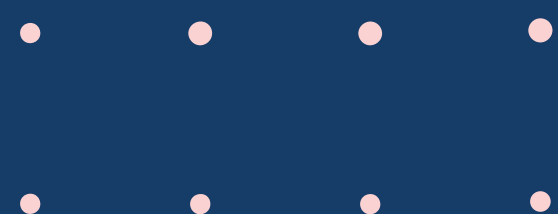
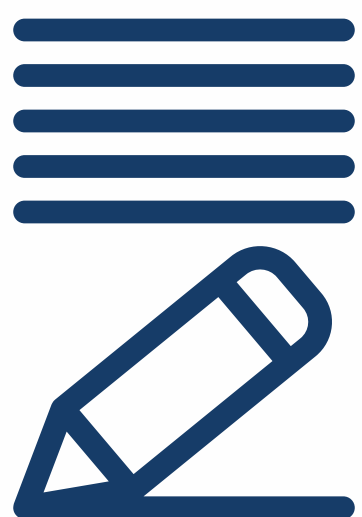


MARKETING MANAGEMENT

Contents as per CBSE syllabus

- Marketing- Meaning, features, function & philosophies,
- Marketing Mix- Concept and Elements
- Product-Branding, Labelling and Packaging- Concept
- Price- Concept, Factors determining Price,
- Physical Distribution - Concept, Channels of Distribution & Components,
- Promotion - Concept and Elements; Advertising, Personal Selling, Sales Promotion and Public Relations.



What is market ?

- Buyer & sellers gather to inter into transactions involving the exchange of goods & services.

What is marketing ?

- A social process whereby, people exchange goods & services for money or something of value to them.

FEATURES OF MARKETING :-

1). Needs & wants :-

- A need is a state of felt deprivation or feeling of being deprived of something , If unsatisfied, makes people unhappy.
- Want are culturally defined objects that are potential satisfiers of needs.
- A marketer is to identify needs of the target customers & develop products & services that satisfy such needs.



2). Creating a market offering :-

- Refers to a **complete offer** for a product or service, having features like size, quality, taste, price available at a outlet or location.
- A **good market offer** is the one which is developed after **analysing the need and preferences** of the **potential buyers**.



3). Customer value :-

- A buyer will purchase product only if it is perceived to be given **greatest benefit or value** for the **money**.
- Marketer is to add the value so that buyer prefer it in relation to the competing products.



4). Exchange mechanism :-

- **Exchange** refers to the process through which two or more parties come together to obtain the **desired product** or service from someone offering the same by giving something in return.



For exchange following conditions need to be satisfied :-

1. Involvement of all least two parties- buyer & seller.
2. Each party should offer something of value.
3. Have the ability to communicate and deliver.
4. Freedom to accept or reject other party's offer.
5. Parties should be willing to enter into transaction with each other.

FUNCTIONS OF MARKETING :-

1). Gathering & analysing market information :-

- Identify the needs of the customers and take various decisions,
- Analysis of the available opportunities and threats as well as strengths and weaknesses.

2). Marketing Planning :-

- Develop appropriate marketing plans & specify the action programmes so that marketing objectives can be achieved.



3). Product designing & development :-

- Design of the product contributes to making the product attractive to the target customers,
- A good design can improve performance of a product and also give it a competitive advantage.



4). Standardisation & grading :-

- Standardisation- refers to producing goods of predetermined specifications, which helps in achieving uniformity and consistency in the output,
- Reduces the need for inspection, testing and evaluation of product.
- Grading- process of classification of products into different groups, on the basis of characteristics such as quality, size, etc.
- Ensures that goods belong to a particular quality and helps in realising prices.



5). Packaging & labelling :-

- Packaging- Designing and developing for the product,
- Not only for protection of the products but also serves as a promotional tool.
- Labelling- Designing & developing the label to be put on packaging,
- May vary from a simple tag to complex graphics.



