E-Content
Department of BBA/BBA(CA)

Subject- Principles of Marketing(202)-2021

Sonal Purohit

Unit-1
Concepts and Functions of Marketing

Contents:-

- Marketing concepts, its objectives ,importance and functions of marketing
- Various Approaches of marketing
- Challenges and opportunity of marketing manager in international market

What Is a Market?

1. The word 'Market' is derived from the Latin word 'Marcatus' Meaning merchandise, wares, traffic, trade or a place where business is conducted. The common uses of market means a place where goods are brought and sold.
2. Market includes both place and region in which buyers and sellers are in free competition with one another – Pyle. 'The term market refers not to a place, but to a commodity or commodities and buyers and sellers who are in direct competition with one another' – Chapman.
3. Market: Market is a place where goods and services are exchanged.

A market is a place where two parties can gather to facilitate the exchange of goods and services. The parties involved are usually buyers and sellers. The market may be physical like a retail outlet, where people meet face-to-face, or virtual like an online market, where there is no direct physical contact between buyers and sellers.

Marketing

The term "marketing" is derived from the word "market," which refers to a group of sellers and buyers that co-operate to exchange goods and services. The modern concept of marketing evolved during and after the industrial revolution in the 19th and 20th centuries.

➢ DEFINITION OF MARKETING

The American Marketing Association: "The process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives."

The Chartered Institute of Marketing:

"The management process responsible for identifying, anticipating and satisfying customer requirements profitably."

Philip Kotler

"Satisfying needs and wants through an exchange process"

The marketing concept is the strategy that firms implement to satisfy customers' needs, increase sales, maximize profit, and beat the competition. There are 5 marketing concepts that organizations adopt and execute. These are;

(1) Production concept,
(2) Product concept,
(3) Selling concept,
(4) Marketing concept, and
(5) Societal marketing concept

1) **Production concept:** - One of the oldest concept in business. The production concept holds that consumer will prefer products that are widely available and inexpensive.

2) **Product concept:** - It holds that consumer will favour those product that offer the most quality, performance or innovative features. Manager in this organization focus on marketing superior product. They assume that buyers admire well-made product.

3) **Selling concept:-** It holds that customer and business concentrate on an aggressive selling and promotion effort.

4) **Marketing concept :-** It holds that the key to achieve its organizational goal consists of the company being more effective than competitors in creating, delivering and communicating superior customer value to its target markets.

   Modern marketing / Integrated marketing means the various marketing functions – sales force, advertising, customer service, product management, marketing research must work together.

5) **Societal marketing concept**:- It is nothing but humanistic marketing and ecological marketing. It holds that the organization's task is to determine the need, wants and interest of the target markets and to deliver the desired satisfaction more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's well beings.

➢ Objectives of Marketing:-

Before defining the objectives of your marketing plan, you should:

- **Determine your brand's mission.** For a company to come to succeed, everyone should be working towards a greater goal. Therefore, the marketing plan must line up with the company's mission statement.
- **Conduct a situation analysis of the company**, including both internal and external factors. External factors include your general industry climate and the market. The internal factors refer to your own company, including your resources and staff. This is also a good time to conduct a SWOT analysis.
- **Analyze your competition.** What are the main brands that you compete with and how are they perceived in the market? What is their budget and volume of the business they handle, the price of their products or services, their sales process, customer acquisition, etc.?

➢ Importance Of Marketing:-

1. Marketing helps to achieve, maintain and raise the standards of living:-

- Marketing is means through which production and purchasing power are converted into consumption
- Better marketing ◊ Mass production
- Mass production ◊ Low cost
- Low cost ◊ More buying power ◊ Higher standard of living

2. Marketing Increases employment opportunities:-

- Marketing involves various functions / sub functions (Buying, Selling, Transport, Warehousing, Financing, Risk management etc.)
- These functions create need for different specializations
- About 30-40% population depends directly or indirectly on marketing

3. Marketing increases national income:-

- More purchasing power ◊ increase in national income

4. Helps maintain economic stability & development

- By maintaining demand supply balance

5. Link between producer & consumer

6. Removes imbalance of supply & demand by transferring surpluses

7. Helps create utilities of time, place & possession

➢ Functions of marketing:-

- ✓ **Market Research**: A complete research on competitors, consumer expectations and demand is done before launching a product into the market.
- ✓ **Market Planning**: A proper plan is designed based on the target customers, market share to be captured and the level of production possible.
- ✓ **Product Design and Development**: Based on the research data, the product or service design is created.
- ✓ **Buying and Assembling**: Buying of raw material and assembling of parts is done to create a product or service.
- ✓ **Product Standardisation**: The product is graded as per its quality and the quality of its raw materials.
- ✓ **Packaging and Labelling**: To make the product more attractive and self-informative, it is packed and labelled listing out the ingredients used, product use, manufacturing details, expiry date, etc.
- ✓ **Branding**: A fascinating brand name is given to the product to differentiate it from the other similar products in the market.
- ✓ **Pricing of the Product**: The product is priced moderately keeping in mind the value it creates for the customer and cost of production.
- ✓ **Promotion of the Product**: Next step is to make people aware of the product or service through advertisements.
- ✓ **Warehousing and Storage**: The goods are generally produced in bulks and therefore needs to be stored in warehouses before being sold in the market in small quantities.
- ✓ **Selling and Distribution**: To reach out to the consumers spread over a vast geographical area, selling and distribution channels are to be selected wisely.
- ✓ **Transportation**: Transportation means are decided for transfer of the goods from the manufacturing units to the wholesalers, retailers and consumers.
- ✓ **Customer Support Service**: The marketing team remain in contact with the customers even after selling the product or service to know the customer’s experience, and the satisfaction derived.

