketing) are also known as Internet Marketing, Web Marketing, Digital Marketing, or Online Marketing. E-marketing is the process of marketing a product or service using the Internet. E marketing not only includes marketing on the Internet, but also includes marketing done via e-mail and wireless media. It uses a range of technologies to help connect businesses to their customers.

Advantages of e-Marketing

Following are some of the advantages of e-Marketing:

- Extremely low risk
- Reduction in costs through automation and use of electronic media
- Faster response to both marketers and the end user
- Increased ability to measure and collect data
- Opens the possibility to a market of one through personalization
- Increased interactivity
- Increased exposure of products and services
- Boundless universal accessibility

- Much better return on investment from than that of traditional marketing

Disadvantages of e-Marketing

Following are some disadvantages of e-Marketing:

- Dependability on technology
- Security, privacy issues
- Maintenance costs due to a constantly evolving environment
- Higher transparency of pricing and increased price competition
- Worldwide competition through globalization.

TELEMARKETING:

- **Telemarketing** is a very common form of marketing companies use to connect with potential customers of their products or services.
- Historically, telemarketing consisted of companies making telephone calls to existing or potential customers.
- With new technology, telemarketing has expanded to include video conferencing calls as well, although those are typically conducted with existing customers.
- Telemarketing is often used to try to sell a product or service, but it can also take the form of surveys or information gathering. For instance, political campaigns use telemarketing heavily prior to elections to inquire about voting preferences.
- When companies call new customers, the activity is referred to as **cold calling**. This means the consumer has not purchased from the company before nor have they requested a call from the company.
- Companies can buy a list of potential customers to call from a list service, which will provide a list of consumers who have similar interests or purchasing histories who fit the company's target market.

There are many industries that rely heavily on telemarketing, such as:

- Cable and Internet services
- Home security systems
- Financial services
- Vacation and time share
- Charitable organizations

ADVANTAGES OF USING TELEMARKETING:

The main benefit of using telemarketing to promote your business is that it allows you to immediately accepted your customer's level of interest in your product or service. Additionally, it allows you to do the following:

- provide a more interactive and personal sale service
- create an immediate rapport with your customers
- explain technical issues more clearly
- generate leads and appointments
- sell from a distance to increase your sales territory
- reach more customers than with in-person sales calls
- sell to both existing and new customers
- achieve results that are measurable.

DISADVANTAGES OF USING TELEMARKETING:

- telemarketing can be resented - particularly when dealing with business-to-consumer customers, and when calls are made in the evenings
- customer lists may not always be clean and opted-in - this leaves you with a potential risk of breaking the law
- customer lists can be very costly
- telemarketing has a negative image that could damage your business' reputation - if carried out poorly
- telemarketing has the potential to replace a sales team and this could lead to negative feelings among employees
- training staff can be time-consuming and costly
- you may need to prepare a script
- an outside service provider can result in your losing control over your sales processes because the people doing the work aren't your employees

1.9 MARKETING ETHICS:

Marketing ethics are the moral principles and values that need to be followed during any kind of marketing communication. They are the general set of guidelines which can help companies to decide on their new marketing strategies. But then it depends on one's own judgement of 'right' and 'wrong'. Any unethical behaviour is not necessarily illegal. If a company is making any kind of claims about their products, and are unable to live up to those claims, it may be called as an unethical behaviour.

Primarily it is the individual, the consumer, the employee or the human social unit of the society who benefits from ethics. In addition, ethics is important because of the following:

1. **Satisfying Basic Human Needs:** Being fair, honest and ethical is one the basic human needs. Every employee desires to be such himself and to work for an organization that is fair and ethical in its practices.
2. **Creating Credibility:** An organization that is believed to be driven by moral values is respected in the society even by those who may have no information about the working and the businesses or an organization. Infosys, for example is perceived as an organization for good corporate governance and social responsibility initiatives.
3. **Uniting People and Leadership:** An organization driven by values is revered by its employees also. They are the common thread that brings the employees and the decision makers on a common platform. This goes a long way in aligning behaviours within the organization towards achievement of one common goal or mission.
4. **Improving Decision Making:** A man's destiny is the sum total of all the decisions that he/she takes in course of his life. The same holds true for organizations. Decisions are driven by values
5. **Long Term Gains:** Organizations guided by ethics and values are profitable in the long run, though in the short run they may seem to lose money. Tata group, one of the largest business conglomerates in India was seen on the verge of decline at the beginning of 1990's, which soon turned out to be otherwise.
6. **Securing the Society:** Often ethics succeeds law in safeguarding the society. The law machinery is often found acting as a mute spectator, unable to save the society and the environment.

1.10 CAREER OPPORTUNITIES IN MARKETING:

- Career Opportunities in Marketing The objective of any firm is to market and sell its products or services profitably. In small firms, the owner or chief executive officer might assume all advertising, promotions, marketing, and sales responsibilities.
- In large firms, which may offer numerous products and services nationally or even worldwide, an executive vice president directs overall advertising, promotions, marketing, and sales policies.
- Advertising, marketing, promotions, and sales managers coordinate the market research, marketing strategy, sales, advertising, promotion, pricing, and product development.
- There are several ways to achieve these goals. Strategic marketing involves planning the way a firm will handle the marketing of its product or service by targeting their appropriate audience or clientele.
- Those distinctions depend upon whether a firm is marketing to another business, business to business marketing, or whether they are advertising a service, services marketing.
- It is important to remember the 3C's (customers, competitors, channels) and the 4P's (product, positioning, price, promotion), which are the basic foundations of what marketers do.

Importance questions

1marks

1. **The term "Marketing" refers to?**

A. Promotion of the product
B. Focusing on sales and profit
C. Strategizing and implementing the organization process
D. Set of activities to deliver customer value and satisfaction

2.____is the key term in AMA's definition of marketing?

A. Sales
B. Promotion
C. Value
D. Profit

3. In the evolution of marketing the production period ended in ?

A. Late 1800s
B. After the second world war
C. In the 1920s
D. Early 20^{th} century

4. According to Philip Kotler marketing is_ ?

A. A science
B. An art
C. Both science and art
D. None of the above

5. What does the term "marketing" refer to?

A. New product development
B. Advertising and other promotional activities
C. Achieving sales and profit targets
D. Creating customer value and satisfaction

6. Production & Marketing are both fundamental

A) economic activities
B) social activities
C) Marketing activities
D) None of the Above

7. Production & marketing work together to create

A) Needs
B) Utility
C) sales
D) All of the Above

8. Who is the Father of Modern Marketing

A) Peter Drucker
B) Philip Kotler
C) Lester Wundermand) Abraham Maslow

5 Marks

1. **Describe the evolution of marketing.**
2. **Explain the nature of marketing?**

3. What are the advantages and disadvantages of e-marketing?

10 Marks

1. **Briefly explain the importance of marketing?**

2. **Explain the concepts of marketing?**

3. **Describe the global marketing advantages, disadvantages and importance.**

UNIT II

MARKETING FUNTIONS

2.1 Introduction

A Marketing function is an act or operation or services by which the original producer final consumers are linked together. Marketing involves certain activities to make the goods to start journey from the place of production to the place of consumption.

2.2 Functions of marketing is classified into three types

1. Functions of Exchange.
2. Functions of Physical Supply.
3. Facilitating Functions.

FUNCTIONS OF EXCHANGE: Exchange refers to transfer of goods and services from money's worth. This process can be divided into (a) Buying (b)assembling and (c) selling

a. Buying

Buying is the first step in the marketing functions. A Manufacturer has to buy raw materials for production, wholesaler has to buy finished goods for the purpose of sale to the retailers, a retailer has to buy goods for resale to theconsumers. Efficient buying is essential for successful selling. Large sized business concerns maintain a separate department namely purchasing department for the purpose of buying.

Modes of Buying: Goods may be purchased in any of the ways given below:

i. **By Inspection**: Under this method goods are bought after examining the goods buy.

ii. **By Sample**: A purchase by sample is made after the buyer examines the sample of goodssupplied by the seller.

iii. **By Description:** Some sellers issue catalogues containing description of goods offered forsale. The intending buyer places an order specifying a particular number mentioned in the catalogue.

iv. **By Grading**: This refers to standard quality of goods. Under this method purchase can be made by telegram, telephone, or mail.

b. ASSEMBLING

- Assembling refers to the collection and concentration of similar product from different sources for further distributing. A wholesaler buys and assembles similar goods from various producers.
- Assembling begins after the goods have been purchased. It refers to gathering of goods already purchased from different places at one central place. Assembling facilitates transportation and storage. It is significant in cases of seasonal goods and agricultural products.

c. Selling:

- The ultimate aim of every business is to earn profits and in realizing this aim selling plays an important role. Nothing really happens until somebody sells something. Selling enables a firm to satisfy the needs of consumers. It is the process through which ownership of goods id transferred from the seller to the buyer. Sales are the source of income for the manufacturers, wholesalers and retailers.

FUNCTIONS OF PHYSICAL SUPPLY: There are two important functions under this classification: (a) Transportation (b) Storage and ware housing.

A. Transportation: Transport means carrying of goods, materials and men from one place to another. It plays an important role in the marketing. It creates place utility by moving goods from the place where they are available in plenty, to places where they are needed. Both assembling and distribution of goods from the places of production to the places of consumption but it also enables consumers to go to marketing areas where there is wide choice of goods than in the places where they like, Transportation is also useful in stabilizing the prices of various commodities by moving them from the areas where they are in surplus to the areas where they are scarce. Various types of transport are used for carrying goods like (a) Land transport, (b) Water transport and (c) Air transport.

B. Storage and Ware Housing: Storage is another function of marketing process and it involves the holding and preservation of goods from the time they are produced to the time they are consumed. Generally, there is a time gap between the production and consumption of goods. Therefore, there is need for storing so as to make the goods available to the consumers and when they are required. By bridging the gap between production and consumption, storage creates time utility; it also creates place utility by holding goods at different places.

The importance of storage can be studied as follows.

a. Generally, goods are produced in anticipation of demand of the product in future market. All the goods are not sold immediately after production. For the unsold stock of goods storage in indispensable.

b. Some goods are produced throughout the year but demand for them is only in a particular season. For example, rain coats, umbrellas, crackers etc. These commodities are to be stored till the arrival of season.

c. Many commodities are produced during a particular season but they are used throughout the year. Such goods have to be stored so as to make them available throughout the year. For example, agricultural products.

d. Certain products which can get higher prices in future market are stored for a longer period. For example, tobacco, liquor, rice, etc.

e. Warehouse is a place for storage of goods. The functions of storage can be carried successfully with the help of warehouses. Warehouses create time utility by storing the goods throughout the year and releasing them as and when they are needed.

Several types of warehouses are used for storage of goods, which are as follows.

i. Private warehouses: Private warehouses are owned by big business units for the storage of their own goods. Only big business houses can afford to have such type of warehouses.
ii. Public warehouses: These are the business concerns which offer storage space on rent. These ware houses are licensed by the government. They are helpful to businessmen who cannot afford to maintain their own warehouses. These warehouses are generally located near railway lines and main roads.
iii. Bonded warehouses: These are located near the ports for the storage of imported goods. When the importer cannot pay customs duties immediately on the goods imported by him, he

can store them in bonded houses. Importer can remove the goods in parts after paying import duty.

Facilitating Functions: There are the functions which help or facilitate in the transfer of goods and services from the producer to the consumer. They are not directly connected with the transfer of goods. Under this category the following functions are included.

a) Financing: Finance is the life blood of every business. It is needed for marketing of goods and services. The goods produced or purchased cannot be sold immediately to the ultimate consumers and much time is involved in marketing process. Hence there is need for finance for the purchase of raw material, meeting transportation, storage costs, insurance etc. Further, generally goods are passed on from manufacturer to wholesaler and from wholesaler to retailer on credit basis. Ultimate consumers also prefer to purchase goods on credit. Therefore, all agencies engaged in marketing have to make some arrangement for finance.

There are three main sources of finance. They are as follows.

i. Long-term finance: It is needed for purchasing fixed assets like land, building, plant and machinery, furniture etc. The main sources of this finance are shares, debentures, financial institutions.

ii. Medium-term finance: It is needed for raising working capital. The main sources are financial institutions and commercial banks.

iii. Short-term finance: It is mainly required for meeting short term payment normally for less than one year. It can be raised from commercial banks and trade creditors.

b) Risk Bearing: Risk means he possibility of loss due to some unforeseen circumstances in future. Marketing process is confronted with risks of many kinds at every stage. Risk may arise due to changes in demand, a fall in price, bad debts, natural calamities like earthquakes, rains etc. The marketing risks may be classified under the following heads:

I. Time risk: Goods are bought by the business with a view to sell them at a profit out of anticipated rise in prices in future. During the time lag conditions might change and the price my fall. Thus, time risk is involved in marketing.

II. Place risk: place risk arises when the prices of the same product are different in different places. The businessmen may purchase goods in market where prices are low with a view to sell them at other places where the prices are high. But the price in the other market may come down causing loss.

III. Competition risk: Businessmen have to face risk arising from the forces of competition. The competing firms may introduce modern methods of production due to which quality may be improved or cost of production may be reduced. Under such circumstances, a firm may be forced to sell at a loss which is called risk of competition.

IV. Risk of change in demand: The manufacturers produce goods on large on large scale in anticipation of demand in future. But, sometimes the demand of the product may not come to expectations resulting in losses.

V. Risk arising from natural calamities: Risks from natural causes are beyond human control. These include rains, earthquake, floods, heat and cold. These risks cause heavy loss.

VI. Human risks: These risks arise due to adverse behaviour of human beings like theft, strikes, lockouts, bad debts etc.

VII. Political risks: Political risks arise due to change in political factors such as changes of government/ changes in government policies etc.

c) Market Information: According to Clark and Clark market information means "all the facts, estimates, opinions and other information used in marketing of goods". The main object of any business is to create and maintain demand for the product produced. For this purpose, market information is useful. On the basis of information, the seller can know what type of goods are needed by the consumer, when and where they are needed and in what quantity.

d) Standardization: Standardization means establishment of certain standards based on intrinsic qualities of a commodity. The quality may be determined on the basis of various factors like size, shape, colours, taste, appearance etc. It is helpful to the consumers as they safely rely on the quality of the standardized products.

e) Grading: Grading means classifications of standardized products in to certain well-defined classes. In the words of Clark and Clark "It involves the division of products into classes made up of units possessing similar characteristics of size and quality". Grading is very important for agricultural products like wheat, cotton etc.
Grading is of two types, fixed and variable. Fixed grading refers to the grading of goods according to fixed standards whereas variable grading refers to the application of varying standards.

f) Branding: Branding means giving a name or symbol to a product in order to differentiate it from competitive products. It helps the consumers in identifying their products. Branding may be done by selecting symbols and marks such as Charminar cigarettes, camel inks, binny textiles or by using the name of manufactures such as Ford cars, Godrej street furniture. A Good brand should be brief, simple, and easy to spell and remember.

g) Packing: Packing means wrapping and crating of goods before distribution. Goods are packed in packages or containers in order to protect them against breakage, leakage, spoilage and damage of any kind. It consists of placing the goods in boxes, tins, bottles, cans, bags, barrels of convenient size to the buyers.

2.3 BUYING:

INTRODUCTION:

Buying is the first step in the marketing functions. A Manufacturer has to buy raw materials for production, wholesaler has to buy finished goods for the purpose of sale to the retailers, a retailer has to buy goods for resale to the consumers. Efficient buying is essential for successful selling. Large sized business concerns maintain a separate department namely purchasing department for the purpose of buying.

BUYING OBJECTIVES:

1. To support production schedules by maintaining by supply's.
2. To avoid duplication and waste of materials.
3. To maintain standard of quality.
4. To buy materials at lower cost.

FACTORS TO BE CONSIDERED IN BUYING

I.QUALITY

Decision regarding quality of materials to be bought is of great importance.