6). Branding :-

- Helps in creating product differentiation, which in turn build's customer loyalty and in promoting its sale,
- Deciding the branding strategy, whether each product will be given a separate brand name or same brand name to all the products.



7). Customer support service :-

- After sales services, handling customer complaints and adjustments, credit services, etc. aims at providing maximum satisfaction to the customers,
- very effective in bringing repeat sales and developing brand loyalty.



8). Pricing of product :-

- Amount of money customer pay to obtain a product,
- The demand is related to its price marketers have to properly analyse the factors determining the price.



9). Promotion :-

- Involves informing the customers about the firm's product, its features, etc., and persuading them to purchase these products,
- Four important methods include advertising, Personal Selling, Publicity and Sales Promotion.



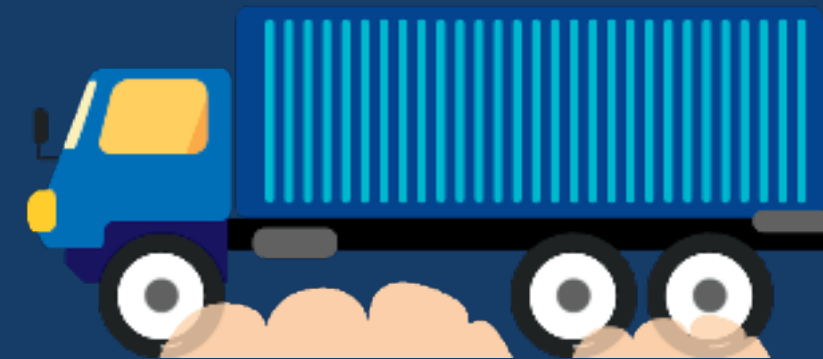
10). Physical distribution :-

- Decision regarding channels of distribution or market intermediaries to be used,
- Physical movement of the product from where it is produced to a place where it is required by the customers for their consumption or use.



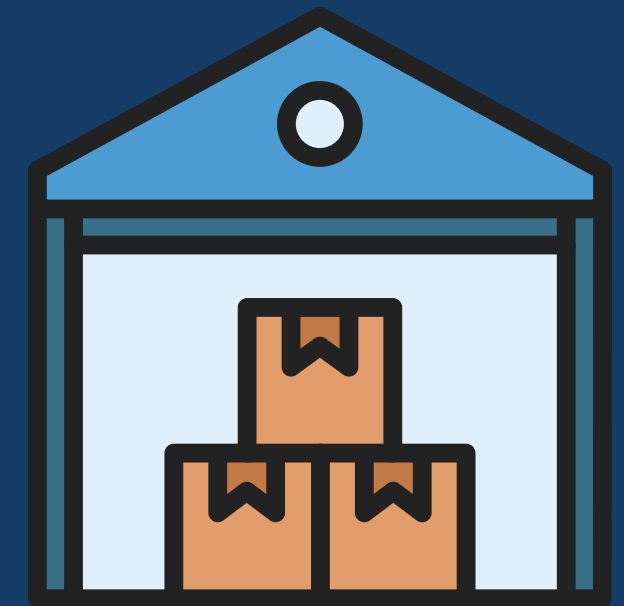
11). Transportation :-

- Physical movement of goods from one place to another, where it is needed for consumption or use,
- Various factors need to be considered such as nature of product, cost & location, mode of transportation etc.



12). Storage & warehousing :-

- Time gap between the production or procurement of goods and their sale or use,
- To maintain a smooth flow, there is a need for proper storage.