➢ Approaches of marketing

1. Product or Commodity:-

This approach undertakes the study of marketing on the basis of a commodity. For example, when studying the marketing of cotton, one will begin with examining the sources of supply, nature and volume of demand, the purpose for which it is required, how it is transported, the problem of storage, standardization, packing, branding, etc.

This approach is termed as – “descriptive approach”. In this method, the commodity serves as a focus around which the organizational and managerial aspects of marketing are studied.

This approach is criticized for being repetitive and time consuming since the emphasis is on products. The classification of products tends to create another problem.

2. Institutional:-

Under this approach, analysis of different institutions engaged in marketing is undertaken. The activities performed by each institution form a part of the entire marketing process. Under this approach marketing process is split up into three institutional functions namely, concentration, equalization and dispersion.

This approach has failed to bring, out effectively the interrelations of all the institutions.

3. Functional:

Functional approach splits down the field of marketing into a few functions. The purpose is to enable one to separate the essential from the non-essential elements.

According to this approach (designed by A.W. Shaw), middlemen perform the following functions—sharing the risk, transporting the goods and financing the operations.

4. Managerial:

This approach combines certain features of the other three approaches. This approach lays emphasis on the application aspects of marketing problems. The changes in marketing are mainly due to two factors—controllable and non-controllable. The controllable factors mean those marketing forces which are well under the control of the firm, for example, personal selling, advertising, etc. The non-controllable factors include economic, sociological and political forces.

5. Societal:

In the societal approach to the study of marketing, the entire marketing process is regarded not as a means by which business meets the needs of consumers but as a means by which society meets its own consumption needs. This approach mainly focuses on the environmental factors like sociological, cultural, political, legal, etc., and marketing decisions and their impact on the society. It gives importance to the society and not to the customer.

6. Systems*:*

Marketing has different sub-systems such as product planning, pricing, promotion, distribution, etc. This approach would help the management to plan the activities of each small group in detail and implement them effectively.

7. Scientific:

In recent years considerable progress has been made the study of marketing because of the scientific approach. This approach is otherwise known as interdisciplinary approach. It refers to the uses of all disciplines—social, physical, quantitative and business—to develop marketing insights, concepts and theories, investigate and solve marketing problems. It includes the application and integration of pertinent material to advance marketing.

- ## Challenges and opportunity of marketing manager in international market

A) Qualities of a marketing manager

1) **Physical Qualities: -** A marketing manager should be a physically healthy person capable of putting in long hours at work. He should have an impressive personality that attracts people to follow him. A commanding voice would be an added asset

2) **Mental Qualities**: **-** The marketing manager should be intelligent enough to understand and grasp the entire marketing scenario. He should be able to juggle the various elements of the marketing mix and come up with a winning combination. He should have complete knowledge about all the different aspects of marketing. All this requires brain power.

3) **Political Qualities**:**-** A marketing manager has to operate in an atmosphere of intense competition. He has to come up with winning marketing strategies and implement them in such a way so as to always be above the competition.in order to do this successfully a political bent of the mind together with intelligence would do wonders.

4) **Social Qualities**:- The marketing manager has to lead a group of people in the right direction. Thus he should have those social qualities that make him likeable and respectable to his subordinates. They should want to emulate him and look upon him as a role model. Thus he should have the ability to meet and convince various types of people about his point of views. He should be able to motivate people to give their best for the organisation.

5) **Moral Qualities**:- It would not hurt the marketing manager to possess certain moral values and principles. A person with high moral values and principles is always respected and this would definitely add to his personality.

Duties, responsibilities and role of a marketing manager

1. To be on the lookout for marketing opportunities
2. To determine marketing plans, policies and procedures in consultation with the managing director.
3. Evolving a marketing mix for each market segment.
4. Supervision and control over sales manager, advertising manager, product manager, distribution manager and any other managers who are directly responsible for implementing and expanding the marketing programme of the company.
5. Developing and expanding existing markets.
6. Negotiating transactions with major suppliers and intermediaries.
7. Development of new products, new markets, new channels, new innovations etc. in the field of marketing.
8. Making modifications in the marketing plans, policies and procedures.
9. Controlling marketing costs.
10. Selection, management and control of the channels of distribution.
11. Formulation of marketing strategies.
12. Undertaking consumer and public relations.
13. Integrating all marketing activities.

c) Challenges faced by a marketing manager

1. Generating awareness and driving traffic
2. Targeting effectively
3. Using social media to generate customers and revenue
4. Keeping up with marketing trends and strategies
5. Increasing and proving return on investment (ROI)

Unit-2
Marketing Environment and marketing segmentation

Contents:-

- Marketing environment – meaning
- Internal and external factors influencing marketing environment , Political ,social economical international , technological multi-cultural environment
- Segmentation: concepts, importance and its types of segmentation.