II. QUANTITY

Determination of proper quantities to be purchased basically depends upon quantity.

III. TIMING

To decide when to buy in the case of seasonal products timing of purchase is a critical factors.

IV. PRICE

The various aspects such as terms of credit and discounts are also to be considered carefully, before the buying decision is made besides on prices.

V. SOURCES OF SUPPLY

Supplier reputation their reliability in terms of quality delivery etc are factors to be considered in this regard.

ELEMENTS OF BUYING (BUYING PROCESS/STEPS)

I.ESTIMATING THE DEMAND:

This is also referred to as "quantity decision" in buying. The quantity to be bought is depending on the purpose of being. According to two purposes may be noted.

1 Buying for consumption.

2 Buying for resale.

II. ASSEMBLING:

It has been defined earlier as product planning merchandising is closely related to several aspects of buying and stock management. It is the barometer of efficiency in buying and selling. The success of any firm depends on the speed with which the stocks are sold out.

III. LOCATING SOURCES OF SUPPLY:

It is concerned with searching for determining the sources of supply establishing and maintaining contacts with them. With the development of communication and the emergence of trade magazines and locating the sources of supply of products is no longer difficult.

IV. MARKET NEWS:

The buyer must always have the knowledge of markets especially with regards to supply position, demand position and the price variation.

V.NEGOTIATION OF TERMS:

After considering the factors the buyer has to finalize. Buying takes place between two individuals' i.e buyer and sellers.

VI. TRANSFER OF TITLE:

The buying function ends when the seller transfers his title (ownership) the goods to the buyer (after receiving the price).

KINDS OF BUYING:

I. HAND TO MOUTH BUYING:

It is kind of buying in small quantities house wife are preferable to adopts this method of buying. Wholesaler and retailers of fashionable goods follow this method. It is also called current need buying.

II. FORWARD BUYING:

This is practically used by the retailers, when the price moves up they try to accumulate inventories to gain from the price increase. This kind of buying is usually adopted in commodity exchanges. It is also called speculative buying.

III. BUYING BY INSPECTION:

This is the simplest method in buying before the buying decision is taken by the buyer he should examine the whole lot of goods to be purchased. This method is adopted when goods are purchased in local.

IV. BUYING BY SAMPLES:

In certain cases, goods may be uniform quality. In certain other cases goods could be graded different qualities. This provides in buying eliminates the labour of examining the whole quantity of goods to be purchased. But success of this method depends on the selection of a sample.

V. BUYING BY DESCRIPTION:

Manufacturers of furniture items usually make available catalogues showing different models to enable their customers to choose. They also make furniture as per the description and specification given by their clients.

VI. CONTRACT BUYING

This method is profitable, only when the quantity to be bought is high and where a supply of material is required. It is suitable in long term contract.

VII. SCHEDULED BUYING:

It is another variety of contract buying. The buyer does not enter into a long-term agreement. But indicate the estimated quantity that would be needed over a period.

VIII. PERIOD BUYING:

When buying is made at regular and fixed intervals. It is called period buying. This method adopted by retailers.

IX. BUYING BY REQUIREMENT:

In certain firms their production has to be increased to meet the demands of special seasons. This happens only occasionally for e.g.: Diwali

X. OPEN MARKET BUYING:

When buying is done solely attracted by the reduction in prices is called open market buying.

XI. RECIPROCAL BUYING:

It is a method of buying as agreed upon by two parties to buy and sell mutually their own products

For e.g.: ship and oil

XII. CONCENTRATED BUYING:

When sources of supply are limited to the minimum it is called concentrated buying. It is described as “putting all eggs into one basket”. As a long-rangepolicy, it is not suitable.

XIII. SCATTERED BUYING:

This is just opposite to the concentrated buying method; it means buying from any source that is profit and convenient buying is made quite a large number of sources.

2.4 SELLING:

The process of transferring ownership of goods from seller to the buyer is what is known as selling. Selling starts after production. The philosophy of selling is “profit maximization.

Elements of selling:

(i) Finding a buyer.

(ii) To find physical of goods (quantity quality price, place of delivery)

(iii) To find problems for the credit sales.

(iv) To find correct customers

(v) To set a correct price.

Types of Selling:

i) **Sale by inspection:** The seller gives an opportunity to the buyer to examine the goods.

ii) **Sale by sample:** The seller offers samples in certain cases.

iii) **Sale by description:** The seller agrees to make certain goods as per the buyer’s description and specification.

iv) **Under cover method:** This method is followed in commodity exchange and also in certain unorganized market.

v) **Action:** In an action sale goods are assembled at a particular place.

TRANSPORTATION:

INTRODUCTION AND MEANING: Transport means carrying of goods, materials and men from one place to another. It plays an important role in the marketing. It creates place utility by moving goods from the place where they are available in plenty, to places where they are needed. Both assembling and distribution of goods from the places of production to the places of consumption but it also enables consumers to go to marketing areas where there is wide choice of goods than in the places where they like, Transportation is also useful in stabilizing the prices of various commodities by moving them from the areas where they are in surplus to the areas where they are scarce. Various types of transport are used for carrying goods like (a) Land transport, (b) Water transport and (c) Air transport.

ECONOMIC BENEFITS OF TRANSPORT (FUNCTIONS)

i. IT DEVELOPERS AND EXPAND THE MARKET

The primary function of transport is to enable the physical distribution of goods at global level. The distribution of goods must take place easily economically and seedily.

ii. IT HELPS SPECIALIZATION AND MASS PRODUCTION

Specialization needs the division of the complex process of production into a number of separate processes. So that each person or group specialize in each process. By enabling mass production, transport helps to reduce cost of production.

iii. TRANSPORT INCREASE THE MOBILITY OF LABOUR AND CAPITAL:

Transport facilities migration of people from region to region and country to country. The settlement of Tamils in other parts India and abroad, says Srilanka, Burma, Malaysia and some of the countries of the west or but a few examples in point. Transport also helps in the similar-flow of capital and technical know-how.

iv. TRANSPORT AIDS ECONOMIC GROWTH:

The improved means of transports are making significant contribution towards economic growth. As an agency for the movement of raw materials, field. Labour and finished products and as an instrument for the mobility of capital.

v. TRANSPORT HELPS PRICE STABILITY:

Transport helps to reduce variation in prices of goods not only between regions of a country. But also, to a considerable extent between nations.

DIFFERENT KINDS OF TRANSPORT/CLASSIFICATION/KINDS:

I.LAND TRANSPORT:

(A) PACK ANIMALS

In backward areas hilly four region and in desert lands, packs animals like horse, donkey, elephant, camel etc are for carrying small loads. Generally, the pack animals serve areas inaccessible to modern means of transport.

ADVANTAGES:

1 It is suitable for carry small loads

2 In rainy season when roads are muddy that time animals are used.

3 It is cheap means of transport.

DISADVANTAGES:

1 There is a very slow form of transport.

2 Their carrying capacity is very small

(B) BULLOCK CARTS:

Bullock carts are the predominant form of rural road transport. In india for goods traffic and to some passenger traffic.

ADVANTAGES:

1 It is relatively cheap means of transport

2 It is suitable for rural roads and rainy season

DISADVANTAGES:

1 Slowness

2 Limited carrying capacity

(C) MOTOR TRUCKS AND CARS (ROAD TRANSPORT)

Road transport has been operating form of item form the civilization, people have been to form roads and use vehicles to facilitate transport of men and materials till motor trucks used by the people of various countries.

ADVANTAGES

i. FLEXIBILITY

The greater merit of motor transport it is flexibility. It can reach the interior and remote villages. It can change its route time and area of operations.

ii. COMPLETE SERVICE:

It provides a complete service to businessman. It loads the goods form the factory or the form and delivery them at the doors of buyers.

iii. SUITABILITY:

Road transport is very well suitable for short distance traffic. It is also suitable for delivery of small loads to many consignee's route.

iv. ECONOMY:

Goods for lorry transport do not require elaborate packing. It is not uncommon for owners of goods to travel in lovers with their goods to travel in order to personally attend to loading unloading.

v. SPEED:

Motor transport is quicker than rail transport for transporting goods over short distance.

DISADVANTAGES:

i. UNDEPENDABILITY:

Road transport does not usually have scheduled of timings except passenger buses. It is irregular and undependable.

ii. UNSUITABILITY:

Road transport is not suitable for transporting goods over long distance. It is also unsuitable and uneconomical.

iii. BREAK BOWNS AND ACCIDENTS:

Motor transport is a frequent breakdowns and accidents.

iv. ABSENCE OF UNIFORMITY RATES:

Road transport is generally operated by different peoples and concerns. Different operators charge different rates for the same kind of goods.

v. SPEED LIMIT

For consideration of public safety, speed limit is generally prescribed for road transport.

(D) TRAMWAYS

Tramways made their appearance in the 19th century as a form transport suitable for big cities. Tramways were initially horse-drawn later steam-powered and now electrically operates it may be a news to young people that madras city also had tramways till 1953.

ADVANTAGES

1. Safety means of transport.
2. It is cheap form of transport

DISADVANTAGES

1. It is a very slow form of transport
2. It is inflexible

(E) RAILWAY TRANSPORT

Railway need a huge capital outlay for laying tracks, constructions of bridges, etc. they render an essential public service. Railways are among the biggest public utilities of a country. A right of way has to be acquired by railway upon other properties. Railways are the cheapest and quickest means of transport for carrying heavy goods over long distance.

ADVANTAGES

i. SUITABILITY:

Railways are well suited for carrying heavy and bulky goods over long distance. With the advent of the diesel engine, the motors transport has, undoubtedly, become cheaper and he carrying capacity of lorries increased.

ii. CHEAPER:

Railway transport is cheaper than road transport for long distance traffic.

iii. DEPENDABILITY:

This method of transport is regular and dependable. It has regular scheduled of timing and is available the throughout the year. Whether it rains railway transport will operate.

iv. SPEED:

Because of greater speed railway require less time than motor transport for carrying goods over long distance.

v. SAFETY:

Railways offer better protection and safety to the goods than road transport. In railways, goods are generally carried in closed wagons and are as such not exposed to sun, rain, etc.,

DISADVANTAGES:

i. UNSUITABILITY FOR SHORT DISTANCE:

Railway rates are higher than those charged by motors transport for transporting light articles over short distance. Motor transport continues to be eminently suitable and cheap for short distance and light loads.

ii. INFLEXIBILITY:

As railway is tied to a particular track, it cannot deviate from the set routes. Railway transport is not flexible. It can apply only between certain fixed places.

iii. RURAL UNECONOMICAL FOR AREAS:

Railways need heavy capital outlay for their construction. The recurring expenditure on their maintenance is also enormous. They can operate economically, only if they are able to attract adequate traffic on a regular basis.

iv. GREATER RISK;

In railway transport, the possibility of theft, breakage or damage is much greater on account of intermediate loading. Further, movement of goods to and from Railway station causes delays and additional expenses.

II.WATER TRANSPORT

(A)INLAND WATERWAYS

The term inland waterways refer natural and artificial water ways. Rivers which are naturally available are called “natural waterways” canals and canalized rivers to the category of “artificial waterways”

(B) OCEAN TRANSPORT:

It has been playing an important role in developing economic, social and cultural relations among countries in the world. International trades ours its growth to ocean transport. It is divided into two categories.

- Coastal Shipping
- Overseas Shipping

ADVANTAGES

i. Cheapness

Water transport is generally cheaper than railway transport. For the carriage of large and bulky goods.

ii. Greater capacity: Itcarriers’ goods smoothly due to absence of shaking and jolting during transits. Hence it is eminently suitable for carriage of fragile goods like glassware, etc,

iii.Facility operation:

It offers the advantages of easy loading and unloading at the waves of businessman.

DISADVANTAGES

i. Slowness:

This form of transport is generally slower than motor or rail transport.

ii. Uncertainty:

In winter may be frozen and traffic may be blocked. During summer, water level may drop and dispute traffic.

iii. Limited coverage:

This transport can serve only a few regions through which rivers and canal pass.

iv. Unsuitability for shall traders:

As this form of transport is slow moving. It is unsuitable for all traders operating which small stock of goods.

III AIR TRANSPORT;

With the advent of airways distant are not measures in miles but in hours. It is very helpful in times of emergency like floods and war.

ADVANTAGES

i. RAPID SPEED: Speed is the most important features of air transport. No other means of transport can compare with air transport.

ii. REGULAR AND COMFORTABLE: Plans are regular and punctual. Plains fly according to the time schedule. All the comforts are provided for the passengers.

iii. NO BARRIERS: Mountains and oceans would not affect the air transport. It is suitable for perishable and valuable goods.

iv. **SAFETY**: It is safer for goods to be transported by airways in emergency time.

DISADVANTAGES:
i.**HIGH RATE:** The flight rates are very high when compared to other means of transport.
ii. **LOW CARRYING CAPACITY**: Bulky goods are outside the preview of air transport.
iii.**DEPENDED ON CLIMATIC CONDITION**: During seasons of heavy rain and storms air transport is ineffective.
iv. **HIGH RATE OF ACCIDENTS**: The frequency of the accident is quite high.

2.5 STORAGE:

Storage and Ware Housing: Storage is another function of marketing process and it involves the holding and preservation of goods from the time they are produced to the time they are consumed. Generally, there is a time gap between the production and consumption of goods. Therefore, there is need for storing so as to make the goods available to the consumers and when they are required. By bridging the gap between production and consumption,

SITUATION REQUIRES STORAGE:
I. Seasonal production but uniform consumption for e.g. Fruits, Vegetable etc.
ii.Uniform production but seasonal consumption for e.g. Refrigerator. AC, sweater etc.
iii.Protection of goods.

Facilitating Functions: There are the functions which help or facilitate in the transfer of goods and services from the producer to the consumer. They are not directly connected with the transfer of goods. Under this category the following functions are included. Already discussed this topic.

STANDARDISATION
Standardization means establishment of certain standards based on intrinsic qualities of a commodity. The quality may be determined on the basis of various factors like size, shape, colours, taste, appearance etc. It is helpful to the consumers as they safely rely on the quality of the standardized products.

TYPES OF STANDARDS:
1. QUANTITY STANDARD
Weights and measures are the standards usually used for the determination of quantity. The standard weights are measures are kilograms, meter, liter.
2. QUALITY STANDARD
This is a standard which is difficult to be established. This standard depends on the prescriptions of consumers and user.

MARKET INFORMATION:

According to Clark and Clark market information means "all the facts, estimates, opinions and other information used in marketing of goods". The main object of any business is to create and maintain demand for the product produced. For this purpose, market information is useful. On the basis of information, the seller can know what type of goods are needed by the consumer, when and where they are needed and in what quantity.

FEATURES:

- Gather this information
- Determine what data you need for decision making.
- Process the data
- Future oriented. It anticipates problems as well as solving them. It is a preventive as well as curative medicine for marketing.
- Wasted it the information is not used.

Importance Questions

1 Marks

1. Products is the first and most important element of the marketing mix.Product strategy calls or marking coordinated decision on products mixes,products lines, brands, ________and labeling

   A) Case
   B) Wrap
   C) Packaging
   D) Encase

2. Product means the need ___________offering of firm.

   A) **Satisfying**
   B) Comfort
   C)Humour
   D) Happiness

3. A _________is an item that requires little shopping effort convenience products are purchased quickly with little effort.

   A) Availability
   B) Usefulness
   C)**Convenience**
   D) Useful thing

4. __________Products are purchased immediately when the need is great.

   A) Urgency
   B)**Emergency**
   C) Necessity
   D) Extremity

5. Choose one which is not correct Packaging functions are :

   A) Containing and protecting product
   B) Promoting products
   C) Facilitating storage, use and convenience
   D)**Informational labeling**

6. A__________is the set of all product lines and individual productsthat a sells.

   A) product mix
   B) product line
   C) product item
   D) product mix width

5 Marks

1. **Explain the kinds of buying.**
2. **What are the types of selling?**
3. **Explain the advantages and disadvantages in Railway Transport.**

10 Marks

1. **Briefly explain the functions of marketing.**
2. **Discuss the kinds of transportation.**
3. **What are the types of buying?**

UNIT-III

MARKETING MIX

3.1 Introduction

After marketers select a target market, they direct their activities towards profitably satisfying that target segment. Although they must manipulate many variables to reach this goal, marketing decision making can be divided into four areas: product, price, place (distribution) and promotion (marketing communication). These 4 Ps of marketing are referred to as the marketing mix.