MARKETING MANAGEMENT PHILOSOPHIES :-



Basis	Production concept	Product concept	Selling concept	Marketing concept	Societal concept
i). Starting point	Factory	Factory	Factory	Market	Market, Society
ii). Main focus	Quantity of product	Quality, performance features of products	Existing product	Customer needs	Customer needs & Society well being.
iii). Means	Availability & affordability of products	Product improvement	Selling & promoting	Integrated marketing	Integrated marketing
iv). Ends	Profit through volume of production	Profit through product quality	Profit through sales volume	Profit through customer satisfaction	Profit through customer satisfaction & social welfare

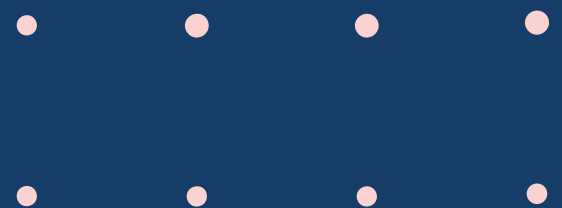
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MARKETING MIX :-

- The combination of variables chosen by a firm to prepare its market offering is called marketing mix,
- It is a set of marketing tools that a firm uses to pursue its marketing objectives in a target market.

Factors affecting marketing decision:-

- i). Controllable factors:- Which can be influenced at the level of the firm,
 - ii). Non- Controllable factors :- Environmental variables.
- The decision regarding controllable factors are to be taken keeping the environmental variables into consideration,
 - The controllable variables become marketing tools, which are constantly shaped & re- shaped to achieve marketing success.



ELEMENTS OF MARKETING MIX :-

PRODUCT

- Product means goods or services or 'anything of value', which is offered to the market for sale,
- Include the extended product or what is offered to the customers by way of after sales services,
- Product decisions include deciding about the features, quality, packaging, labelling and branding.

PRICE

- Amount of money customers have to pay to obtain the product,
- Level of price affects the level of their demand,
- Analyse the factors determining the price and fix a price.

PLACE

- Makes firm's products available to the target customers,
- Selection of dealers or intermediaries to reach the customers,
- Areas relate to managing inventory, storage and warehousing and transportation of goods from the place it is produced to the place it is required.

PROMOTION

- Activities that communicate availability, features, merits, etc., of the products to the target customers and persuade them to buy it,
- Advertising, personal selling and sales promotion techniques are tools which are used.

PRODUCT :-

- Physical or tangible attributes of a product,
- To buy a product decision is not only affected by its physical qualities, but also by certain non-tangible & psychological factors, Eg:- Brand name, reputation, guarantee, packaging etc.
- It also includes services, ideas, persons & places,
- Anything that can be offered to market to satisfy a want or need,
- It is offered for attention, acquisition, use or consumption,
- A product is a bundle of utilities, which provide satisfaction,
- Three types of benefit a consumer may seek :
 - i). Functional benefits,
 - ii). Psychological benefits,
 - iii). Social benefits.



BRANDING :-

- If products were sold by **generic names**, it would be **very difficult to distinguish from competitors**,
- **Generic name** :- refers to the whole class of the product, Eg:- Book, Camera, Soap, etc.
- Giving a **name** or a **sign** or a **symbol** etc to a product is called branding.

1). Brand :-

- **Name, term, sign, symbol, design** or some combination of them,
- To identify the products— goods or services of **one seller or group of sellers** and to differentiate from competitors,
- Two components— Brand name and Brand mark.

2). Brand name :-

- Which can be **spoken**, it is the **verbal component**, Eg:- Asian paints, Maggie, etc.



3). Brand mark :-

- Which can be **recognised** but which is **not utter**,
- It appears in the form of a **symbol, design, distinct colour, scheme or lettering**.

4). Trade mark :-

- A brand or part of a brand that is given **legal protection**,
- The protection is given **against its use by other firms**,
- Brand **registered**, gets the **exclusive right** for its use.

CHARACTERISTICS OF GOOD BRAND NAME

1). **Short, easy to pronounce, spell, recognise and remember**, Eg:- Ponds, VIP, Rin, etc.

2). Should suggest the **product's benefits and qualities, function**.

3). Should be **distinctive**.

4). **Adaptable** to packing or labelling requirements, to **different advertising media** and to **different languages**.