- **Meaning and definition of marketing environment:-**

Environment refers to the surroundings or conditions in which a person, animal, or plant lives or operates.

Definition:

The **Marketing Environment** includes the Internal factors (employees, customers, shareholders, retailers & distributors, etc.) and the External factors (political, legal, social, technological, economic) that surround the business and influence its **marketing** operations.

Marketing Environment- Internal and external Environment

A company marketing environment consists of all the factors and focus outside marketing that affect management's ability to develop and maintain successfully transactions with its target customers –kotler and Armstrong.

Marketing environment involves forces that directly or indirectly influencing on organisation's capability to market its product successfully.

➢ Factors affecting marketing environment:-

Internal environment is generally audited by applying 5Ms i.e.

- Men
- Machine
- Machinery
- Markets
- Materials

The internal marketing environment consists of all factors that are internal to the organisation like.

- Company's mission, vision and business objectives
- Company culture
- Company image and goodwill
- Marketing strategy
- Technical capacity
- Managerial skills & abilities
- Structure and processes
- Finance and sales force
- Production and research
- Internal processes and procedures
- Allocation of responsibilities

- Resource availability
- Attitude of stakeholders
- Organisation culture
- Human resources –HR department, operations department, accounting and finance departments, research and design

External marketing environment or uncontrollable factors

The external environment must be monitored continuously to review the marketing strategy accordingly.it consists of micro and macro environment.

Micro Environment- It refers to the company's internal and immediate environmental

Macro Environment- It refers to the social forces such as political, legal, cultural, natural and economic forces present in the environment.

Micro environment-
It involves all forces which directly affect the organisation

- Public - Any group with potential interest in organisation working
- Financiers- Founders, stakeholders, investors, partners, banks
- Market intermediaries- suppliers and wholesalers
- Customers- individual , industrial, re-seller, retail
- Suppliers- government, non-profit, international
- Competitors- number of firms, size of market, nature of product, market entry and exit barriers, differential advantage

Macro Environment- It involves all forces which affect indirectly like:

Demographic factors:-

- Age, sex, location
- Income
- Education
- Occupation
- Population
- Growth rate
- Birth ration etc

Political factors :-

- Government procedures and policies
- Government rules and regulations

- Monetary and fiscal policy
- Import-export policies
- Central and states regulations
- Monopoly and restrictive trade practices
- Quota and taxes

Economic factors:-

- Economic system
- Economic stability
- Nature of trade cycles
- Gross domestic product
- Growth in real income
- Income distribution pattern
- Purchasing power

Culture and sub-culture:-

- Values, beliefs and attitude
- Traditions, norms
- Friends, family, reference group peers

Technological factors:-

- Technical know-how
- Availability of technology

Environmental/Natural factors :-

- Climate
- Availability of raw material
- Topography of land
- Natural and ecological resources

- ## Definition of 'Segmentation':-

Definition: Segmentation means to divide the marketplace into parts, or segments, which are definable, accessible, actionable, and profitable and have a growth potential. In other words, a company would find it impossible to target the entire market, because of time, cost and effort restrictions. It needs to have a 'definable' segment - a mass of people who can be identified and targeted with reasonable effort, cost and time.

According to Philip Kotler, “Market segmentation is sub-dividing a market into distinct and homogeneous subgroups of customers, where any group can conceivably be selected as a target market to be met with distinct marketing mix

- ## Types of segmentation

1. Customer based segmentation

2. Product related segmentation

3. Competition related segmentation.

1. Customer Based Segmentation:

Customer based segmentation further classifies as follows:

a. Geographic Location of Customers:

The starting point of all market segmentation is the geographic location of customers. It helps the firm in planning the marketing offer. The common method is to classify according to rural and urban, metro or non-metro markets. There are also other classifications like district and block markets. We all know that here was the perception that the rural markets are different from urban markets and naturally the product promotion, pricing and distribution were accordingly designed to meet those markets.

But now with the development of technology and the advent of various modes of communication like TV, the customers in the rural areas are much exposed and are more aware of the availability market. Today the rural customer buys the same branded product which is purchased by urban customer.

b. Demographic Characteristics:

Factors like age, sex, income, occupation, family size, education; marital status is used singly or in combination to segment the market.

i. Age:

Age is one of the most important factors for segmenting the market. The market the producer should know for what age group his product could be most suited so that he can plan his pricing policy, advertisement policy, marketing policy and strategy accordingly.