3.2 Meaning and Definition

"Marketing mix is a pack of four sets of variables, namely product variable, price variable, promotion variable, and place variable". In simple words marketing mix means a marketing programme that is offered by a firm to its target consumers to earn profits through satisfaction of their wants. Such a marketing programme is a mixture of four ingredients, namely Product mix, Price mix, Place (Distribution) mix and Promotion mix. Marketing mix is the combination of the products, place, price, and the promotional activities these are popularly known as four 4 P's.

The concept of marketing mix was evolved by **Prof. N.H.Barden** of Harward BusinessSchool of America. In his words, marketing mix refers to two things.

(a) a list of important elements or ingredients that make up the marketing programme and

(b) the list of forces having bearing on marketing operations.

3.3 ELEMENTS OF MARKETING MIX:

Product mix indicates the decisions of the firm regarding the product design, product range, product packing, product quality, product branding, product labelling and after sale service.

Price mix reflects the managerial decisions of the business pertaining to pricing policies andstrategies, terms of credit, terms of delivery, margin of profit, discount and allowances.

Place (Distribution) mix is made up of managerial decisions about the channels ofdistribution, transportation, warehousing and inventory control.

Promotion mix covers variables such as personal selling, advertising, publicity, salespromotion, public relations, trade fairs and exhibitions used in promotion of sales.

FUNCTIONS OF MARKETING MIX:

CONTROLABLE FACTORS: The factors are internal factors.

1. **Product planning**-A wise product policy is essential to meet the market demand. Marketing is a managed process through which products are matched with market demand. The plan includes of products and modification of products to suit the demand and elimination of unprofitable lines.
2. **Price**-it deals price competitions.it also deals with policies of prices, discount terms of credit etc.
3. **Branding** -it must create a particular image in the minds of consumers.
4. **Personal selling**-is the good to increase the sale and at the same time to know the consumers' needs and desire.
5. **Sales promotion**-the marketing manager crate to increase the sales on through exhibition, display, advertising, etc.
6. **Physical distribution**-it include channels of distribution, transportation, warehousing, etc.
7. **Market research**-its analyse the market conditions.
8. **Internal competition**- A firm may have many department headed by specialists.

UNCONTROLABLE FACTORS: The factors are known as external factors.

1. **Behaviour of the consumer**-its affected by consumer buying habits, buying power, motivation in buying, living standard, social environment, technological changes etc.
2. **Traders behaviour**-the behaviour of intermediators -wholesalers or retailors, and their motivations, practices, attitudes etc.
3. **Competitors position and behaviour**-the competition may be of supply and demand of the product, choice offered by the consumers, technological changes, new invention etc.

4. **Government behaviour**- the marketingmanager should consider the rules and regulations of government in respect of product, competitive practices,advertising etc.Product mix of a company is made of all product lines and items. It includes the total number of varieties or models offered by the company.

3.4 Product

Product Mix:

Product mix of a company is made of all product lines and items. It includes the total number of varieties or models offered by the company.

Let us define the term:

Philip Kotler:

"A product mix is the set of all product lines and items that a particular seller offers for the sale to buyers."

William Stanton:

"The product mix is the full list of all products offered for the sale by the company." Thus, product mix means total number of products items offered by the company. For example, HMT Company produces watches, machines, tractors, plants, tools, and equipment's, and many other products. In each product group, a number of varieties are offered. The set of all these products (main range) and product varieties in each range can be said as product mix.

Product Mix Dimensions:

Product mix of a particular company includes major product lines.

Product mix has various dimensions, such as:

i. Product Mix Length:

It refers to the total number of items (in all the product lines) in product mix. For example, product mix of Bajaj Company has more than 100 items in various product lines, such as fans, bulbs and tubes, heaters, motorbikes, shooters, rich-show, processing machines, and many other ranges.

ii. Product Mix Width or Breadth:

It indicates the total number of product lines a company carries. For example, two wheelers (including various models) constitutes one of the product lines of Bajaj Company.

iii. Product Mix Depth:

It refers to a number of varieties in forms of sizes, colors, and models offered within each product line. It can be said as the average number of product items offered by the firm in each product line.

Meaning and definition of Product

Product is the main element of marketing. Without a product, there can be no marketing. “A product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or a need’’, says **Philip Kotler**.

It may be both tangible or intangible. Tangible product is one that can be seen and touched in its physical presence. The examples are - garments, shoes,mobiles, vehicles, soaps, vegetables, etc. Intangible product is one that cannot be seen andtouched but can be felt. It is in the form of services. The examples of intangible products are -education, medical care, insurance, banking, travel and transport, holiday resorts, etc.

Product Features

The important features of product are:

(1) Tangible Features: A product (like soap, car, jewellery, etc.) has some physical features such as shape, size, colour, weight etc. It can be touched, seen and its physicalpresence can be felt. It is made up of materials like stone, wood, plastic or metal.

(2) Intangible Attributes: - A product may also be in intangible form. It may not be seenor touched but can only be felt. It may be in the form of a service such as education, health care, bank, travel, transport, beautician, etc. These services may be brought exclusively or may be associated with physical products like repairs and maintenance, free-servicing after buying an automobile vehicle.

(3) Association Features: - Product may have associated attributes to facilitate itsidentification and acceptance by buyers. Such attributes may be a brand name, package,warranty, credit terms, delivery terms. For example, Hindustan Lever has detergent powder with brand names Surf, Wheel, Rin, Maruti Udyog has cars with brand names Maruti-800. Zen, Swift, Wagon R.

(4) Exchange Value: For marketing purpose, every product, whether tangible or intangible,should have an exchange value and should be capable of being exchanged between buyer andseller, for mutually agreed consideration.

(5) Consumer Satisfaction: - The product should be able to satisfy the consumer need.Satisfaction can be both real and psychological. For example, when we use eatables, clothing,medicines, we get a real satisfaction, whereas when we purchase insurance plan, services oftravel agency or beauty parlour we derive psychological satisfaction.

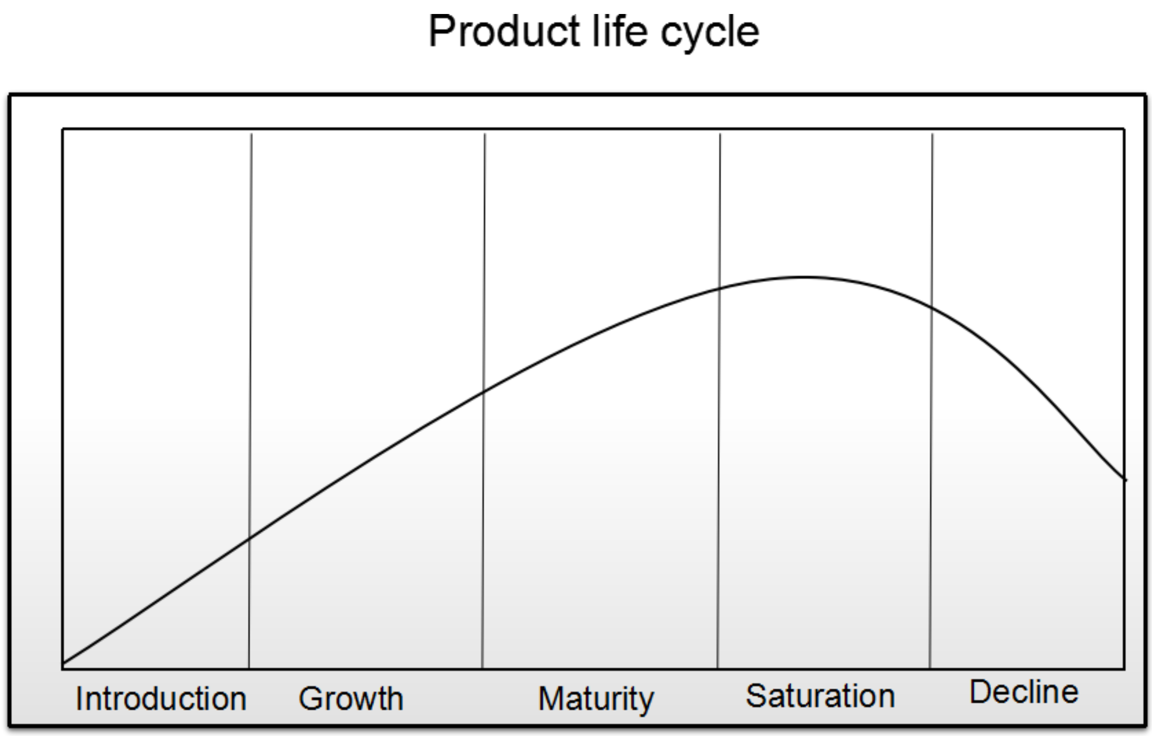
3.5 PRODUCT LIFE CYCLE

Product life cycle (PLC) is the cycle through which every product goes through from introduction to withdrawal.

Product also has various stages of life as human beings. From the time a product is introduced, till it is withdrawn from the market, it goes through 5 stages. Analysis of these stages for the purpose of repositioning the product in the market is called Product Life Cycle management. The following are the stages in a product life cycle.

I. Introduction Stage
II. The Growth Stage
III. The Maturity Stage
IV. The Saturation Stage
V. The Decline Stage

The above stages can be shown in the following graph:



Life Cycle Stages

1. **Introduction Stages:** In this stage, a new product is introduced on a large scale for the first time. Market reacts slowly to the introduction. In other words, consumers take time to accept the new product. Initially, the company may suffer losses, sales improves gradually. Most of the products fail in this stage itself.
   Following are the characteristics of this stage:

a. Consumers do not have the knowledge of the product
b. Consumers may or may not be strongly in need of the new product.
c. If there is a need for the product, the company gets readymade demand. Otherwise, it increases slowly.
d. Sales are minimum
e. The competition is less, in fact the company, which introduces new product is called as a Market Pioneer.
f. The cost of it is very high because the company spends money heavily on Research & Development, Sales, Promotion, etc.

Marketing Strategies during the Introduction Stage: A company has to prepare the policies very carefully in the stages because it has a great impact on the image of a new product. Even a minor mistake results in the premature death of a product.
The following are the strategies that the company may adopt in this stage:

A. It may spend heavily on promotion & fix high price. This meets two objectives.
B. Firstly, heavy promotion creates large demand & high price, brings immediate profits. This strategy also helps to create brand preference in the minds of the consumer. It is normally followed when there is a great need for the product, when the product belongs to the richer class & when products are consumer specialties.
C. This second strategy is to fix high price but to spend less on promotion. This is preferred when the product has limited market, in which people have knowledge about the product & the competition is completely absent.
D. Another strategy is to charge low price & spend heavily on promotion. This is preferable when consumers are sensitive to the price & market is wide enough. This strategy brings good returns in the long run.
E. The company may charge low price & spends less on promotion. This is preferable when the consumers are informed about the product, market is very large & there is no competition for the time being.
F. In the introduction stage, the competitors are very cautious. They do not enter the market immediately. They study the strategies of a company & watch the reaction of the consumers. This helps them to find out the defects of the company's strategy.

2. **Growth Stage:** It is called the market acceptance stage. Following are its features:
   a. Consumers & traders accept the product
   b. Sales & profit increase
   c. More competitions enter the market
   d. The focus of competition is on the brand rather than the product
   e. Competitors may introduce new features to the product

f. Distribution network increase
g. The price will be reduced marginally.

Marketing Strategies in the Growth Stage:

a. The company tries to impress upon the consumers that its brand is superior
b. It may introduce new models or improve the quality
c. It may enter new market & sell its products with new distribution channels
d. To attract more buyers, it may reduce the price.

3. **Maturity Stage:** This stage indicates the capacity to face the competition, sales increases at a decreasing rate. Competition becomes severe. It is reflected in various ways such as offering discounts, modifying products etc.

   Marketing Strategies during Maturity Period/Stage: In this stage, the manufactures have to take responsibility to promote his product. This strategy aims at creating brand loyalty.

4. **Saturation Stage:**This is the stage when the sales reach the peak point. Competition intensifies further & profit begins to decline. Small competitors may withdraw from the market because of their incapability to face the competition.

5. **Marketing Strategies**: This is the stage where the marketing manager must try to reposition his product. Most of the strategies in this stage are offensive in nature. Each manufacture tries to cut down his competitor's market share by aggressive promotion policy. The objective of marketing in this stage is to retain the present sales level.

6. **Decline Stage:** For all products, during this stage, sales began of decline. The buyers go for newer and better products. The decline in sales may be due to technological advances, consumer's shifts in taste and increased competition, domestic and foreign. As sales and profit decline.

Marketing Strategies: This stage offers one of the greatest challenge to the marketing manager. He has to decide whether or not to continue with the product. The main task of marketing manager is to revitalize the demand instead of discontinuing the product immediately. It is better to withdraw gradually. Those channels of distribution, which are costly & unproductive maybe removed. In the meantime, the weak points of the marketing mix maybe identified & altered as required.

Reasons for the Failure of New Product:

1. Poor marketing research

2. Not using the up-to-date technology
3. High price or to costly products
4. Poor design
5. Inefficient marketing
6. Non-cooperation from the middlemen
7. Improper promotional techniques
8. Improper timing of introduction of the new product.

3.6 Meaning of branding

Branding has means to distinguish the goods of one producer from those of another. A brand is a specific term that may include a name, sign, symbol, design or a combination of these, with an intention to identify goods or services of a particular seller.

Definition of branding

According to Kotler and Am strong, 'a brand is a name, term, sign, symbol or design or a combination of these that identifies the maker or seller of a product, or services'.

Brand:

It refers to a special word, symbol, letter or the mixture of all these. When we go to market and demand the products like lux soap, Colin glass cleaner, Samsung T.V., Britannia good day-biscuit, Bajaj Chetak scooter and Liberty shoes, the names attached with each of the products are nothing but the brands.

Brand has two components Brand Name and Brand Mark.

Brand Name:

It refers to that part of a brand which can be spoken. For example, Asian Paints, Bingo Chips, Lux soap, etc.

Brand Mark:

It refers to that part of a brand which cannot be spoken but can be recognized easily. For example,symbol,design,coloring,lettering.

Trade Mark:

When a brand is registered under the Trade Marks Act, 1999, then it becomes the trade mark. The trade mark of one company cannot be used by any other company. To bring out the difference between the brand and trade mark it should be clear that all the trademarks are brands whereas all the brands are not trademarks.

The difference between Brand and Trademark

• A brand is developed over a course of time with consistent quality that is appreciated by customers.

• A trademark is granted by trademark and patent office, and is a legal device that protects the owner in case of unlawful use of the trademark.

• Brand helps in identification of the product and the company, while trademark helps in preventing others from copying.

• If a brand has not been registered, anyone can copy it, and there is no provision of any penalty, while in case of trademark violation, there is severe penalty.

Branding provides Importance or benefits to buyers and sellers.