5). Sufficiently **versatile** to **accommodate new products**, Eg:- Maggie, colgate.

6). Capable of being **registered & protected legally**.

7). Chosen name should have **staying power** i.e., it should **not get out of date**.

PACKAGING :-

- Act of designing and producing the container or wrapper of a product,
- Marketing success or failure of many products, particularly consumer non-durable products.

Level of packaging :-

1). Primary package :-

- Refers to the product's immediate container,
- It is kept till the consumer is ready to use the product,
- It is kept throughout the entire life of the product. (Eg:- A toothpaste tube, a match box, etc.)



2). Secondary Packaging :-

- Refers to additional layers of protection that are kept till the product is ready for use, Eg :- A tube of shaving cream usually comes in a card board box.



3). Transportation Packaging: :-

- Refers to further packaging components necessary for storage, identification or transportation.



FUNCTIONS OF PACKAGING :-

Product Identification

Packaging greatly helps in identification of the products. Eg:- Colgate in red colour, or Ponds cream jar can be easily identified by its package.

Product Protection

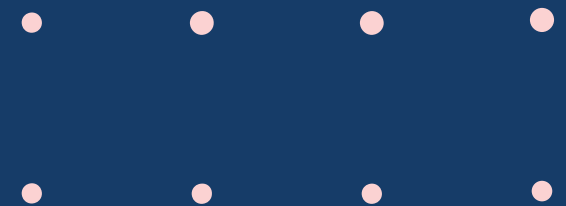
Protects the contents of a product from spoilage, breakage, leakage, pilferage, damage, climatic effect, etc. This kind of protection is required during storing, distribution and transportation.

Facilitating Use of the Product

Size and shape of the package should be such that convenient to open, handle and use for the consumers.

Product promotion

A startling colour scheme, photograph or typeface may be used to attract attention of the people.



Self Service
Outlets

Becoming very popular in
major cities & towns.

Rising Standards of
Health and Sanitation

Purchasing of packed goods
as the chances of
adulteration in such goods
are **minimised**.

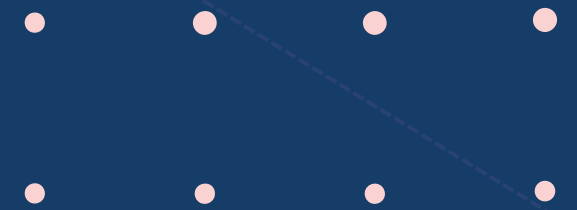
Innovational
Opportunity:

Recent **developments** have
completely changed the
marketing scene in the
country. (**New innovations** in
respect of packaging)

IMPORTANCE
OF
PACKAGING

Product
Differentiation

The **colour, size, material, etc.**, of
package makes real difference in
the perception of customers
about the **quality of the product**



LABELLING :-

- Indicating some information about the quality or price, to complex graphics that are part of the package,
- It provides detailed information about the product, its contents, method of use, etc

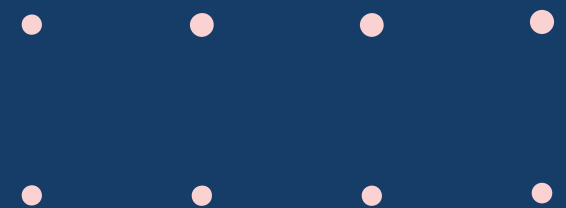
Various functions performed by a label :-

1). Describe the Product and specify its contents :-

- Coconut Oil describes the product as pure coconut oil with Heena, Amla, Lemon and specifies how these are good for Hair.

2). Identification of the Product or brand :-

- Biscuits, Potato Chips imprinted on its package helps us to identify which one is our favourite brand.



3). Grading of Products :-

- Marketers assign different grades to indicate different features or quality of the product, Eg:- Different type of tea is sold under Yellow, red and Green Label categories

4). Helps in Promotion of Products :-

- Amla Hair Oil states, 'Baalon mein Dum, Life mein Fun, role in sales promotional schemes such '40% Extra Free' 'Free Toothbrush Inside, etc.