For example, Cloth market or Garment market may be segmented on this basis of age as –

Children b/w the age group of 3-12yrs

Children b/w the age group of 13-15yrs

Teenagers' b/w the age group of 16-20yrs

Adults' b/w the age group of 21-30yrs and so on

ii. Income:

The manufacturer should also bear in mind while preparing his marketing policy, the income of the prospective buyers of his product. Consumer's needs, behaviour, persuasion etc. differ in different income groups. For example, people in high-income group prefer quality of goods, design, fashion-oriented products, etc. hence they can be motivated on these factors. People in low-income group attract towards low price.

iii. Sex:

Marketers may also be divided on the basis of sex i.e., male and female. Some products are exclusively produced for women while some others are for men. For example, Lip Stick is meant for a woman and on the other hand Shaving cream is only meant for men.

iv. Occupation:

Occupation is also another variable in segmenting the market. An individual's employment does definitely affect the consumption; different categories of segments can be identified like doctors, consultants, entrepreneurs, lecturers etc.

v. Education:

Education of the consumer also affects the preference and taste. The choice of literate person would obviously differ from that of an illiterate, as a literate he would be having a lot of exposure to the outside worlds where as an illiterate although exist the same environment would lack the ability to understand, when we look at all these aspects it is easy to indicate that education plays an important role in the life of an individual as it creates awareness about the environment, the availability of different products in the market and awareness about their rights.

Accordingly based on education, the Indian Market can be segmented as illiterates, literates-high school, college and university educated

vi. Marital Status:
Marital status is another demographics variable used. The behavioral of single and married people differs. Married people are more conservative than unmarried people.

vii. Family Size and Structure:
Markets may also be segmented on the basis of size of family Refrigerators and cookers are produced in different sizes to suit the needs of families of different sizes.

c. Psychographics Variables:
No two consumers act in the same manner though they two may be of the same age, from the same profession, same education and have same income. Each of the customers may have different attitudes because of personality and life-style differences. Markets are using psychographics variables to segment their market.

For example, Citibank, Diners card, Titan Watch, Savvy has used Psychographics variables to segment its market and distance itself from all others, including Femina. Savvy Women is identified as the highly liberated independent strong women, who have a definite plan in the society and to whom career would be extremely important.

d. Buyer Readiness:
Buyers are at different stages of readiness. People may be unaware, people who are aware but are not interested, people who are interested and desires to buy and those who will buy the product. The relative proportion of buyers at different stages will affect the marketer’s tasks.

2. Product Related Segmentation:

Different customers use the same product in different situations for example; Rasna – for parties, unexpected guests, and a drink for quenching thirst etc. A market makes the product versatile so that it can be used in different situation. A consumer may buy different brands of the same product for different situations for e.g., saree for kitty party, work place.

Thus depending upon the situation, a product or a brand may be selected by the customers. Knowing these situations marketer can plan the positioning strategy. Another product related variable is the benefit segmentation. The marketer identifies benefits that the customer looks for when buying a product.

3. Competition Based Segmentation:

The success in marketing depends on the number of loyal customers. Customer loyalty therefore is an important factor to determine the competitive position of the firm.

On the basis of brand loyalty further the market could be classified as:

i. Hard core loyal – These are the customers who buy the same brand, for examples Newspaper readers, tea drinkers etc.

ii. Soft-core loyal – Customers who are loyal to two or three brands in a product group, for e.g., Housewife buying toilet soap (Lux, Cinthol, Pears). The marketers have to watch such customers and shift them to the core loyal.

iii. Switchers – Customers who never stick to a brand. This is a slipping market segment for the marketer. The marketer has to find out why customers keep switching from brand to brand and from the existing to the competing brand. This can help the firm to strengthen its competitive position in the market. The marketer should also take into amount factors like price, non-availability of brands, indifferent habit etc.

➢ Importance of segmentation:-

1. To Frame a Firm Marketing Programme:

A seller becomes successful in framing a firm marketing programme by dividing the entire market into several segments. A marketing programme in order to attract all prospective customers is not exercised under it but varied programmes according to the necessities of different segments are framed.

2. Spotting Marketing Opportunities:

More information regarding marketing opportunities can be obtained through market segmentation. The seller may vouch the demands of every set and spot consumer’s satisfaction by taking in account the prevailing competition. He can make necessary alterations in marketing facilities for increasing the sale among the sets where product is bought in lesser quantum.

3. Proper Use of the Means:

A seller becomes successful in making the best use of his means through market segmentation. He can use his financial and marketing means according to the needs of various segments of market. Marketing expenses are ascertained lesser for those segments of market where marketing possibilities are not found so good.

4. Possible to Cope Efficiently with the Competition:

As several marketing strategies can be made and exercised to sustain in the competitive atmosphere for different segments of market through segmentation of market, it is always good for marketing of product.

5. To Strike Balance in Demand:

Marketing segmentation assists in understanding the sensitivity of market segments. The managers of an institution therefore, can strike a balance in the quality of their product and the demand for the same among the buyers of various segments in the market.

6. To Assist for Determining the Product Line:

Some sellers introduce a product in the market which for certain demand among a few groups of buyers but it is not widely accepted. Such a product does not satisfy the buyers in full, while it is the prime objective. It is the market segmentation that enables recognising the necessity for a certain product among different groups of buyers thereby incorporating products in a service as per their demand and which is viable to meet the same.

7. Helps in Advertising:

Influence messages to the consumers through media can be propagated when the choice, habit, necessities and preference of different buyer groups are duly recognised with the help of market segmentation.