To Buyer:

1. A brand helps buyers in identifying the product that they like/dislike.

2. It identifies the marketer.

3. It helps reduce the time needed for purchase.

4. It helps buyers evaluate quality of products, especially if they are unable to judge a product's characteristics.

5. It helps reduce buyers' perceived risk of purchase.

6. The buyer may derive a psychological reward from owning the brand (e.g., Rolex watches or Mercedes).

To Seller:

1. A brand differentiates product offering from competitors.

2. It helps segment market by creating tailored images.

3. It identifies the companies' products making repeat purchases easier for customers.

4. It reduces price comparisons.

5. It helps the firm introduce a new product that carries the name of one or more of its existing products.

6. It promotes easier cooperation with intermediaries with well-known brands

7. It facilitates promotional efforts.

8. It helps in fostering brand loyalty, thus helping to stabilize market share.

9. Firms may be able to charge a premium for the brand.

Essentials of Good Branding:

1. A good brand should be easy to pronounce.

2. It should be easy to remember.

3. It should be able to attract attention.

4. It should suggest the company or product image.

5. It should be easy to recognize.

6. The brand identity should be very clear.

7. The brand name should be registered.

8. A good brand should be easy to translate into all languages in the markets where the brand will be used.

9. A good brand should suggest the product benefits or suggest its usage.

Disadvantages

1. The product price tends to go up.
2. Manufacturers, taking advantages of the popularity of their brand names, may reduce the

quality gradually.

3. Branding creates confusion, consumers are not able to decide which brand is the best in quality, because al l the brands claim to be the best ever in quality.

3.6 Labelling

A label is an information tag, wrapper, seal, or printed message that is attached to a product or its package. Its main function is to inform customers about the product's contents and give directions for its use.

There are three kinds of labels: • Brand • Descriptive • Grade

The brand label gives the brand name, trademark, or logo. It does not supply sufficient product information.

A descriptive label gives information about the product's use, construction, care, performance, and other features.A descriptive label includes date and storage information for food items. Instructions for proper use and product care are provided on nonfood items.

A grade label states the quality of the product

FUNCTIONS OF LABELLING

1. The identification of a product.
2. To give clear instruction about uses of the product.
3. It encourages producers to make only standard products.
4. Price variation caused by the middleman are avoided because price is printed
5. It encourages producing only quality products.

ADVANTAGES OF LABELLING

1. It is social service to customers.
2. It avoids price variation by publishing the price on the label.
3. It helps advertising activity of the organization.
4. It helps the customer to assess the superiority of the product.

5. It is a guarantee for the standard of the product.

DISADVANTAGES OF LABELLING

1. For an illiterate population this is no use.

2. It increases the cost of production.

3. It is effective only where standard ids compulsory.

4. It enables the customer compare the advantages of products before they are used.

KINDS OF LABELLING

i. BRAND LABLE:

These labels are exclusively meant for popular the brand name of the products. For e.g. Cigarettes, Sweets etc.

ii. GRADE LABLE:

These labels give emphasis to standard this is used as an indirect method of product identification. For e.g. Cloth etc.

iii. INFORMATIVE LABLES:

The main object of this label is to provide maximum possible information.

iv. DISCRIPTIVE LABLES:

The labels which are descriptive in nature are typed information. these made contain the product characteristic and in addition the method of using it properly.

3.7 PRICING

Price is the value of a product expressed in monetary terms. It is the amount charged for theproduct. According to **Philip Kotler**, "Price is the amount of money charged for a product orservice, or the sum of the values that consumers exchange for the benefits of having or using the
product or service."

Importance of Price in marketing mix:

1. Price is the pivot of an economy- price policy is a weapon to realize the goals of plannedeconomy, where resources can be allocated as per planned priorities. Price is the primemover of the wheels of the economy namely, production, consumption, distribution andexchange. As price is a sacrifice of purchasing power, it affects the living standards of thesociety; it regulates business profits and hence, allocated the resources for the optimumoutput and distribution. Thus, it acts as a powerful agent of sustained economicdevelopment.
2. Price regulates Demand-marketing manager can regulate the product demand throughprice. Price increases or decreases the demand for the products. To increase the demand,reduce the price and increase the price to reduce the demand. Price has a special role to playin developing countries where the marginal value of money is higher than those of advanced nations.
3. Price is competitive weapon- any company whether it is selling high or medium or low-priced merchandise will have to decide as to whether its prices will be above or equal to orbelow its competitors. It acts as a weapon to generate sale and repeat sale in the competition.
4. Price is the determinant of profitability- price of a product determines the profitability ofa firm. In the firm, price is the basis for generating profits. Price reflects corporateobjectives and policies and it is an important ingredient of marketing mix.
5. Price is a decision input- in the areas of marketing management countless and crucialdecisions are to be made. Normally, profit is taken as a base for decisions. E.g. it is adecision regarding selecting product improvement possibilities; select that possibility whichgives the highest price as compared to the cost.
6. Price contribute to the revenue-the other factors of marketing mix require to makeexpenditure whereas price adds earnings to the company. So, by keeping prices atappropriate level, company can earn more profit.
7. Price is flexible- the company cannot make changes in product and distributions as per ourconvenience. But we can change price depending upon competition, demand, governmentpolicies etc.
8. Price reflects the quality of the product –a low price may suggest an inferior or averagequality of the product. The customer may go under the impression that the product willperform very poorly. Conversely too high price may not be justifiable form customers pointof view. Therefore, the price should be reasonable.
9. Positioning- this positioning statement sets the arena for identifying the major competitorsof the company. Price is thus major in the sense that it can determine with whom thecompany is competing.

PRICE OBJECTIVES:

I. RETURN ON INVESTMENT:

From the point of view of investors, principle, pricing goal is to achieve the expected profit. The profit must compensate the investment made. This is a common pricing objective mostly found with small firms. This may also be considered a profit related pricing objective.

II. MARKET SHARE:

Increase in market share is the best method of evaluation as far as efficiency of pricing is concerned. This is because many companies believe that maintaining or increase market share is a key to the effectiveness of their marketing mix.

III. MEETING COMPETITION:

This is also a most important objective of pricing especially when a product is introduced in a competitive market price cutting may have to be adopted without incurring huge losses. The price method adopted in this regard is referred to as extinction pricing.

IV. PROFIT:

Maximum profit could be stated as on objective of pricing, it cannot be made operation because its achievement is different to measure usually profit objectives are set in terms of percentage change or in terms of actual rupees in relation to profits earned during the previous period.

V. CUSTOMERS ABILITY TO PAY:

The prices that are charged different from person to person, according to his capacity to pay. For eg. Doctor charge fees for their service according to the capacity of the patient.

VI. RESEOURCE MOBILISATION:

The product are priced in such a way that sufficient resources are made available for the firms expansion, development at investment. Marketers are interested in getting back the amount, invested as speed as possible.

3.8 Pricing Policies & Pricing Methods or Determination or the Price:

I. Cost Plus Pricing: In this method, the cost of manufacturing a product serves as the basis to fix the price, the desired profit is added to the cost & the final price is fixed. Most of the companies follow this method. Following are various methods of cost + pricing.

a. Price Based on the Total Cost: Here a percentage of profit is added to the cost to calculate the selling price. It is usually followed by the whole sellers & the retailers. For industries such as construction, printing, repair shops, etc. this method is more suitable.

b. Price Based on the Marginal Cost: It is the method of pricing where the price is fixed to recover the marginal cost only. Marginal cost is the extra cost incurred to produce extra units. Hence, this method is suitable only when pricing decisions are to be taken to expand the market to accept the export orders etc.

c. Break Even Pricing: Under this method, the price is fixed first to recover the total cost incurred to produces the product. It is fixed in such a manner that the company neither earns profit nor does it suffer losses. This method is suitable during depression when there is acute competition, when a new product is to be introduced or when the product enters the declining stage of its life.

Advantages of Cost + Pricing:

1. This method is simple & hence price can be easily determined.
2. Companies, which cannot estimate the demand may follow this method.
3. It is suitable for long-term pricing policies

Dis-advantages of Cost + Pricing:

1. It neglects the demand factor of the product
2. It is difficult to determine the exact cost.

II. Pricing Based Upon Competition: Competition based pricing is defined as a method where a company tries to maintain its price on par with its competitors. It is suitable when the competition is serve & the product in the market is homogenous. This price is also called the going rate price.

a. Pricing Above the Competition: It is usually followed by well-recognized manufacturers to take advantage of their goodwill. The margin of profits is too high. This method is useful to attract upper class & upper middle-class consumers.

b. Pricing Below Competition Level: This type of pricing is followed by the wholesalers & the retailers. They offer various kinds of discounts to attract consumers. Even established companies follow this method to maintain or to increase their sales during the off season.

III. Pricing Based on Markets: Depending upon the market of product, the manufacturers may fix the price for their products. In a perfect market, he has to go for the expected price in the market. It is also called the market price or going rate price.

The pricing decisions for a product are affected by internal and external factors.

A. Internal Factors:

1. cost:

While fixing the prices of a product, the firm should consider the cost involved in producing the product. This cost includes both the variable and fixed costs. Thus, while fixing the prices, the firm must be able to recover both the variable and fixed costs.

2. The predetermined objectives:

While fixing the prices of the product, the marketer should consider the objectives of the firm. For instance, if the objective of a firm is to increase return on investment, then it may charge a higher price, and if the objective is to capture a large market share, then it may charge a lower price.

3. Image of the firm:

The price of the product may also be determined on the basis of the image of the firm in the market. For instance, HUL and Procter & Gamble can demand a higher price for their brands, as they enjoy goodwill in the market.

4. Product life cycle:

The stage at which the product is in its product life cycle also affects its price. For instance, during the introductory stage the firm may charge lower price to attract the customers, and during the growth stage, a firm may increase the price.

5. Credit period offered:

The pricing of the product is also affected by the credit period offered by the company. Longer the credit period, higher may be the price, and shorter the credit period, lower may be the price of the product.

6. Promotional activity:

The promotional activity undertaken by the firm also determines the price. If the firm incurs heavy advertising and sales promotion costs, then the pricing of the product shall be kept high in order to recover the cost.

B. External Factors:

1. Competition:

While fixing the price of the product, the firm needs to study the degree of competition in the market. If there is high competition, the prices may be kept low to effectively face the competition, and if competition is low, the prices may be kept high.

2. Consumers:

The marketer should consider various consumer factors while fixing the prices. The consumer factors that must be considered includes the price sensitivity of the buyer, purchasing power, and so on.

3. Government control:

Government rules and regulation must be considered while fixing the prices. In certain products, government may announce administered prices, and therefore the marketer has to consider such regulation while fixing the prices.

4. Economic conditions:

The marketer may also have to consider the economic condition prevailing in the market while fixing the prices. At the time of recession, the consumer may have less money to spend, so the marketer may reduce the prices in order to influence the buying decision of the consumers.

5. Channel intermediaries:

The marketer must consider a number of channel intermediaries and their expectations. The longer the chain of intermediaries, the higher would be the prices of the goods.

Pricing Strategies-Types of Pricing Strategies

The Pricing Strategy table below provides the definition for ten different pricing strategies and an example to explain each pricing strategy.

		Examples
Penetration Pricing	Here the organisation sets a low price to increase sales and market share. Once market share has been captured the firm may well then increase their price.	A television satellite company sets a low price to get subscribers then increases the price as their customer base increases.
Skimming Pricing	The organisation sets an initial high price and then slowly lowers the price to make the product available to a wider market. The objective is to skim profits of the market layer by layer.	A games console company reduces the price of their console over 5 years, charging a premium at launch and lowest price near the end of its life cycle.
Competition Pricing	Setting a price in	Some firms offer a price matching

	comparison with competitors. In reality a firm has three options and these are to price lower, price the same or price higher than competitors.	service to match what their competitors are offering. Others will go further and refund back to the customer more money than the difference between their price and the competitor's price.

3.9 Meaning **of 'Personal Selling'**

- Personal selling is also known as face-to-face selling in which one person who is the salesman tries to convince the customer in buying a product. It is a promotional method by which the salesperson uses his or her skills and abilities in an attempt to make a sale.
- Personal Selling is a personal form of communication where direct face to face conversation takes place between the buyer and the seller for the purpose of exchanging goods and services. Salespersons are appointed by the companies to create awareness and develop preference about their products with the eventual aim of making sale.

Common personal selling tools and techniques include the following:

- **Sales presentations**: in-person or virtual presentations to inform prospective customers about a product, service, or organization
- **Conversations**: relationship-building dialogue with prospective buyers for the purposes of influencing or making sales
- **Demonstrations**: demonstrating how a product or service works and the benefits it offers, highlighting advantageous features and how the offering solves problems the customer encounters
- **Field selling**: sales calls by a sales representative to connect with target customers in person or via phone
- **Retail selling**: in-store assistance from a sales clerk to help customers find, select, and purchase products that meet their needs
- **Door-to-door selling**: offering products for sale by going door-to-door in a neighbourhood
- **Consultative selling**: consultation with a prospective customer, where a sales representative (or consultant) learns about the problems the customer wants to solve and recommends solutions to the customer’s particular problem

- **Reference selling**: using satisfied customers and their positive experiences to convince target customers to purchase a product or service.

Features of Personal Selling

The main features of personal selling are:

1. Personal Form:

Personal Selling is a personal form of communication which involves an interactive relationship between the seller and the buyer.

2. Development of Relationship:

Personal selling ensures development of relationship between the sales person and the prospective customer. This helps in making sales. It is seen that in some cases, despite knowing some shortcomings of a product, customer tend to purchase it simply because of personal relationship with the seller.

Merits of Personnel Selling

Main advantages of personal selling are as follow:

1. Flexibility:

Personal selling allows a lot of flexibility; sales presentation can be easily modified or adjusted according to the requirements of an individual customer.

2. Direct Feedback:

It facilitates prompt feedback because of direct face to face communication between the buyer and the seller. This feedback helps in bringing necessary changes in the sales presentation.

3. Minimum Wastage:

Before starting with the personal selling, the company can choose the type of customers it has to deal with & prepare the presentation according to same. This results in reduction of wastages.

Role of Personal Selling:

Personal selling is an important tool in the marketing of goods and services. Its importance to the businessmen, customers and society is discussed below.

3.10 Importance to Businessmen:

It is helpful to businessmen as follows:

1. Effective Promotional Tool:

Personal selling is an effective promotional tool in the hands of businessman for increasing sales. Salesman provides information about the various features and advantages of his product as well as about market developments.

2. Flexible Tool:

Personal selling is the most flexible tool of promotion. Sales presentation is adjusted according to the requirements of the customer.

3. Minimises Wastage of Efforts:

Personal selling involves minimum wastage of efforts as compared to other tools of promotion.

4. Customer Attention:

The level of customer attention and interest can easily be assessed under personal selling. Thereafter, the presentation can be modified appropriately.

5. Lasting Relationship:

Personal selling aims at developing good and long-lasting relationship between salesperson and the customer to increase sales in line with WIN-WIN philosophy.

Importance to Customers:

It is important to customers as follow:

1. Helps in Identifying Needs:

It helps in identifying the needs & wants of the customers so that they can be satisfied by getting best products.

2. Latest Market Information:

Under personal selling, customers are provided with information regarding availability or shortage of product, introduction of new product etc.

3. Expert Advice:

Expert advice and guidance can be provided to the customers while purchasing various goods and services.

4. Induces Customers:

Personal selling induces customers to buy new product in order to satisfy their needs in a better way.

Importance to Society:

It is also important to society as follow:

1. Converts Latest Demand:

Personal selling helps in converting latest demand into effective demand. This results in more production, and hence leads to increase in GDP.

2. Employment Opportunities:

It provides opportunity to unemployed people to work as salespersons for earning income.

3. Career Opportunities:

Personal selling ensures attractive career, job satisfaction, respect, variety, security etc.

4. Mobility of Sales People:

Travel and tourism in the country get promoted by the mobility of the people from one place to another.

5. Product Standardisation:

Personal selling ensures uniformity in consumption by selling standardized products.

3.11 SALES PROMOTION

Meaning

Sales promotion refers to all promotional activities undertaken by the marketer, sales promotion is a broader term which includes all activities such as advertising, personal selling, publicity etc.to capture the market.

Definition

According to American Marketing Association, Sales Promotion is "A group of activities other than advertising, personal selling, & publicity that stimulates consumer purchasing & dealer's effectiveness. E.g.: Discounts, Samples, Exhibition, etc.