5). Providing Information Required by Law :-

- In case of hazardous or poisonous material, appropriate safety-warning need to be put on the label, Eg:- Smoking is injurious to health.



PRICING :-

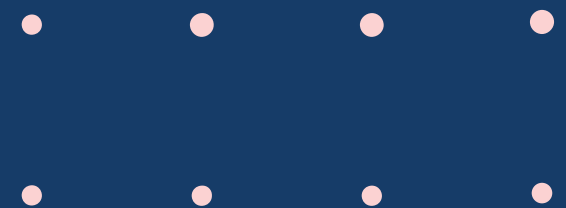
- Amount of money paid by a buyer in consideration of the purchase of a product or a services.
- Effective competitive weapon,
- Regulator of the demand of a product,
- Affecting the revenue & profit of a firm.



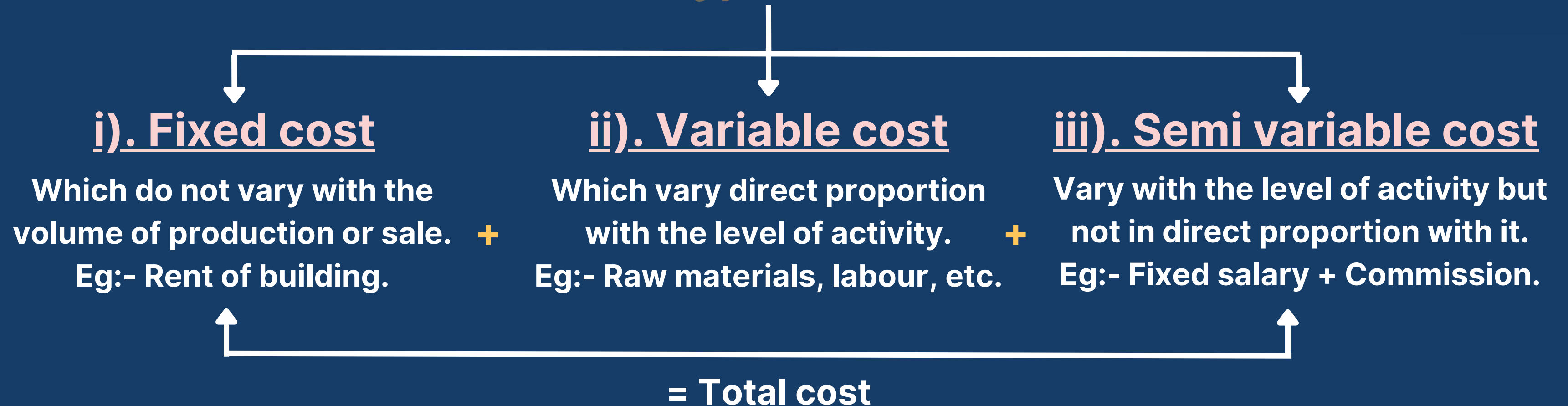
Factors affecting price determination :-

1). Product cost :-

- The cost sets the minimum level or the floor price at which the product may be sold,
- Strive to cover all their costs, at least in the long run,
- Aim at earning a margin of profit over and above the costs.

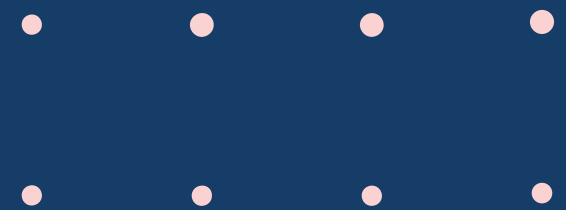


Three types of cost :-



2). Utility & demand :-

- While the product costs set the lower limits of the price, utility and the intensity of demand sets the upper limit,
- Buyer may be ready to pay up to the point where the utility is at least **equal to the sacrifice** made in terms of the price paid,
- **Elasticity of demand** :- Relatively small change in price results in large change in the quantity demanded, (**PE > 1**)