Other Advantages- The other information i.e., marketing, research, product development, evaluation of marketing means etc., can be utilised properly when once the seller is duly known to the segments of the market.

Unit-3
Constituents of marketing mix

Contents:-

- Marketing Mix- Meaning scope and importance of marketing mix
- Product mix concept of a product, product characteristics Intrinsic and extrinsic, PLC.
- Price mix - meaning ,element , importance of price mix ,factors , influencing pricing , pricing methods Place mix ,
- Promotion mix Place mix meaning and concepts of channel of distribution or intermediaries , Promotion mix meaning, definitions , importance and limitations of advertisement People mix meaning & concepts, elements, importance.
- Process mix -stages, meaning& importance.
- Physical evidence- meaning, importance & components.

Definition:

The ***marketing mix*** refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market. The 4Ps make up a typical marketing mix - Price, Product, Promotion and Place. However, nowadays, the marketing mix increasingly includes several other Ps like Packaging, Positioning, People and even Politics as vital mix elements.

Description: What are the 4Ps of marketing?

Price: refers to the value that is put for a product. It depends on costs of production, segment targeted, ability of the market to pay, supply - demand and a host of other direct and indirect factors. There can be several types of pricing strategies, each tied in with an overall business plan. Pricing can also be used a demarcation, to differentiate and enhance the image of a product.

Product: refers to the item actually being sold. The product must deliver a minimum level of performance; otherwise even the best work on the other elements of the marketing mix won't do any good.

Place: refers to the point of sale. In every industry, catching the eye of the consumer and making it easy for her to buy it is the main aim of a good distribution or 'place' strategy. Retailers pay a premium for the right location. In fact, the mantra of a successful retail business is 'location, location, location'.

Promotion: this refers to all the activities undertaken to make the product or service known to the user and trade. This can include advertising, word of mouth, press reports, incentives, commissions and awards to the trade. It can also include consumer schemes, direct marketing, contests and prizes.

➢ Scope of marketing mix

The marketing mix of an organisation is made up of four elements namely PRODUCT,PRICE, PROMOTION AND PLACE. Each of these four elements or sub-mixes has a number of elements. The complete set of marketing mix, sub mixes and elements are given below.
The marketing mix has four main sub mixes. They are:
1. The product mix
2. The price mix
3. The place mix or physical distribution mix
4. The promotion mix.
Each of the above four is the sub mix of the marketing mix. They can also be called as marketing mix elements. Each of these elements has sub elements and they are as under:

1. The product mix: The product mix includes:
   - Product planning and development,
   - Branding,
   - Packaging,
   - Labelling.

2. The price mix: The price mix includes:
   - Price policies,
   - Discounts,
   - Credit.

3. Place mix (physical Distribution mix): The place mix includes:
   - channels of distribution,
   - Transportation,
   - Warehousing.

4. Promotion mix: The promotion mix includes:
   - Advertising
   - Personal selling
   - Sales promotion
   - Publicity.

➢ Importance of marketing mix:-

1) **Attracting customers:** The 4p’s are the tools of the marketing manager and he has to use these tools for attracting customers, for facing marketing competition and for promoting sales. With the help of the marketing mix, the marketing manager is able to please the customer and this enables him to achieve his marketing objectives.

2) **Better use of resources:** Marketing mix promotes better utilisation of limited resources as it helps the marketing manager to understand his customer and invest in the areas in which the customer is interested.it helps the marketing manager in focusing attention on the needs of the consumer. With limited component at its disposal, it attempts to gain the best possible results.

3) **Precision:** Marketing mix provides precision to the study of marketing. It helps in understanding the important tasks. Neil Borden has stated that “A chart which shows the elements of the mix and forces that bear on the mix helps to bring understanding of what marketing is.”

4) **Balanced approach:** Marketing mix is an effective tool for solving the problems. It helps the marketing manager to stay on the right track. It reminds him that, on one hand, he should be careful to consider the market forces and on the other hand think of a total marketing programme instead of relying on anyone particular aspect.

5) **The significance of marketing mix lies in the mix or blend:** The components of marketing mix are individually important, but their significance lies in the mix or blend.it is necessary to combine them properly so as to make them collectively effective in a dynamic marketing environment.

6) **Applicable to business as well as non-business organisations:** The concept of marketing mix is applicable to business, as well as non-business organisations, such as clubs, colleges, associations etc.

➢ Product mix concept of product:-

Product – a product can have a tangible as well as intangible attribute or both. It is something of value to buyers and consumers which an organisation offers (hence sometimes referred as an offering). For example, the food we eat in a restaurant is a tangible product and the service from the staff there is an intangible product. A service offered by an insurance company, a Chartered Accountant is intangible products.

A product is anything that can be offered to a market to satisfy a need, want or demand. The product is a result of strategic decisions at the corporate level which has characteristics or attributes that a buyer wants. The quality, branding, packaging, labelling, and developing right warrantees, guarantees are part of the entire bundle of the product that an organisation offers. Product includes all the services, both before and after its sale. It carries with it a "satisfaction factor" that is tangible as well as intangible like utility and psychological satisfaction of owning the product.