Importance of Sales Promotion:

Following are the reasons for the increased importance of sales promotion:

1. Shorter life cycle of a product
2. Heavy competition
3. Now producers have to capture the market as quickly as possible.
4. To push the product during the off season or dull period.

Objectives of Sales Promotion

1. To introduce new products.
2. To keep consumers satisfied.
3. To attract new customers.
4. To clear stocks of products. To sell out old stocks rapidly.
5. To induce consumers to try and buy certain products
6. To induce present customers to buy more quantity and/or times.
7. To strengthen competitive position.
8. To offset price competition.
9. To speed up sales of slow moving products.
10. To induce consumers to switch from competitors' brands.
11. To maintain or increase sales during off-seasons.
12. To inspires middlemen to keep more inventories/stocks.
13. To encourage middlemen to put more efforts in attracting customers.
14. To support personal selling. To motivate salesmen to work more.
15. To increase effectiveness of advertising.

16. To reduce the degree of dissatisfaction of customers.

17. To increase familiarity and popularity of product, brand or company name.

Advantages of sales promotion

1. It stimulates in the consumers an attitude towards the product.

2. It creates a better incentive in the consumers to make a purchase. It is a demand creator.

3. It gives direct inducement to the consumers to take immediate action.

4. It is flexible. It can be used at any stage of a new product introduction.

5. Sales promotion leads to low unit-cost, due to large-scale production and large-scale selling.

6. It is an effective supporter of sales. It helps the salesman and makes his effort more productive.

7. The promotional tools are the most effective to be used in increasing the sales volume.

Sales promotion is effective when:

(a) A new brand an introduced.

(b) We have to communicate a major improvement or attraction in product.

(c) Enlarging the result of advertising.

(d) Increasing the number of retail stores in order to sell out products.

(e) Engaging or embarking upon aggressive sales campaign.

Limitations of Sales Promotion:

1. Sales promotions are only supplementary devices to supplement selling efforts of other promotion tools.

2. Sales promotion activities are having temporary and short life. The benefits are also short-• lived for three or four months. Then the demand will fall down.

3. They are non-recurring in their use.

4. Brand image is affected by too many sales promotion activities. Consumers are of the opinion that due to the lack of popularity and overstocking of products of a company, these sales promotional activities are conducted.

5. There is a feeling in the minds of the customers that sales promotional activity tools are used to sell inadequate or second grade products.

6. Discounts or rebates are allowed by boosting the prices of the goods, with a view to sell at a gain, which is not real.

7. Immediate increase in demand is stimulated by this. Hence it is a short-lived tool.

8. It is expensive and leads to a rise in the price of products.

Sales Promotion is ineffective:

(a) When there is a declining market for an established brand.

(b) When there is no product improvement.

Sales Promotion Methods:

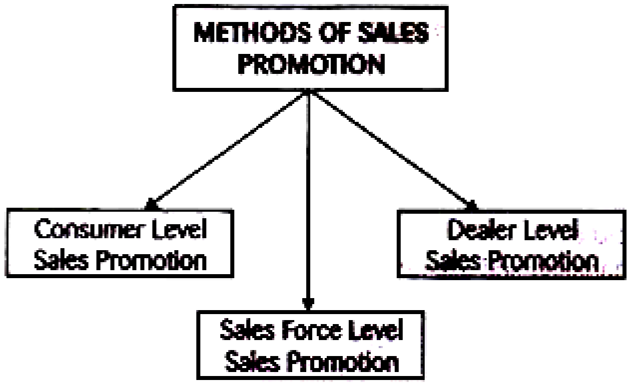


Figure 1: Sales Promotion Methods

Consumer Level Sales Promotion:

To stay and grow in competitive market situation, producers offer several incentives to attract new consumers and maintain existing consumers. Selection of sales promotion tools for consumers depends on objectives of company, types of products, company's financial position, consumer behaviour, market trend, competition, and other relevant variables.

Most popular tools of consumer level sales promotion include:

1. FREE SAMPLES:

Free distribution of samples is the most popular method. They may be done by the manufacturer by putting up special booths in busy places. Free samples may also be distributed to the buyer through the dealers.

2. PRICE OFF:

Sometimes the manufacturer may offer a reduction in the maximum retails price.

3. MONEY REFUND OFFER:

Some manufacturers do make the offer that money will be refunded to the consumer if he is not fully satisfied with the product.

4. GIFTS

Gifts are offered along with the product by certain marketer. Buyer of cinthol soap was offered free pen by the company recently.

5. OFF SEASON DISCOUNTS:

Such discounts are offered by the marketer for certain goods that have only seasonal demand.

E.g.: Umbrella, Rain Coats etc. To promote sales during off reason, such discounts become necessary.

6. FESTIVAL DISCOUNTS:

Discounts are also offered by marketer to maximize sales during festival seasons eg: Deepavali, Pongal and so on.

7. COUPONS:

Coupons are kept considered in the package that the buyer gets. Discount are indicated in the coupon. When he buys the same product next time, coupons also enable the buyers to win exciting prizes. Manufacturer eg: "Fa" brand of face powder came out with such an offer recently.

8. EXTRA QUANTITY

More quantity of the product is offered for the same price to induce the buyer to buy. "Nestle Sunrise" instant coffee powder and Colgate toothpaste are sold with "extra quantity" offer.

9. EXCHANGE OFFER:

Dealers of most durable goods come out with the exchange offer. The buyer for example may exchange his old TV, fridge for a new one by paying the differentiation amount in cash.

10. FREE DOOR DELIVERY AND INSTALLATIONS:

Some traders offer free home delivery of goods. Some of them also offer free installation E.g.: Computer, furniture etc.

11. LUCKY DRAW:

Sometimes the customers may be asked to drop their visiting cards or the counter foil of bills in a box. A lucky draw may be conducted on a particular date and the winners may be given prizes.

12. SLOGAN CONTEST:

A small questionnaire may be given to the customer. The questionnaire contains certain questions about at the merits of a particular product. The customer may at the most be asked to till the questionnaire. They may also be provided space in the questionnaire to enable the them to write a slogan on a particular theme may be in about 50 words. The best entries may get prizes.

Dealer/Channel Level Sales Promotion:

Some companies offer short-term incentives to middlemen to make them active and interested. These incentives may be financial or non-financial. Such incentives encourage them to make more efforts to sell particular brands.

Most common dealer level sales promotion tools are as below:

1. DEMONSTRATION:

The manufactures staff may conduct special demonstration for the company’s products in the premises of the trades. Such an approach is usually to introduce a new consumer durable product.
E.g.: Microwave oven, Aqua guard, Vacuum cleaner etc.

2. DISPLAY MATERIALS

The manufactures may also display materials on their products consisting of banners. Boards, Posters etc., to the traders to enable them to display the same in their business premises.

3. TRADE FAIR AND EXHIBITIONS:

Trader engaged in different trade to participates in such a fair. It provides an opportunity for them to meet the buyer at a particular place.

4. DEALER COMPETITION

To encourage healthy competition among dealers manufactures evaluate their performance over a period of time. For example, such of those dealers who have excelled in sales, window displays and so on.

5. GIFTS:

To satisfy those dealers who regularly place a bulk order with the manufactures offers certain gifts to enhance the sales of the product.

Salesman Level Sales Promotion:

In this type of sales promotion, salesmen are offered certain incentives to encourage them to make more sincere efforts. Such incentives are not offered in regular course. The incentives are offered for a short-period of time. These incentives may be financial or non-financial.

They include:

1. MEETINGS:

Meetings of salesman organized at regular intervals enable every salesman to assess his own performance. He also gets an opportunity to know how the other salesmen are doing.

2. PAMPHLETS:

Salesmen are provided with pamphlets that give complete details of the product. Such pamphlets can be distributed to the customers.

3. PROVISION OF AUDIO VISUAL AIDS:

Salesman is sometimes provided with audio visual to perform their work effectively.

4. CELLPHONE AND PAGERS:

The present-day salesmen are provided with cell phones and pagers to act swiftly.

5. PRODUCT DEMONSTRATION

Salesman selling certain products like vacuum cleaner carries the instruments' whenever they go for demonstration.

6. SALES APPRAISAL:

The business appraises the performances of the entire salesman over a period of time. Those e salesmen who have excelled are given awards and members.

7. SALES JOURNALS:

The company may also bring out its sales journals periodically. This will certainly give authentic information to the salesman about the progress of their work.

8. BONUS TO SALES FORCE:

The manufacturer sets a target sale for year. If the sales force sell the products above the targeted sales, bonus if offered to them.

PLACE

Meaning:

It refers to the location where the products are available and can be sold orpurchased.Buyers can purchase products either from physical markets or from virtual(online) markets.

PLACE MIX

- This element of marketing mix is concerned with taking decisions in order tomake product available to the customer for purchase and consumption.
- It is important that the product is available at the right place and at the righttime.

There are four elements of Place Mix:

(1) Channel of Distribution

(2) Types of channel

(3) Components of physical distribution

(4) Factors determining choice of channel

3.12 Channels of Distribution of ProductsIntroduction and Meaning

- The goods are produced at one place but the customers are scattered over a wide geographical area. Thus, it is very difficult for a producer to distribute his products all over the country. Therefore, he takes the help of some intermediaries to distribute his goods. For example, Maruti cars are manufactured at Gurgaon but are available all over the country with the help of intermediaries.
- Channel of distribution refers to those people, institutions or merchants who help in the distribution of goods and services. Philips Kotler defines channel of distribution as "a set

of independent organizations involved in the process of making a product or service available for use or consumption".

- Channels of distribution provide convenience to customer, who can get various items at one store. If there were no channels of distribution, customer would have faced a lot of difficulties.Mc McCarthy also defined distribution channels as an organized system of marketing institution that facilitates the physical flow of goods and services and ownership title from producers to consumers or end users.

- Channel of distribution refers to the route through which goods and services move from their place at the time of production to the place at the time of consumption.

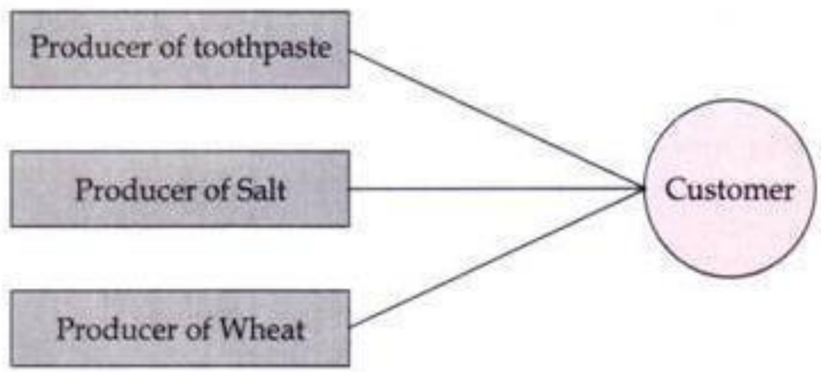
- The channel of distribution is basically grouped into two "Direct Channel of distribution and indirect channel of distribution".

The direct channel of distribution requires no participation of the intermediaries in the distribution process. In this case, goods move directly from the producer to the final consumer. The producer takes responsibility of all the activities required for effective and efficient distribution ranging from transportation, warehousing, order processing, inventory control and management e.g. banks, hotel industry, restaurant, insurance, company, barbers, dry cleaning etc.

Indirect channel of distribution, it is that channel where goods and services pass to the final consumers through the active participation of the intermediaries (wholesalers, retailers and agent). The responsibility as relate to the activities for effective and efficient distribution of goods and services are shared among the producers and the intermediaries. The producer owners the manufacturing plant, does the production process.

The structure of each channel depends on factors such as company policy, type of product being produced, the choice of competitors, middlemen consideration and environmental consideration and others. The term middlemen refers to those group or distribution traders that exist between the manufacturers and the consumers.

1. When there is no channel of distribution



2. When there is a channel of distribution, say Retailer.

Channels of Distribution Used for a Consumer Product.

3.13 Objectives of Distribution

The main objectives of distribution in marketing are as follows:

1. Movement of goods

The main objective of distribution is to make flow of goods from production place to consumption place. For this, the role of the distribution channel system and its members becomes very important.

2. Availability of goods

The objective ofdistribution functionis to make or supply necessary goods to the large masses of customers living indifferent geographical areas.

3. Protection of goods

The objective of distribution is also to properly storing, handling and protecting the goods and supplying them to the consumers in good condition.

4. Cost reduction

The objective of distribution is also to reduce cost of product by bringing effectiveness in distribution process.

5. Customer satisfaction

The other objective of distribution function is to help consumers feel satisfied through effective distribution.

Functions of Distribution Channel

- **Information**: Gathering and distributing marketing research and intelligence information about actors and forces in the marketing environment needed for planning and aiding exchange.
- **Promotion**: Developing and spreading persuasive communications about an offer.
- **Contact:** Finding and communicating with prospective buyers.
- **Matching:** Shaping and fitting the offer to the buyer's needs, including activities such as manufacturing, grading, assembling, and packaging.
- **Negotiation:** Reaching an agreement on price and other terms of the offer so that ownership or possession can be transferred.
- Others help to fulfil the completed transactions:
- **Physical distribution**: Transporting and storing goods.
- **Financing:** Acquiring and using funds to cover the costs of the channel work.
- **Risk taking**: Assuming the risks of carrying out the channel work.

Importance of channel distribution

The various marketing intermediaries are used in transferring the products from the hands of producers to the final consumers or industrial users. These marketing intermediaries carry alternate names such as wholesalers, distributors, retailers, franchised dealers, jobbers, authorised dealers and agents. Such marketing intermediaries compromise the distribution channel. These distribution channels minimize the gap between point of production and point of consumption, and thereby create place, time and possession utilities.

Role and Significance/Importance of Distribution Channels
The role of distribution channels can be summarised as follows:

1. **Distribution channels offer salesmanship:** The distribution channels offer pivotal role of a sales agent. They help in creating new products in market. They specialize in word of mouth selling and promotion of products. They assure pre-sale and post-sale service to the consumers. Since these channels are in direct and regular contact with the consumers,

they do salesmanship very well and at the same time provide true and valuable feedback to the producers.

2. **Distribution channels increase distributional efficiency:** The intermediary channels are the sales process as they are in direct contact with the customers. They narrow down the gap between producers and consumers both economically and efficiently. These intermediaries reduce the number of transactions involved in making products available from producers to consumers. For example, there are four producers who are targeting to sell their products to four customers. If there is no distribution channel involved, then there will be sixteen transactions involved. But if the producers use distribution channels, then the number of transactions involved will be reduced to eight (four from producer to intermediary and four from intermediary to customer), and thereby the transportation costs and efforts will also be reduced.
3. **The channels offer products in required assortments:** Just like the producers have expertise in manufacturing products, similarly the intermediaries have their own expertise. The wholesalers specialize in moving and transferring products from various producers to greater number of retailers. Similarly, the retailers have expertise in selling a wide assortment of goods in less quantity to a greater number of final customers. Due to the presence of distribution channels (wholesalers and retailers), it is possible for a consumer to buy the required products at right time from a store conveniently located (geographically closer) rather than ordering from a far located factory. Thus, these intermediaries break the bulk and meet the less quantity demand of the customers.
4. **They assist in product merchandising:** It is actually the merchandising by intermediaries which fastens the product movement from the retail shop desk to the customer's basket. When a customer goes to a retail shop, he may be fascinated by the attractive display of some new product, may get curious about that new product, and he may switch over to that new product leaving his regular product. Thus, merchandising activities of the intermediaries serve as a quiet seller at a retail store.
5. **The channels assist in executing the price mechanism between the firm and the final customers:** The intermediaries help in reaching a price level which is acceptable both to the producers as well to the consumers.
6. **Distribution channels assist in stock holding:** The intermediaries perform various other functions like financing the products, storing the products, bearing of risks and providing required warehouse space.

Thus, the distribution channels are a vital constituent of a firm's comprehensive marketing strategy. They assist in expanding product reach and availability, as well in increasing revenue.