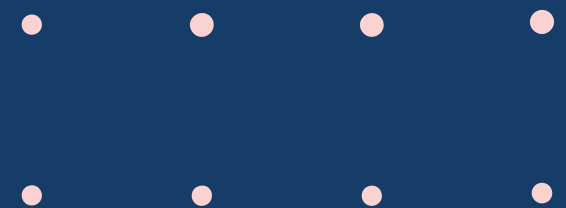
- **Inelastic demand** :- The total revenue increases when the price increases & vice-versa,
- If the demand of product is inelastic, the firm is in better position to fix higher prices.

3). Extent of Competition in the Market :-

- The price will tend to **reach the upper limit** in case there is **lesser degree of competition**,
- Free competition, the price will tend to be set at the lowest level,
- Competitors product pricing, quality, features must be examined carefully, before fixing the price.

4). Government & legal Regulations :-

- To **protect** the interest of public against unfair practices in the field of price fixing,
- Government can intervene and regulate the price of commodities & can declare as an essential product.

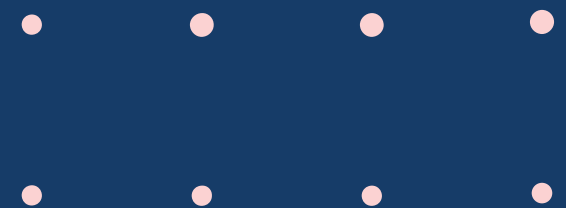


5). Price objectives :-

- a). Profit maximisation :- In short run- Charge maximum price ,
In long run- Lower price, so that large share of market can be captured.
- b). Obtaining Market Share Leadership :- Lower price attract greater number of people.
- c). Surviving in a Competitive Market :- Resort to discounting its products or running a promotion campaign to liquidate its stock.
- d). Attaining Product Quality Leadership :- Higher prices are charged to cover high quality and high cost of research & Development.

6). Marketing method use :-

- Distribution system, quality of salesmen employed, sales promotion efforts, type of packaging, credit facility and customer services,
- uniqueness in above gives the company a competitive freedom in fixing prices.



PHYSICAL DISTRIBUTION :-

- Making the goods available at the right place,
- Two important decisions:
 - i). Physical movement of goods from producers to consumers or users,
 - ii). Channels or using intermediaries in the distribution process.

Channels of distribution :-

- Channel refers to a team of merchants, agents & business institutions that combine physical movement & title movement of products to reach specific destination.
- Mostly goods & services are distributed through a network of marketing channels.

Types of channels :-

1). Direct channel (Zero level) :-

- Simple & the shortest mode,
- Directly available by the manufacturer to customers, without any intermediary.
- Straight & direct relationship, Eg:- Retail outlets(McDs), internet selling, etc.

Manufacturer



Customer



2). Indirect channel :-

i). Manufacturer- Retailer consumer, (**One level channel**)

- Good pass from the manufacturer to the retailers, who in turn sell them to final users,
- Enables manufacturers to cover wide area of market while retaining control over channels.

ii). Manufacturer- Wholesaler- Retailer- consumer, (**Two level channel**)

- Use of two middlemen in the channel network enables a manufacturer to cover a large market area, Eg :- Goods like soaps, Oils, Clothes, Rice, sugar, etc.

iii). Manufacturer- Agent- Wholesaler- Retailer- Consumer, (**Three level channel**)

- Manufacturers use their own selling agents or brokers who connect them with wholesalers & retailers.
- It is done particularly when the manufacturer carries a limited product line & has to cover a wide market.

Components of physical distribution :-

1). Order processing :-

- Orders flow in the reverse direction, from customers to the manufacturers,
- Good physical distribution system provide accurate & speedy processing of orders,
- Absence of which goods would reach late or in wrong quantity or specifications,
- Result in customer dissatisfaction, with the danger of loss of business & goodwill.