Definitions –

Product is anything that is potentially valued by a target market for the benefits and satisfactions it provides, including objects, services, organisations, places, people, and ideas– Cravens, Hills and Woodruff.

product is sum total of three things- the intrinsic characteristics, its materials and construction, its ability to perform; the extrinsic characteristics, packaging, brand or trade mark; and the intangibles associated with it **– Prof. Harry L. Hanson.**

1. Philip Kotler:

"Product is anything that can be offered to someone to satisfy a need or a want."

Product Mix – Product mix is the entire collection or assortment of products or product lines offered by an organisation.

➢ Characteristics of product:

A. Explicit Characteristics:

1. Physical configuration:

Most obviously, product is a bundle of physical stuff. It is made up of certain materials wood, plastic, glass, stone, metal, etc., related in a particular way. Every product has its own shape, size, density, odour, taste, texture, colour, weight and host of other such physical attributes.

On the basis of its physical attributes, it has an apparent function or set of functions to perform. Thus, a claw-hammer is a proficient instrument for driving and pulling nails. It may also function as a widow's defence against prowlers.

2. Associated services:

Products are sold with the common understanding that the seller will render associated services in case of each product. These are before and after-sale services. ‘Before-sale’ services are its demonstration, credit-facilities available and the ‘after-sale’ services are its delivery, installation, making available spare-parts, repair services to maintain the operating condition of the product and warrantees expressed or implied.

3. Package and brand name:

It is useful to consider package as the part of product, because, it is sometimes difficult to separate a product into ‘contents’ and ‘package’. For instance, aerosol shaving creams, deodorants, cleansers, photograph records because, the jacket depicted the artist and his friend (female) in the nude, may enjoy a remarkable demand.

4. Product mix:

These points out the relationship to other products sold by the firm or made and sold by the firm. That is, a given product is the part of a set of products offered for sale by a particular seller bears and how both the seller and the buyer consider it.

A seller considers the width, depth and consistency of products offered. ‘Width’ refers to how many different product-lines; ‘depth’ stands for the average number of items within each product-line and the ‘consistency’ means the similarity among the product lines.

5. Product-life-cycle:

At any point time, a product can be located in some stage of its existence. Through time, the industry sales of a given product follow a characteristic pattern of increasing at first slowly, then at increasing rate, then at decreasing rate and finally absolute sales begin to decline.

The time required for each of these stages varies widely among the products. The product life-cycle made up of introduction growth maturity and decline has its own implications for the producers and the consumers

B. Implicit Characteristics:

1. Product symbolism:

Product is the cluster of symbols. Among other things, a product is a symbol by virtue of its form size colour and functions. It is and it has significance which varies according to how much it is associated with individual needs and social interaction.

A product is the sum total of meanings it communicates when others look at it or use it. It may be status symbol of economy of performance of achievement and so on.

2. Communication media:

Because a product is the cluster of symbols, it is a bundle of communication also. Of course, what this information is, determined by the consumer's personal interpretation of the symbols, and mediated by his culture groups and group influences and personality.

Every product says something about it, itself. Product is a story teller of what it is? Why for it is used? At what rate? Made by whom? Where it is available? And so on. A piece of information is there with a product given or hidden.

3. Product perception:

How products are perceived by consumers is not easy itself. Perception is really critical to a product's market viability and perceptual process is central to the meanings consumers attach to a given product.

Perception is the physio-psychological process. Composing of a sequence of becoming aware of some cue in the environment, sending sensed message to brain that does the work of comparing cue with stored meanings. For instance, when a cup of tea is placed before you, you have a cue say of taste odour-colour or texture.

4. Product evaluation:

Truly speaking, it is impossible to separate the perception of product from its evaluation, both conceptually and operationally. Though, theoretically separable, they occur simultaneously.

Along with the perception, evaluation implies the invocation of a set of criteria to determine expected satisfaction. It is comprising the 'efforts' involved and 'rewards' received by the consumer.

➢ Product life cycle

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

As mentioned above, there are four generally accepted stages in the life cycle of a product—introduction, growth, maturity, and decline.

- Introduction: This phase generally includes a substantial investment in advertising and a marketing campaign focused on making consumers aware of the product and its benefits.
- Growth: If the product is successful, it then moves to the growth stage. This is characterized by growing demand, an increase in production, and expansion in its availability.
- Maturity: This is the most profitable stage, while the costs of producing and marketing decline.
- Decline: A product takes on increased competition as other companies emulate its success—sometimes with enhancements or lower prices. The product may lose market share and begin its decline.

When a product is successfully introduced into the market, demand increases, therefore increasing its popularity. These newer products end up pushing older ones out of the market, effectively replacing them. Companies tend to curb their marketing efforts as a new product grows. That's because the cost to produce and market the product drop. When demand for the product wanes, it may be taken off the market completely.

➢ Price or Price mix meaning

Price is an important consideration in buying decision. Price is the exchange value of a good or service in terms of money. Correct pricing involves finding the best possible exchange value for the products. Manufacturer is not really free to adopt his own pricing policies.

'price' is exchange value of a product or service always expressed in money. Price influences consumer purchase decisions. Pricing decisions inter-connect marketing actions with the financial objectives of the enterprise.