3.14 Middleman:

Meaning of Middlemen:

Middlemen specialize in performing activities that are directly involved in the purchase and sale of goods in the process of their flow from producers to the ultimate buyers. Their position is between the producers and ultimate buyers.

Middlemen can be classified into two divisions. They are merchants and agents. A **Merchant** buys and resells goods while an **Agent** negotiates purchases or sales or both but does not buy the goods in which he deals.

In many situations goods are usually taken to the markets by middlemen who come in to buy the goods and eventually take them to the market directly or through other intermediaries. In many trades, there are people or organization who specialize in distribution and selling of producer's products depending on each trade, such person or organizations may be called agents, wholesalers, retailers etc.

FUNCTIONS OF MIDDLEMEN

The functions of the middlemen consist or include the following;

1. **Information provider:** - Middlemen have a role in providing information about the market to the manufacturer. Developments like changes in customer demography, psychology, media habit and the entry of a new competitor or a new brand and change in customers preferences are some of the information that all manufacturers wants. Since these middlemen are present in the market place and close to customers they can provide this information at no additional cost.

2. **Price stability:** - Maintaining price stability in the market is another function a middleman performs. Many a time the middlemen absorb an increase in the price of the products and continue to charge the customer the same old price. This is because of the intra-middlemen competition. The middlemen also maintain price stability by keeping his overhead low.

3. **Promotion:** - Promoting the products in his territory is another function that middlemen perform, many of them design their own sales incentive programmes, aimed at building customers traffic at the other outlets.

4. **Financing:** Middlemen finance manufacturer's operation by providing the necessary working capital in the form of advance payments for goods and services. The payment is in advance even though the manufacturer may extend credit because it has to be made even before the products are bought, consumed and paid for by the ultimate consumer.

5. **Title: -** Most middlemen take the title to the goods, services and trade in their own name. This helps in diffusing the risks between the manufacturer and middlemen. This also enables

middlemen to be in physical possession of the goods, which in turn enables them to meet customer demand at very moment it arises.

6. **Help in production function:** The producer can concentrate on the production function leaving the marketing problem to middlemen who specialize in the profession. Their services can best utilize for selling the product.

7. **Pricing:** In pricing a product, the producer should invite the suggestions from the middlemen who are very close to the ultimate users and know what they can pay for the product. Pricing may be different for different markets or products depending upon the channel of distribution.

8. **Matching Buyers and Sellers:** The most crucial activity of the marketing channel members is to match the needs of buyers and sellers. Normally, most sellers do not know where they can reach potential buyers and similarly, buyers can reach potential sellers.

9. **Standardizing Transactions: -** Standardizing transaction is another function of marketing channels. Taking the example of the milk delivery system, the distribution channels standardized throughout the marketing channel so that consumers do not need to negotiate with the sellers on any aspect. Whether it is price, quality, method of payment or location of the product.

10. **Matching Demand and Supply:** The chief functions of intermediaries is to assemble the goods from many producers in such a manner that a customer can affect purchases with ease. The goal of the marketing is the matching of segments of supply and demand.

The matching process is undertaken by performing the following functions:

a. **Contractual**: - Finding out buyers and sellers.

b. **Merchandising**: Producing goods that will satisfy market requirements.

c. **Pricing**: process of attaching value to the product in monetary terms.

d. **Propaganda**: Sales promotion activities.

e. **Physical Distribution:** Distribution activities.

f. **Termination**: Settlement of contract i.e. paying the value and receiving the goods.

3.15 MARKETING INTERMEDIARIES

Marketing channels which generally have one or more intermediaries can be categorized into agent / broker, wholesaler and retailer.

AGENT

Agent middlemen are specialized wholesalers who do not own the product they sell but only help in buying and selling. Agents can be classified into:

1. **Manufacturer's Agent:** They sell products for several non-competition producers for a commission on what is actually sold.
2. **Commission merchant**: They handle products shipped to them by sellers complete the sale, and send the money minus commission to each seller.

WHOLESALER

A wholesaler is a marketing intermediary that buys from the producer and sells to other organization such as retailers and hospitals. The functions of the wholesaler include some of the following:

1. Bulk buying from manufacturer to ease their operations.
2. Breaking the bulk to make it possible for retailers due to their limited capital.
3. advance payment or prompt settlement or payment for goods enabling producer to continue operations. Financing retailers through provision of credit facilities.
4. Warehousing of goods pending when they are needed.
5. Stabilization of product prices through storage.
6. Offering professional advice to retailers.
7. Completion of production process e.g. packaging.
8. Assisting manufacturers in promotional activities.

A RETAILER

A producer is an individual or an organization that sells to ultimate consumers. The functions of retailer includes:

1. Selling to consumers at convenient place and time.
2. Completion of production processes such as labelling.
3. Providing after sales service to customers such as installation and maintenance services.
4. Provision of wide range or variety of gods to consumers.
5. Offer of credit facilities to reliable customers.

6. Passes information from consumers about their complaints and preferences to wholesalers for onward transfer to the producer.

IMPORTANCE OF MIDDLEMEN

- Intermediaries are very important players in the market.
- Both the consumers and producers gain immensely from the roles of middlemen, who ensure that, there is a seamless flow of goods in the market by matching supply and demand.
- Intermediaries provide feedback to the producers about the market, thus influencing the decisions made by the manufacturers.
- Buyers on the other hand, gain from the services offered by intermediaries such as promotion and delivery.
- Buyers can get the right quantity they want as intermediaries are able to sell in small units.

Retail marketing:

- Retail marketing comprises the activities related to selling products to the consumers through channels such as stores, malls, vending machines, or other fixed locations. In contrast, direct marketing to consumers attempts to complete a sale through phone, mail, or web site sales.
- Retailing occupies a key role in the world of economy. Retailing involves all the activities incidental to selling to ultimate consumers for their personal, family, and household use. It does this by organizing their availability on a relatively large scale and supplying them to the customers on a relatively small scale.

Types of Major Retail Outlets:

Departmental Stores:

A departmental store offers several product lines such as clothing, home furnishing and household goods under one roof. Each line operates as a separate department.

Speciality Stores:

A specialty store concentrates on a narrow product line or a specialized product line; for example, footwear and jewellery.

Supermarket:

A supermarket provides relatively large low-cost, low-margin, high-volume, self-service operation; for example. Big Bazar.

Convenience Stores:

A convenience store is conveniently located in sub urban areas and charges a slightly higher price and provides groceries and non-food items.

Discount Stores:

A discount store offers standard merchandise at low price with low margin and high volume.

Factory Outlets:

A factory outlet is opened and operated by manufacturers and sells surplus or discounted goods.

Shopping Malls:

Shopping malls are the new format of retail outlets. They provide several products under one roof. They also provide means of entertainment such as mini theatre and food courts.

Importance of Retail Marketing

Retailing has mirrored the increasing prominence of the retail industry. Retailing provides necessary service and a positive contribution to the economy. The importance of retailing is given below:

1. Retailing shapes, the lifestyle of people
2. Retailing contributes to the economy
3. Retailing dominates the supply chain
4. Retailing is interdisciplinary
5. Retailing offers itself as an academic course.
6. Retailers have status as employers.
7. Retailers are gatekeepers within the channel of distribution.
8. Retailers have scope for expanding internationally.

1. Retailing shapes the lifestyle of the people: Retailing is an integral part of the modern society. It shapes the way of life. In the past, trading of goods was a part of a traditional society. But in recent times, buying and selling of goods have become a brand dominated activity.

2. Retailing contributes to the economy: The importance of retail sector is reflected in its contribution to the growth of an economy. Its contribution is much more visible in the modern era than it was in the past. As the retail sector is linked to the significant portion of the economy, its contribution to GDP is substantial. It aims at promoting its sustained growth.

3. Retailing dominates the supply chain: Goods and service flow from manufacturers or service providers to consumers. Where consumers are large in number and are widely distributed, the role of retailers becomes crucial. Retailers serve as a connecting link between the wholesalers and consumers. Due to its dominant position in the supply chain, the retail structure has steadily developed over the years.

Now-a-days, retailing is characterized by large multiple chains rather than small scale independent retailers.

4. Retailing is interdisciplinary: The pace of growth within retailing is accelerating. Retailing has emerged from a number of interrelated disciplines such as geography, economics, management and marketing.

5. Retailing is acknowledged as a subject area in its own right: Potter has described the academic study of retailing as the "Cinderella of the social sciences". Retailing is an accepted area of academic debate, such as marketing and management, developed fully as an area of study. University research centres focus on retailing and professional appointments in retailing have been made. Academic journals focusing on retailing are being published worldwide.

6. Retailers enjoy status as major employers: In today's society, retailers are the major employers. It is estimated in developed countries that retail industry employs one in nine of the workforce. Retailers employ a significant proportion of the overall workforce.

More than two thirds of the retail force are women. Also, more than half of retailing employees are employed on a part-time basis. This, highly flexible workforce is capable of adapting to the differing labour demands In the past, retailing employees got lower pay and had longer working hours. But now, the retail sector is becoming more organized with better pay scale.

7. Retailers are gatekeepers within the channel of distribution: Retailers are becoming increasingly important in their role as gatekeepers within the channel of distribution. In the past, suppliers were dominant. Retailers supplied the merchandise that was on offer and consumers selected from them. As retailers have become significantly powerful, they are able to influence suppliers and stock only the brands they wish to sell. So, consumers are able to buy only what is stocked and offered to them by the retailers. Retailers are thus considered as shaping consumer demand.

8. Retailing has scope for expanding internationally: Retailing offers scope for shifting retail operations outside the home market. Retailers who focus on luxury goods markets are expanding their business internationally. Retailers are moving into more geographically and culturally distant market.

TODAYS CONTEXT:

- The rapid rise of context marketing is driven by three marketing trends: today's consumers are receiving too many messages, they're getting marketing messages that don't relate to them, and they're receiving them at the wrong time.

- This explains why the general definition of context marketing is this: It's the art and science of delivering the right content to the right customer at the right moment.

- In this way, context marketing goes beyond content that merely delivers educational or useful information to the market place at large without much consideration for the context.

Importance Question

1 Marks

1. The marketing mix influences purchases _____and place.
A). Product
B)Pricec.
C)Promotion
D)All of the above.

2. Technology affects market in two basicways ________________ ___.
A) New product & New process
B) Old product & Old process
C) both a & b
D) None of the above

3. "How are you telling consumers in your target group about your product" This question belongs towhich marketing concept?
A) Place
B) Price
C)Product
D)Promotion

4) The basic role of promotion is ______.
A) Communication
B) Information
C) Interpretation
D) Manipulation

5. Improvements or revisions of __________productsresult in new products.
A) New
B) Existing
C) specialty
D) shopping

6) New product development is __________.
A) Expensive
B) cheap
C) economical
D) moderate

7) New product strategy is a subset of the organization's ________ marketing strategy.
A) Incomplete
B) narrow
C) specific
D) overall

8) A ____________is often more aware of customers needs than themanufacturer because the distributor or dealer is closer to end users.
A) Competitor
B) customer
C) distributor
D) wholesaler

5 Marks

1. **What are the Elements of marketing mix?**
2. **What are the features of product?**
3. **Differences between Brand and Trademark.**
4. **Explain the kinds of labelling.**
5. **Explain the objectives of price.**
6. **What are the objectives of sales promotion?**
7. **What are the importance of Retailing?**

10 Marks

1. **Explain the Functions of marketing mix.**
2. **Explain the product life cycle.**
3. **Discuss the labelling functions and advantages and disadvantages.**
4. **What are the importance of price in marketing mix?**
5. **Explain the importance of channel distribution?**
6. **What are the functions of middle man.**

UNIT IV CONSUMER BEHAVIOUR

4.1 INTRODUCTION

Buyer behavior is studied to predict buyers' reaction in markets. If a firm understands its customers, it becomes successful in the market place. The success of any business is based on understanding the consumer and providing the kind of products that the consumer wants.

MEANING:

- Consumer behaviour is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions.

- Marketers expect that by understanding what causes the consumers to buy particular goods and services, they will be able to determine—which products are needed in the marketplace, which are obsolete, and how best to present the goods to the consumers.

NEEDS FOR CONSUMER BEHAVIOUR:

People buy different types of goods and service that fulfil their various needs. Abraham Maslow's has developed a theory explaining the general human needs. It is better known as the "Hierarchy of needs". He has classified human needs into the categories as shown in the following figures.

Maslow's hierarchy of needs

5 Self-actualization needs

4 Esteem need

3 Social need

2 Safety needs

1 Psychological needs

Psychological needs

These are considered to be basic needs and have the first priority. Needs for food, clothing and shelters come under this group.

Safety needs

These needs consist of economic and social security. Insurance is an example for this.

Social needs

Also termed as belongingness and love needs. The act of purchasing gifts is the result of such needs. It will derive a person to do things that will give him realization in a society. A person who reaches this stage of the Maslow's may desire to own a house, buy a two-wheeler and so on.

Esteem need

Needs arising out of the desire to achieve self-respect and prestige in society. Most of the luxury items are bought to satisfy this need.

Self-actualization needs

This is perhaps the final type of needs and depends more on prior fulfilment of basic needs. Such needs are the result of one's desire to get the maximum of one's capabilities. Sophisticated instrument bought by preference is an example.

Conclusion

Maslow's calls the first three categories of needs as "lower order needs" and the last two as "higher order needs" according to him, esteem and self acqualisation needs will arise only after the first three categories of needs of a person have been meet.

4.2 Need for Studying Consumer Behaviour

The consumer decides what to buy, when to buy and also what not to buy. One cannot thrust a product on a consumer. A marketer sells what the consumer wants. So, emphasis is placed on knowing what the consumers' wants are.

Studying consumer behaviour is very much emphasized for the following reasons.

1. To satisfy need of customers

Consumers respond favourably while evaluating the products that best satisfy their needs. A marketer studies how consumers spend their available resources on the consumption of related items. It includes the study of what they buy, when they buy it, where they buy it and how often they use it. So, a knowledge of consumer behaviour will be of immense help to the marketer which will help to satisfy their needs.

Marketer can understand the consumer's reaction to a firm's marketing strategies. It would help in planning and implementing marketing strategies.

2. Helps to understand consumer psychology

I. The study of consumer behavior enables the marketer to understand the psychology of consumers. Consumer psychology is based on his knowledge, attitude, intention and

II. The psychology of customer develops on the basis of knowledge he has. Sales promotion plays an important role to provide the knowledge of the product to consumers.

III. Attitude is a state of mind or feeling. Attitude explains behavior. Intention means a desire to do something. A marketing programme is formulated only after understanding the intention of consumers. Motive is the integral state which directs the behavior of a person.

3. Helps to understand consumer motives

a. A study of the behavior of a consumer is essential to understand his/her buying motives. A motive is an urge for which an individual seeks satisfaction.

b. In the words of R.S. Davara motive is an inner urge that moves or prompts a person to action.

c. Consumers have several motives. All these motives may not have the same intensity of purchase. Only a few motives prompt the consumer to buy a product or service. The study of consumer behavior involves both motives and purchases.

4. Helps to understand consumer choices

It is important for the marketer to understand how consumers make their choices. Human beings are usually very rational. They make systematic use of information available to them before they buy. A marketer studies the behaviour of the customer and accordingly alter his presentation, enticing the customer to go for the product.

5. Helps to understand consumer preferences

a. A business firm which is ignorant of consumer preferences cannot succeed in the market place. According to Peter F. Drucker.

b. “It is the consumer who determines what a business is”.

c. Adam Smith has stated that consumption is the sole end and purpose of all production. So, a firm must plan its production and distribution to suit the needs of consumers. Thus, the extent of consumer understanding determines the effectiveness of marketing mechanism.

To conclude

The study of consumer behaviour helps the marketer to

1. Satisfy need of customers

2. Understand consumer psychology

3. Understand consumer motives

4. Understand consumer choices

5. Understand consumer preferences

4.3 FACTORS INFLUENCING CONSUMER BEHAVIOUR:

1. CULTURAL FACTORS

Consumer behaviour is deeply influenced by cultural factors, such as buyer's culture, subculture and social class.