2). Transportation :-

- Carrying goods and raw materials from the point of **production** to the point of **sale**.

3). Warehousing:-

- Act of **storing** and **assorting** products in order to create **time utility** in them,
- **Efficiency** will depend on where these warehouses are located and where are these to be delivered,
- **Strike a balance** between the **cost of warehousing** and the **level of customer service**,
- Long term storage (Agriculture products)- Located near production sites,
- Bulky & hard to ship (Machinery, automobiles), Perishable products (Bakery, meat) located near the market.

4). Inventory Control :-

- A correct estimate of the demand helps to hold inventory & cost level down to a minimum,

Factors determining inventory control :-

- i). Firm's policy regarding the level of customer service,
- ii). Degree of accuracy of the sales forecast,
- iii). Responsiveness of the distribution system i.e., ability of the system to transmit inventory need back to the factory & get products in the market,
- iv). Cost of inventory which includes holding cost, warehousing cost, tied up capital, etc.

PROMOTION :-

- Refers to the use of communication with the twin objective of informing potential customers about a **product** and **persuading** them to **buy** it.

Promotion mix :-

- Refers to combination of promotional tools used by an organisation to achieve its communication objectives.

These include:

(i) Advertising, (ii) Personal Selling, (iii) Sales Promotion, & (iv) Publicity.



Elements of promotion mix.



ADVERTISING :-

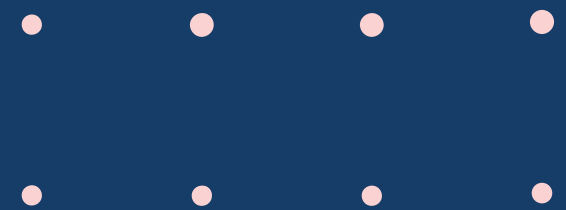
- Most commonly used tool,
- Impersonal form of communication,
- Paid for by the marketers (sponsors) to promote some goods or service.

Features of advertising :-

1). **Paid form :-** Sponsor has to bear the cost of communicating with the prospects.

2). **Impersonality :-** No direct face-to-face contact, It creates a monologue and not a dialogue.

3). **Identified sponsors :-** Individuals or company, who makes the advertising efforts and also bears the cost



Merits of Advertising

i). Mass reach :-

- Large number of people can be reached over a vast geographical area.

ii). Enhancing Customer Satisfaction and Confidence :-

- Assured about the product quality and feel more satisfied & comfortable.

iii). Expressiveness :-

- Developments in art, designs, and graphics special effects can be created & can look very attractive.

iv). Economy :-

- Because of wide reach, the overall cost of advertising gets spread over numerous communication links.

Limitations of Advertising

i). Less forceful :-

- Impersonal form, no compulsion on the prospects to pay attention to the message.

ii). Lack of feedback :-

- No immediate & accurate feedback mechanism of the message that is delivered.

iii). Inflexibility :-

- Message is standardised & is not tailor made to be requirements of the different customer groups.

iv). Low effectiveness :-

- As the volume of advertising is getting more & more expanded it is become difficult to make advertising message heard by the target prospects.

Objections to advertising :-

1). Adds to cost :-

- Advertisement cost lot of money which is ultimately passed on to buyers in the form of higher price,
- But helps in increasing demand as it make availability of the products, features, etc.
- Per unit cost of production comes down as the total cost is divided by large number of units.

2). Undermines social values :-

- Promotes materialism, it breeds discontent among people, dissatisfied with the present state of affairs,
- New lifestyles which don't find social approval,
- But also, helps informing about the new products which may be better than existing product,
- Final choice rest with the buyers.

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3). Confuses the buyers :-

- Many products are being advertised which makes similar claims,
- Decision for purchase of products on factors such as price, style, size, etc,
- Buyers can clear confusion by analysing the information & other sources.