Price is the only element in marketing mix which generates revenue. Only when a buyer and a seller agree on price, the exchange of goods and services leading to transfer of ownership can take place.

➢ Elements of price mix

i. Pricing Policies and Strategies:

Pricing policies and strategies provide the guidelines and framework within which the firm can determine its price. Varying pricing policies are there like one price policy, flexible price policy, skimming price policy, penetration price policy, full-line pricing policy, psychological pricing, uniform pricing, zonal pricing etc.

ii. Target Customers and Competition:

Pricing is affected by the selection of the target market by the firm. The capacity of target customers to buy the goods at varying prices influences pricing decision. The number of competitors and degree of competition also forces the firm to charge a lower price.

iii. Government Rules and Regulations and Social Responsibility:

Number of restrictions are imposed by the government on pricing activities. Public enterprises base their pricing policies on the directives of the government. Welfare of the society is important for price determination. Society's short term and long term interest has to be protected and promoted.

iv. Terms of Delivery:

Timely delivery of the goods to the intermediaries is very significant. The various terms and condition in this regard like the quantity of goods to be delivered, time of delivery, place and condition of delivery should be decided in explicit terms. The policy of the firm in this regard should be clear.

v. Terms and Credit:

Credit is the base of the business activities these days. No firm can think of marketing its products purely on cash basis. Credit not only helps in greater sales but also in expansion of market. In other words it is a tool of sales promotion. However it should be maintained at proper level. Most of the goods are sold under hire-purchase system and instalment method by the manufacturer under indirect channel system.

vi. Margin:

The difference between the actual price paid by the consumers and the total cost of the product is the margin. Margins are set for manufactures, wholesaler and retailers. The level of margin for the intermediary depends much on the nature of product. Industrial products have higher margin levels as they require more services and maintenance whereas consumer goods have low margin levels as they are used on mass scale.

Importance of pricing mix

1. Helps in Determining Return:

The primary motive of all firms is to earn profit. Firms aim at maximising profit. When the product is manufactured the manufacturer determines the price of the product. Price includes the return or profits that the manufacturer or marketer intends to earn. Price is fixed by the marketer by adding a certain percentage of profit on cost.

2. Determines Demand, Sales Volume and Market Share:

Price is the most flexible tool in the marketing mix. A marketer can regulate the demand for a product by increasing or decreasing the price. Price is an important factor influencing consumer buying behaviour. Most of the time consumer put importance on price of the product rather than on value, at the time of purchase. Thus a change in price influences the demand, sales volume and market share.

3. Countering Competition:

Companies regularly revise their pricing strategies to counter the competition. A market leader who dominates the market designs the pricing strategy to prevent new competitors entering into the market. While a price follower sets their price in accordance to the competitor’s price and market leader’s price. A marketer’s pricing strategy mostly depends upon competitor’s pricing policy.

4. Builds Product Image:

Price often builds an image of the product. Consumers often believe that high priced products are of high value and benefit than low priced product. Marketers also use price to position their products superior in the minds of the consumer.

5. A Tool of Sales Promotion:

Price is an important tool of sales promotion. Companies often resort to short term price reduction like offering discounts to increase sales during a short time period

- **Factors influencing pricing**

(A) Internal Factors:

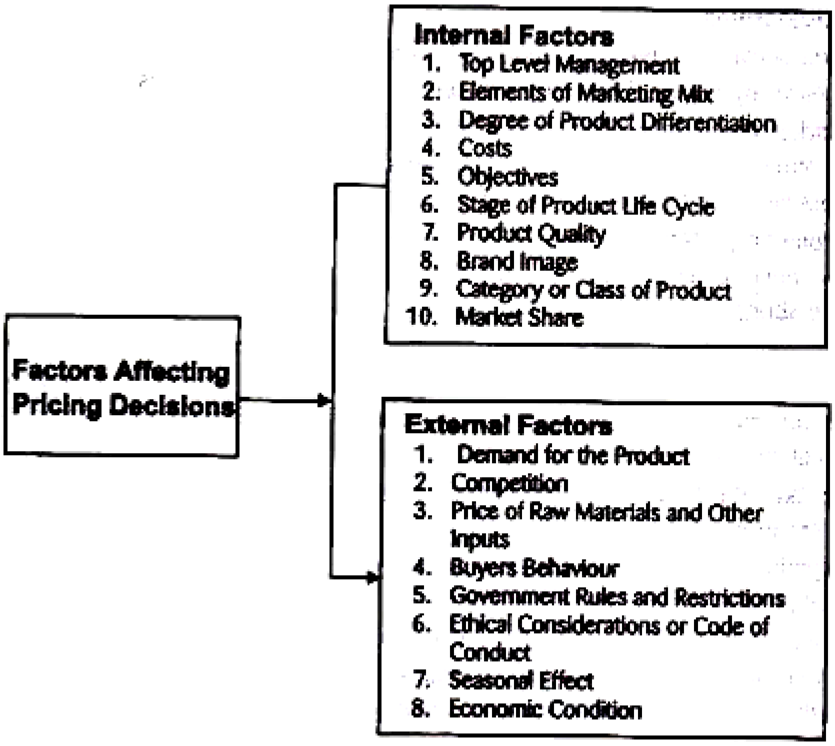

Figure 2: Factors affecting Pricing Decisions

1. Top Level Management:

Top-level management has a full authority over the issues related to pricing. Marketing manager's role is administrative. The philosophy of top-level management is reflected in forms of pricing also. How does top management perceive the price?