• Culture

Essentially, culture is the share of each company and is the major cause of the person who wants and behaviour. The influence of culture on the purchasing behaviour varies from country to country, therefore sellers have to be very careful in the analysis of the culture of different groups, regions or even countries.

• Subculture

Each culture has different subcultures, such as religions, nationalities, geographical regions, racial, etc. marketing groups may use these groups, segmenting the market in several small portions. For example, marketers can design products according to the needs of a specific geographical group.

• Social Class

Every society has some kind of social class is important for marketing because the buying behaviour of people in a particular social class is similar. Thus, marketing activities could be adapted to different social classes. Here we should note that social class is not only determined by income, but there are several other factors such as wealth, education, occupation etc. We can identify three social classes in India−upper, middle, and lower.

2. SOCIAL FACTORS

Social factors also influence the purchasing behaviour of consumers. Social factors are: the reference groups, family, the role and status.

• Reference groups

Reference groups have the potential for the formation of an attitude or behaviour of the individual. The impact of reference groups varies across products and brands. For example, if the product is visible as clothing, shoes, car etc., the influence of reference groups will be high. Reference groups also include opinion leader (a person who influences others by his special skill, knowledge or other characteristics).

• Family

buyer behaviour is strongly influenced by a family member. So, marketers are trying to find the roles and influence of the husband, wife and children. If the decision to purchase a particular product is influenced by the wife of then sellers will try to target women in their ad. Here we should note that the purchase of roles changes with changing lifestyles of consumers.

• Roles and Status

Each person has different roles and status in society in terms of groups, clubs, family, etc. organization to which it belongs. For example, a woman working in an organization as manager of finance. Now she is playing two roles, one of the chief financial officer and the mother. Therefore, purchasing decisions will be influenced by their role and status.

3. PERSONAL FACTORS

Personal factors may also affect consumer behaviour. Some of the important factors that influence personal buying behaviour are: lifestyle, economic status, occupation, age, personality and self-esteem.

• Age

Age and life cycle have a potential impact on the purchasing behaviour of consumers. It is obvious that consumers change the purchase of goods and services over time. Family life cycle consists of different stages as young singles, married couples, unmarried couples etc that help marketers to develop suitable products for each stage.

• Occupation

The occupation of a person has a significant impact on their buying behaviour.

• Economic situation

economic situation of the consumer has a great influence on their buying behaviour. If income and savings a customer is high, then going to buy more expensive products. Moreover, a person with low income and savings buy cheap products.

• Lifestyle

Lifestyle clients is another factor affecting import purchasing behaviour of consumers. Lifestyle refers to the way a person lives in a society and express things in their environment. It is determined by the client's interests, opinions, etc and activities shapes their whole pattern of acting and interacting in the world.

• Personality

Personality changes from person to person, time to time and place to place. Therefore, it can greatly influence the buying behaviour of customers. In fact, personality is not what one has, but is the totality of the conduct of a man in different circumstances. Has different characteristics, such as dominance, aggression, confidence etc that may be useful to determine the behaviour of consumers to the product or service.

4. PSYCHOLOGICAL FACTORS

There are four major psychological factors that affect the purchasing behaviour of consumers. These are: perception, motivation, learning, beliefs and attitudes.

• Motivation

The level of motivation also affects the purchasing behaviour of customers. Each person has different needs, such as physiological needs, biological needs, social needs, etc. The nature of the requirements is that some are more urgent, while others are less pressing.

• Perception

Select, organize and interpret information in a way to produce a meaningful experience of the world is called perception. There are three different perceptual processes which are selective attention, selective distortion and selective retention. In the case of selective attention, sellers try to attract the attention of the customer. Whereas in case of selective distortion, customers try to interpret the information in a way that supports what customers already believe.

• Beliefs and Attitudes

Client has specific beliefs and attitudes towards different products. Because such beliefs and attitudes shape the brand image and affect consumer buying behavior so traders are interested in them.

4.4 MARKET SEGMENTATION: MEANING

Markets can be segmented on the basis of population, age, income, occupation, education, sex, degree of urbanisation etc. different companies are adopting different strategies to different market segments. Market segmentation is necessary to successful marketing strategy.

IMPORTANCE OF MARKET SEGMENTATION:

- Provides various types of information that are useful in product development, marketing research, evaluation of marketing activities etc.
- Channelizes money and effort to the most potentially profitable segments of the market. Designs the products which truly parallel the demands of the market.
- Facilitates the preparation of sound marketing programme.
- Gives information with regard to a major trend in a swiftly changing market with a view to take advantage of it by preparing the products to the expected changes in the market.

Market segmentation

The four bases for segmenting consumer market are as follows:

A. Demographic Segmentation

B. Geographic Segmentation

C. Psychographic Segmentation

D. Behavioural Segmentation.

A. Demographic Segmentation:

Demographic segmentation divides the markets into groups based on variables such as age, gender, family size, income, occupation, education, religion, race and nationality. Demographic factors are the most popular bases for segmenting the consumer group. One reason is that consumer needs, wants, and usage rates often vary closely with the demographic variables. Moreover, demographic factors are easier to measure than most other type of variables.

1. Age:

It is one of the most common demographic variables used to segment markets. Some companies offer different products or use different marketing approaches for different age groups. For example, McDonald's targets children, teens, adults and seniors with different ads and media. Markets that are commonly segmented by age includes clothing, toys, music, automobiles, soaps, shampoos and foods.

2. Gender:

Gender segmentation is used in clothing, cosmetics and magazines.

3. Income:

Markets are also segmented on the basis of income. Income is used to divide the markets because it influences the people's product purchase. It affects a consumer's buying power and style of living. Income includes housing, furniture, automobile, clothing, alcoholic, beverages, food, sporting goods, luxury goods, financial services and travel.

4. Family cycle:

Product needs vary according to age, number of persons in the household, marital status, and number and age of children. These variables can be combined into a single variable called family life cycle. Housing, home appliances, furniture, food and automobile are few of the numerous product markets segmented by the family cycle stages. Social class can be divided into upper class, middle class and lower class. Many companies deal in clothing, home furnishing, leisure activities, design products and services for specific social classes.

B. Geographic Segmentation:

Geographic segmentation refers to dividing a market into different geographical units such as nations, states, regions, cities, or neighbourhoods. For example, national newspapers are published and distributed to different cities in different languages to cater to the needs of the consumers.

Geographic variables such as Region, Village, Cities, etc. Companies may divide markets into regions because the differences in geographic variables can cause consumer needs and wants to differ from one region to another.

C. Psychographic Segmentation:

Psychographic segmentation included lifestyle and personality. In the case of certain products, buying behaviour predominantly depends on lifestyle and personality characteristics.

1. Personality characteristics:

It refers to a person's individual character traits, attitudes and habits. Here markets are segmented according to competitiveness, introvert, extrovert, ambitious, aggressiveness, etc. This type of segmentation is used when a product is similar to many competing products, and consumer needs for products are not affected by other segmentation variables.

2. Lifestyle:

It is the manner in which people live and spend their time and money. Lifestyle analysis provides marketers with a broad view of consumers because it segments the markets into groups on the basis of activities, interests, beliefs and opinions. Companies making cosmetics, alcoholic beverages and furniture's segment market according to the lifestyle.

D. Behavioural Segmentation:

In behavioural segmentation, buyers are divided into groups on the basis of their knowledge of, attitude towards, use of, or response to a product. Behavioural segmentation includes segmentation on the basis of occasions, user status, usage rate loyalty status, buyer-readiness stage and attitude.

1. Occasion:

Buyers can be distinguished according to the occasions when they purchase a product, use a product, or develop a need to use a product. It helps the firm expand the product usage. For example, Cadbury's advertising to promote the product during wedding season is an example of occasion segmentation.

2. User status:

Sometimes the markets are segmented on the basis of user status, that is, on the basis of non-user, ex-user, potential user, first-time user and regular user of the product. Large companies usually target potential users, whereas smaller firms focus on current users.

3. Usage rate:

Markets can be different on the basis of usage rate, that is, on the basis of light, medium and heavy users. Heavy users are often a small percentage of the market, but account for a high percentage of the total consumption. Marketers usually prefer to attract a heavy user rather than several light users and vary their promotional efforts accordingly.

4. Loyalty status:

Buyers can be divided on the basis of their loyalty status—hardcore loyal (consumer who buy one brand all the time), split loyal (consumers who are loyal to two or three brands), shifting loyal (consumers who shift from one brand to another), and switchers (consumers who show no loyalty to any brand).

5. Buyer readiness stage:

- The six psychological stages through which a person passes when deciding to purchase a product.
- The six stages are awareness of the product, knowledge of what it does, interest in the product, preference over competing products, conviction of the product's suitability, and purchase.

4.5 CUSTOMER RELATIONS MARKETING:

- Customer relationship marketing (CRM) is a business process in which client relationships, customer loyalty and brand value are built through marketing strategies and activities.

- CRM allows businesses to develop long-term relationships with established and new customers while helping streamline corporate performance.
- CRM incorporates commercial and client-specific strategies via employee training, marketing planning, relationship building and advertising.

IMPORTANCE QUESTION

1 MARKS

1) In consumer decision making, EPS stands for:
a) extended purchase solutions
b) extenuating purchase solutions
c) extensive problem solving
d) extended problem solving

2) How many stages are there in the general purchase decision process?
a) 3
b) 9
c) 5
d) 7

3)'New buy' and 'rebuy' are types of:
a) organisational buy classes
b) consumer classification
c) marketing media
d) product classification

4) Which of the following is asituation in which consumer behaviouroccurs?
a) communications situation
b) purchase situation
c) usage situation
d) All of the above

5) Which of the following also includes a situation-specific component?
a) personality
b) self-concept
c) involvement
d) demographics

6) Understanding of consumer needs and then develops a marketingmix to satisfy these needs.
a) The marketing concept
b) The strategic plan
c) The product influences
d) The price influences

5 MARKS

1. **What are the need for studying consumer behavior?**
2. **Expain the Social factors?**
3. **Explain the demographic segmentation?**
4. **Describe the importance of market segmentation.**

10 MARKS

1. **Briefly explain the factors influencing consumer behavior.**
2. **Explain the market segmentation.**

UNIT -V

MANAGEMENT AND GOVERNMENT

COSUMERISUM

5.1 MARKETING MANAGEMENT:

Introduction or Meaning

The purpose of marketing is to create and keep customers. For a company to succeed it must be committed to meeting customer needs more efficiently and effectively than competitors. To do this, the company must continuously monitor the marketing environment and respond to changes in customer needs, tastes, and behaviour.

Definitions

- It is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods and services to create beneficial exchanges that satisfy individual and organizational needs and objectives.
- Marketing is a managerial process i.e. marketing is a special area in management hence all management functions are applicable in marketing, e.g., planning, control, directing, organizing, staffing, motivation, etc.
- The entire system must be market driven, customer oriented i.e. customer needs must be recognized and satisfied effectively.

Marketing is not only limited to business and non-profit oriented organizations also practice marketing.

It is a process by which; -one identifies the needs and wants of the people. -one determines and creates a product/service to meet the needs and wants. [PRODUCT] -one determines a way of taking the product/service to the market place. [PLACE] -one determines the way of communicating the product to the market place. [PROMOTIONS] -one determines the value for the product. [PRICE]. -one determines the people, who have needs/ wants. [PEOPLE] and then creating a transaction for exchanging the product for a value, and thus creating a satisfaction to the buyer's needs/wants.

Marketing management often conduct market research and marketing research to perform marketing analysis. Marketers employ a variety of techniques to conduct market research, but some of the more common include:

- Qualitative marketing research, such as focus groups and various types of interviews.
- Quantitative marketing research, such as statistical surveys.
- Experimental techniques such as test markets.
- Observational techniques such as ethnographic (on-site) observation.
  - Marketing managers may also design and overseevarious environmental scanning and competitive intelligence processes to help identify trends and inform the company's marketing analysis.

5.2 Government Marketing

A **government market** is a market where the consumers are federal, state, and local governments. Governments purchase both goods and services from the private sector. Governments buy the same types of products and services as private sector consumers, plus some more exotic products such as aircraft carriers, fighter jets, tanks, spy satellites, and nuclear weapons. A growing trend in the past decades has been the outsourcing of traditional government services to private firms, such as prisons.

Government Procurement

- The biggest difference between private sector market transactions and government market transactions is the process you must go through to obtain the government as a customer. This process is known as **government procurement**. Let's take a quick look at the government procurement process.

- Private sector consumers, governments are subject to laws that are enacted to ensure that taxpayer money is spent judiciously, and contracts are awarded fairly and for legitimate public purposes. Additionally, after you win a government contract, you will be subject to a significant degree of government oversight during your fulfillment of the contract. In other words, the government will be looking over you shoulder to make sure you are holding up your end of the bargain.

- Since procurement may differ from government to government, we'll focus on the federal government in this discussion. The United States generally utilizes two types of methods to procure goods and services. Let's take a quick look at each.

- **Sealed bidding** is used when the government can publish a solicitation that clearly describes what the government needs and the required specifications. For example, the government may be soliciting for computer equipment and can easily specify the type and quantity.

- The process starts with issuing an **invitation for bid (IFB)**, which describes the government requirements and the deadline for bid submission. After the deadline has passed, the government will have a public bid opening and then will review the bids. The lowest bid that is responsive and responsible will win the contract.
- A responsive bid complies with the requirements of the IFB and a responsible bid means the contractor has the resources to perform the contract, a satisfactory performance history, the necessary technical skillsand facilities to complete the bid and is ethical with integrity.

Bureau of Indian Standards

The Bureau of Indian Standards (BIS) is the national Standards Body of India working under the aegis of Ministry of Consumer Affairs, Food & Public Distribution, Government of India. It is established by the Bureau of Indian Standards Act, 1986 which came into effect on 23 December 1986

Standard, weights and measures

In India, the Bureau of Indian Standards Act, 1986 (BIS Act, 1986)is the main Act governing the preparation and enforcement of standards for goods. It extends to the whole of India. It has been enacted to provide for the establishment of a Bureau for the harmonious development of the activities of standardisation, marking and quality certification of goods and for matters connected therewith or incidental thereto.

The Act defines 'Indian Standard' as the standard (including any tentative or provisional standard) established and published by the Bureau, in relation to any article or process indicative of the quality and specification of such article or process; While the term 'mark' includes "a device, brand, heading, label, ticket, pictorial representation, name, signature, word, letter or numeral or any combination thereof".

Some of the salient features of the BIS Act, 1986 can be listed as follows:

- As per the Act, the Bureau has been assigned the following functions: -
    - To establish, publish and promote 'Indian Standards' in relation to any article or process;
    - To recognise as an 'Indian Standard' any standard established by any other Institution in India or elsewhere, in relation to any article or process;
    - To specify the design and other particulars of a Standard Mark to be called the Bureau of Indian Standards Certification Mark;
    - To grant, renew, suspend or cancel a licence for the use of the Standard Mark and to levy fees for this purpose;

- To make inspections and take samples of any material or substance to see whether any article or process in relation to which the Standard Mark has been used conforms to the Indian Standard or whether the Standard Mark has been improperly used in relation to any article or process with or without a licence;
- To establish, maintain and recognise laboratories for the purposes of standardisation and quality control of articles and processes;
- To undertake research for the formulation of Indian Standards in the interests of consumers and manufacturers; etc.