4). Encourage sale of inferior products :-

- Advertisement doesn't make any difference between superior & inferior products,
- The desired level of quality will depend on the economic status & preferences of the target customers,
- No advertisement should make a false claim.

5). Some advertisements are in bad taste :-

- Distort the relationship like employer employee,
- Chances of misuse of advertising can be properly safeguarded by the law or by developing a code of conduct by the advertisers, for the self regulation.

SALES PROMOTION :-

- Short- term incentives, which are designed to encourage the buyers,
- Usually undertaken to supplement other promotional efforts such as advertising and personal selling,
- Promote to customers (e.g., free samples, discounts, and contests),
- To tradesmen or middlemen (e.g., cooperative advertising, dealer discounts, etc),
- To sales person (e.g., bonus, salesmen contests, etc).

Commonly used sales Promotion activities :-

1). Rebate :-

- Offering products at special prices to clear off excess inventory, Eg:- Rs 10000 discount for a limited period.

2). Discount :-

- Offering products at less than list price, Eg:- 50% discount on shirts.

3). Refunds :-

- Refunding a **part of price** paid by customer on some proof of purchase, Eg:- Return of empty foils or wrapper.

4). Product combination :-

- Offering another product as **gift along with the purchase of a product**, Eg:- 1kg rice with purchase of bag of Atta.

5). Quantity gift :-

- Offering **extra quantity** of the product, Eg:- Shaving cream offers 40% extra.

6). Instant draws & assigned gifts :-

- Eg:- **Scratch Card**, Burst a cracker, etc.

7). Lucky Draw :-

- Eg:- Win a **gold chain** in bathing soap, etc.

8). Usage benefits :-

- Eg:- Purchase goods worth Rs 3000 & get a holiday package worth Rs 3000, etc.

9). Full finance @ 0% :-

- Easy financing schemes such as 'NO EMI Cost' , '24 Easy Installments' ,
- One should be careful about the file charges.

10). Sampling :-

- Free sample of a product to potential customers at the time of launch of new product.

11). Contests :-

- Competitive events involving application of skills or luck, Eg:- Solving a quiz, Answering some questions.

PUBLIC REACTIONS :-

- It becomes imperative to manage public opinion and the company's relation with the public on a regular basis,
- It involve a variety of programmes designed to protect a company's image and its individual products in the eyes of the public,

- Their main task is to disseminate information and **build goodwill** about the business,
- Monitor the attitude of the general public and generate **positive publicity**.

Role of Public Relations :-

1). Press relations :-

- Generating news requires skill in developing and researching a story, to **present true facts** and a **correct picture**, Otherwise news can get distorted.

2). Product publicity :-

- New products requires **special efforts** such as **programmes, sports & cultural, news conferences, seminars, exhibitions, etc.**

3). Corporate communication :-

- The image of the organisation promoted through **news letter, annual reports, brochures, articles, interview with TV channels, speeches at a meeting, etc.**

4). Lobbying :-

- Deal with government officials, ministers in charge of corporate affairs, industry, finance, association of commerce, major stakeholders, etc, seeks to **maintain healthy relationship**,
- It has to be really proactive in promoting or decoding regulations that effect them.

5). Counselling :-

- The company can build goodwill by **contributing money and time** to certain causes like **environment, wildlife, education, etc.**

Public relations also helps in achieving following marketing objectives :-

1). Building awareness :-

- Build marketplace excitement before the product reaches market, This usually creates a **favourable impression** on the target customer.

2). Building credibility :-

- If **news** about a **product** comes whether print or electronic, **people believes** in the product.

3). Stimulates sales force :-

- If they have already heard about the product feel it is easier to sell the product to the **ultimate consumer**.

4). Lowers promotion cost :-

- Public relations requires a lot of **communication** and **interpersonal skills** to convince the media to give space or time for the organisation and its product.