- Any person who desires to use a standard mark in relation to any article or process is required to obtain a licence. The Bureau shall, by order, grant, renew, suspend or cancel a licence subject to fulfilment of specified conditions and on payment of the prescribed fees.
- The Act prohibits the use of Standard Mark or any colourable imitation thereof, in relation to any article or process, or in the title of any patent, or in any trade mark or design, except under a licence. Even after obtaining a licence, the use of Standard Mark or any colourable imitation thereof, is not permitted unless that article or process conforms to the Indian Standard.
- The Act prohibits use of any name which so nearly resembles the name of the Bureau as to deceive or likely to deceive the public or which contains the expression "Indian Standard" or any abbreviation thereof without the previous permission of the Bureau. Besides this, any mark or trade mark in relation to any article or process containing the expressions "Indian Standard" or "Indian Standard Specification" or any abbreviation of such expressions, is also prohibited.
- The Act prohibits any registering authority to register any company, firm or other body of persons which bears any name or mark; or register a trade mark or design which bears any name or mark; or grant a patent, in respect of an invention, which bears a title containing any name or mark; if the use of such name or mark is in contravention of this Act.
- If the Central Government, after consulting the Bureau, is of the opinion that it is necessary or expedient so to do, in the public interest, it may, by order published in the Official Gazette, notify any article or process of any scheduled industry which shall conform to the Indian Standard; and direct the use of the Standard Mark under a licence as compulsory on such article or process.
- Any person who contravenes any specified provisions of the Act shall be punishable with imprisonment for a term which may extend to one year or with fine which may extend to fifty thousand rupees, or with both

Agmark

Agmark is a label affixed to agricultural products in India. It certifies that they meet the Indian government's standards for quality.

AGMARK is a certification mark employed on agricultural products in India, assuring that they conform to a set of standards approved by the Directorate of Marketing and Inspection, an agency of the Government of India. The AGMARK is legally enforced in India by the Agricultural Produce (Grading and Marking) Act of 1937 (and amended in 1986). The present AGMARK standards cover quality guidelines for 205 different commodities spanning a variety of Pulses, Cereals, Essential Oils, Vegetable Oils, Fruits & Vegetables, and semi-processed products like Vermicelli.

The term agmark was coined by joining the words 'Ag' to mean agriculture and 'mark' for a certification mark. This term was introduced originally in the bill presented in the parliament of India for the Agricultural Produce (Grading and Marking) Act.

Agmark Laboratories

The Agmark certification is employed through fully state-owned Agmark laboratories located across the nation which act as testing and certifying centres. In addition to the Central AGMARK Laboratory (CAL) in Nagpur, there are Regional AGMARK Laboratories (RALs) in 11 nodal cities(Mumbai, NewDelhi, Chennai, Kolkata, Kanpur, Kochi, Guntur, Amritsar, Jaipur, Rajkot, Bhopal). Each of the regional laboratories is equipped with and specializes in the testing of products of regional significance. Hence the product range that could be tested varies across the centres.

Commodities and tests

The testing done across these laboratories include chemical analysis, microbiological analysis, pesticide residue, and aflatoxin analysis on whole spices, ground spices, ghee, butter, vegetable oils, mustard oil, honey, food grains (wheat), wheat products (Atta, suji, and Maida), gram flour, soya bean seed, Bengal gram, ginger, oil cake, essential oil, oils and fats, animal casings, meat and food products.

Agmark Registration is available for following products

Hides, skins, Goat Hair, Animal Casings, Bristles, Wool, Raw meat (chilled and frozen), Handpicked selected groundnuts, Cashew Kernels, Ambadi seeds, Rape and mustard seeds, Taramira seeds, Groundnuts, Walnuts, Vegetable oil cakes, Ghee, Vanaspati Creamery butter, Essential oils, Vegetable oils, Tobacco, Bura, Sugarcane, Gur (Jaggery), Lac, Arecanuts, Myrobalans, Tendu (Bidiwrapper Leaves), Senna Leaves and pods. Tapioca products (Animals feed) Table Eggs, Honey, Seed less Tamarind, Dried Edible Mushrooms, Saffron, Sheekakai powder, Kangra Tea, Agar Agar, Papain, Rice, Wheat Atta, Pulses, Cereals, Besan (Gramflour), Basmati Rice (Export), Suji and Maida, Grapes, Apples, Alphonso Mangoes-Export, Plants, Alphonso Mangoes Home consumption, Canned, Bottled fruits and fruit products citrus, Table potatoes, William Pears, Kanchan (Bathua), Mangoes, Home consumption, Seed potatoes, Table potatoes Table potatoes (Export), Water chestnuts. Coconuts, Curry Powder, Chillies, Cardamom, Coriander, Garlic, Ginger, Onions, Chillies powder, Poppy seeds, Turmeric, Fennel, Fenugreek and Celery seeds Cumin seeds, Pepper, Ajowan Seeds, (Whole), Sun hemp, Palmyra Fibres, Cotton, Aloe Fibres, Jute. And other products.

Requirement of Agmark Application Proceedings

- Copy of test report(s), duly authenticated, from independent Agmark recognized laboratory.
- Document authenticating establishment of the firm, such as Registration by Company Registrar
- State Authority or Memorandum of Article in case Applicant Firm is a Limited Company
- Partnership Deed in case the applicant firm is under Partnership.
- Name of the products.
- Name of the applicant
- Name of the Firm/ Company
- Address of the Firm/ Company
- Sample of the product (in pouch of 500gm.1kg.
- Started Time period of product (specify exact Date/Month/year)
- Total gross product in Kg. (for last year)

Consumerism-Meaning

- consumerism refers to the theory that spending money and consuming goods is good for the economy. Opponents of consumerism suggest simple living is a more sustainable lifestyle and better for the environment.
- An individual who buy products or services for personal use and not for manufacture or resale. A consumer is someone who can make the decision whether or not to purchase an item at the store and someone who can be influenced by marketing and advertisements. Any time someone goes to a store and purchase a toy, shirt, beverage, or anything else, they are making that decision as a consumer.

5.3 Consumer Rights

The main rights of consumers are as follows:

1. Right to safety:

Consumers have the right to be protected against the marketing of goods which are hazardous to life and health. Food additives and colours, dangerous toys, flammable fabrics, unsafe appliances are examples of such goods. Consumers are entitled to healthy and safe products.

2. Right to information:

It means the right to be informed about the quality, quantity, potency, purity, standard and the price of goods so as to protect the consumers against unfair trade practices.

3. Right to choose:

Consumers must have access to a variety of goods at competitive prices. Free competition and wide variety enable consumers to choose the best goods.

4. Right to be heard:

Consumers need to be assured that their interests will receive due consideration at appropriate forums.

5. Right to education:

Consumers have the right to be made aware of their rights and remedies available to them for redressal of their grievances.

6. Right to redressal:

Standing machinery must be provided for quick and satisfactory redressal of consumer grievances against unfair trade practices and exploitation by unscrupulous elements.

7. Right to healthy environment:

Consumers have the right to live in a pollution free environment. This is necessary to enhance the quality of human life.

5.4 Methods of Consumer Protection

The following methods can be adopted for protection of consumers.

1. Self-regulation by business:

- Business exists to serve consumers. There is a growing realisation that business should provide good quality products at reasonable prices. Businessmen should regulate their behaviour by adopting just and fair-trade practices.

- They should avoid the temptation to make money by cheating customers. Trade associations and chambers of commerce should enforce discipline among businessmen through codes of conduct and regulations.

2. Consumer Association:

- Consumers themselves should insist on value for money spent and ensure their rights. They should organise and unite by forming consumer associations.

- Common cause, VOICE, Grahak Panchayat are examples of such associations in India. They are educating consumers and protecting their rights. "Self-help is the best help".

3. Consumerism:

- According to Philip Kotler, "consumerism is an organised movement of citizens and Government to strengthen the rights and powers of buyers in relation to seller".

- Consumerism is a social force aimed at protecting the consumers by exerting moral and economic pressure on business community. It is an organised movement of consumers.

- The Government of India has taken several measures to promote a strong and broad-based consumer movement in the country. It has instituted National Awards for consumer protection and provides financial assistance to consumers' organisations.

- The Consumers' Welfare Funds Scheme 1992 is meant to provide financial assistance to protect and promote the welfare of the consumers. It prepares and distributes audio-visual materials on consumer affairs.

- March 15 every year is celebrated as World Consumer Rights Day. Radio and Door darshan carry programmes regularly on consumer protection.
- A quarterly journal UPBHOKTA, JAGRAN and several booklets are published to educate consumers. The Bureau of India Standards is preparing and implementing quality standards and certification schemes.

4. Legislative measures:

Government of India has taken several legislative measures for the protection of consumers. Some of the legislative measures are as under:

(a) The Sale of Goods Act, 1930

(b) The Agriculture Produce (Grading and Marketing) Act, 1937

(c) The Drugs and Cosmetics Act, 1948

(d) The Drugs Control Act, 1950

(e) The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1953

(f) The Prevention of Food Adulteration Act, 1954

(g) The Essential Commodities Act, 1953

(h) The Standard of Weights and Measures Act, 1956

(i) The Trade and Merchandise Marks Act, 1958

(j) The Monopolies and Restrictive Trade Practices Act, 1969

(k) The Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980.

(l) The Consumer Protection Act, 1986

(m) The Indian Patents and Designs Act

(n) The Household Electrical Appliances (Quality control) Order, 1976.

The Consumer Protection Act, 1986

The Consumer Protection Act came into force on July 1, 1987. It provides enormous powers to consumers and consumer organisations against unscrupulous businessmen.

Objects

The Consumer Protection Act seeks to provide speedy and inexpensive redressal to the grievances of consumers. It is designed to protect the rights and interests of consumers.

Consumer Rights

The Act recognizes the following rights of consumers:

i. The right to be protected against the marketing of goods which are hazardous to life and property

ii. The right to be informed about the quality, quantity, potency, purity, standard and price of goods so as to protect the consumers against unfair trade practices.

iii. The right to have access to a variety of goods at competitive prices

iv. The right to be heard and to be assured that consumer interests will receive due consideration at appropriate forums.

v. The right to consumer education.

vi. The right to seek redressal against unfair trade practices or unscrupulous exploitation of consumers.

Responsibilities as a Consumer

- While consumers are entitled to these eight protections, they're also expected to do their part. For one, they are responsible for educating themselves about their basic rights as consumers and what they mean in theory and practice.
- Today's consumers can choose from a bevy of products and services daily. And sometimes making a choice can be overwhelming. But it's ultimately up to them to conduct their own research before making purchases, whether it's consulting customer reviews or requesting and interviewing past clients.
- After products are purchased, consumers should follow any safety guidelines before and during use. And if any product defects come to light, it is the duty of the consumer to share concerns with the proper parties including the business in question and other consumers.
- Consumers who witness harmful corporate behavior should also speak up, as a means to protect other consumers from similar harm in the future. If they believe they have personally been harmed by a product or wronged by a corporation, then they should take the proper steps to seek compensation.

- It's also a consumer's duty to protect the environment for future generations. They can do this by supporting companies that embrace sustainable practices, reporting any environmental abuses to government officials and ensuring that they themselves are not littering or polluting.

5.5 Green Marketing

Meaning of Green Marketing

- Here, term ‘green’ is indicative of purity. Green means pure in quality and fair or just in dealing. For example, green advertising means advertising without adverse impact on society. Green message means matured and neutral facts, free from exaggeration or ambiguity. Green marketing is highly debated topic for lay people to highly professional groups.

- Green marketing can be divided into three phases; first phase was termed as “Ecological” green marketing, to help solve the environment problems through remedies. Second phase was ‘Environmental” Green Marketing with focus on clean technology that involved designing of innovative new products, when take care of pollution and waste issues. Third phase was “Sustainable” where it becomes essential for companies to produce environment friendly products as the awareness for such products in on the rise as customers are demanding eco-friendly products and technologies.

Definition: American Marketing Association, Green Marketing of products that are presumed to be environmentally safe. Thus, green marketing incorporates a broad range of activities, which cover Product modification change to the production processes, packaging changes as well as modifying advertising.

There are basically five reasons for which a marketer should go for to adoption of green marketing-

1. Opportunities or Competitive advantage
2. Corporate social responsibility (CSR)
3. Government pressure
4. Competitive pressure
5. Cost or Profit issues

OBJECTIVES OF GREEN MARKETING:

The Green Marketing is aimed at following objective.

1. Eliminate the concept of waste;
2. Reinvent the concept of product;
3. Make environmentalism profitable

4. Bringing out product modification;

5. Changing in production processes;

6. Packaging changes;

7. Modifying advertising.

To increase awareness, 5th June is declared as the World Environment Day. Green marketing emphases on protection of long-term welfare of consumers and society by production and use of pure, useful, and high-quality products without any adverse effect on the environment.

Importance or impact of green marketing

1. Now, people are insisting pure products – edible items, fruits, and vegetables based on organic farming. The number of people seeking vegetarian food is on

2. Reducing use of plastics and plastic-based products.

3. Increased consumption of herbal products instead of processed products.

4. Recommending use of leaves instead of plastic pieces; jute and cloth bags instead of plastic carrying bags.

5. Increasing use of bio-fertilizers (made of agro-wastes and wormy-composed) instead of chemical fertilizers (i.e. organic farming), and minimum use of pesticides.

6. Worldwide efforts to recycle wastes of consumer and industrial products.

7. Increased use of herbal medicines, natural therapy, and Yoga.

8. Strict provisions to protect forests, flora and fauna, protection of the rivers, lakes and seas from pollutions.

9. Global restrictions on production and use of harmful weapons, atomic tests, etc. Various organisations of several countries have formulated provisions for protecting ecological balance.

10. More emphasis on social and environmental accountability of producers.

11. Imposing strict norms for pollution control. Consideration of pollution control efforts and eco-technology in awarding IS), ISO 9000, or ISO 14000 certificates and other awards.

12. Declaration of 5th June as the World Environment Day.

13. Strict legal provisions for restricting duplication or adulteration.

14. Establishing several national and international agencies to monitor efforts and activities of business firms in relation pollution control and production of eco-friendly products.

Advantages

Some of the advantages of green marketing are as follows:

1. It ensures sustained long.

2. It saves money in the long run, although initial cost is more.

3. It helps the companies to market their products and services keeping the environment aspects in mind. It helps in accessing the new markets and enjoying competitive advantage.

4. Most of the employees also feel proud and responsible to be working for an environmentally responsible company.

5. It promotes corporate social responsibility.

6. Marketing audit (including internal and external situation analysis) Develop a marketing plan outlining strategy with regard to the four P's of marketing.

7. Implementation of the marketing strategies.

8. Proper review of results.

Disadvantages or challenges of green marketing

1. Green products require renewable and recyclable material, which is costly.

2. Problems of deceptive advertising and false claims.

3. Requires a technology, which requires huge investments in research and development.

4. Majority of the people are not aware of green products and their uses.

5. Majority of the consumers are not willing to pay a premium for green products.

6. Educating customers about the advantages of green marketing.

Companies such as Tata Motors, Maruti Suzuki, Canon, Toyota, Philips, NTPC and McDonald's follow green marketing.

IMPORTANTS QUESTIONS

1MARKS

1) In ________, the Government of India enacted a law popularly known as RTI (Right to Information) Act.

a) June 2010

b) August 2004

c) September 2006

d) October 2005

2) Consumers have the ___________against unfair trade practices and exploitation.

a) Right to reject

b) Right to information

c) Right to choose

d) Right to seek redressal

3) India has been observing ___________as National Consumers' Day.

a) December 24th

b) November 24th

c) May 24th

d) April 24th

4) It was on 24th December that the Indian Parliament enacted the ________in 1986.

a) NREGA Act

b) Right to Information Act

c) Consumer Protection Act

d) None of the above

5) Any consumer who receives a service in whatever capacity, regardless of age, gender and nature of service, has the ____________whether to continue to receive the service.

a) Right to choose

b) Right to reject

c) Right to accept

d) None of the above

5 MARKS

1. **Explain the Government procurement.**
2. **Describe the Agmark.**
3. **What are the Responsibilities of a Consumer?**

10 MARK

1. **Explain the Bureau of Indian Standards.**
2. **What are the Consumer Protection and Rights.**
3. **Discuss the impact of Green Marketing.**