2. Elements of Marketing Mix:

Price is one of the important elements of marketing mix. Therefore, it must be integrated to other elements (promotion, product, and distribution) of marketing mix. So, pricing decisions must be linked with these elements so as to consider the effect of price on promotion, product and distribution, and effect of these three elements on price.

For example, high quality product should be sold at a high price. When a company spends heavily on advertising, sales promotion, personal selling and publicity, the selling costs will go up, and consequently, price of the product will be high. In the same way, high distribution costs are also reflected in forms of high selling price.

3. Degree of Product Differentiation:

Product differentiation is an important guideline in pricing decisions. Product differentiation can be defined as the degree to which company's product is perceived different as against the products offered by the close competitors, or to what extent the product is superior to that of competitors' in terms of competitive advantages. The theory is, the higher the product differentiation, the more will be freedom to set the price, and the higher the price will be.

4. Costs:

Costs and profits are two dominant factors having direct impact on selling price. Here, costs include product development costs, production costs, and marketing costs. It is very simple that costs and price have direct positive correlation. However, production and marketing costs are more important in determining price.

5. Objectives of Company*:*

Company's objectives affect price of the product. Price is set in accordance with general and marketing objectives. Pricing policies must the company's objectives. There are many objectives, and price is set to achieve them.

6. Stages of Product Life Cycle*:*

Each stage of product life cycle needs different marketing strategies, including pricing strategies. Pricing depends upon the stage in which company's product is passing through. Price is kept high or low, allowances or discounts are allowed or not, etc., depend on the stage of product life cycle.

7. Product Quality:

Quality affects price level. Mostly, a high-quality-product is sold at a high price and vice versa. Customers are also ready to pay high price for a quality product.

8. Brand Image and Reputation in Market:

Price doesn't include only costs and profits. Brand image and reputation of the company are also added in the value of product. Generally, the company with reputed and established brand charges high price for its products.

9. Category of Product:

Over and above costs, profits, brand image, objectives and other variables, the product category must be considered. Product may be imitative, luxury, novel, perishable, fashionable, consumable, durable, etc. Similarly, product may be reflective of status, position, and prestige. Buyers pay price not only for the basic contents, but also for psychological and social implications.

10. Market Share:

Market share is the desired proportion of sales a company wants to achieve from the total sales in an industry. Market share may be absolute or relative. Relative market share can be calculated with reference to close competitors. If company is not satisfied with the current market share, price may be reduced, discounts may be offered, or credit facility may be provided to attract more buyers.

(B) External Factors:

External factors are also known as environmental or uncontrollable factors. Compared to internal factors, they are more powerful.

1. **Demand for the Product:**

   Demand is the single most important factor affecting price of product and pricing policies. Demand creation or demand management is the prime task of marketing management. So, price is set at a level at which there is the desired impact on the product demand. Company must set price according to purchase capacity of its buyers.

   Here, there is reciprocal effect between demand and price, i.e., price affects demand and demand affects price level. However, demand is more powerful than price. So, marketer takes decision as per demand. Price is kept high when demand is high, and price is kept low when demand of the product is low. Price is constantly adjusted to create and/or maintain the expected level of demand.

2. Competition:

A marketer has to work in a competitive situation. To face competitors, defeat them, or prevent their entry by effective marketing strategies is one of the basic objective organisation. Therefore, pricing decision is taken accordingly.

A marketer formulates pricing policies and strategies to respond competitors, or, sometimes, to misguide competitors. When all the marketing decisions are taken with reference to competition, how can price be an exception?

3. Price of Raw Materials and other Inputs:

The price of raw materials and other inputs affect pricing decisions. Change in price of needed inputs has direct positive effect on the price of finished product. For example, if price of raw materials increases, company has to raise its selling price to offset increased costs.

4. Buyers Behaviour:

It is essential to consider buyer behaviour while taking pricing decision. Marketer should analyze consumer behaviour to set effective pricing policies. Consumer behaviour includes the study of social, cultural, personal, and economic factors related to consumers. The key characteristics of consumers provide a clue to set an appropriate price for the product.

5. Government Rules and Restrictions:

A company cannot set its pricing policies against rules and regulations prescribed by the governments. Governments have formulated at least 30 Acts to protect the interest of customers. Out of them, certain Acts are directly related to pricing aspects. Marketing manager must set pricing within limit of the legal framework to avoid unnecessary interference from the outside. Adequate knowledge of these legal provisions is considered to be very important for the manager.

6. Ethical Consideration or Codes of Conduct

Ethics play a vital role in price determination. Ethics may be said as moral values or ethical code that govern managerial actions. If a company wants to fulfill its social obligations and when it believes to work within limits of the ethics prescribed, it always charges reasonable price for its products. Moral values restrict managerial behaviour.

7. Seasonal Effect:

Certain products have seasonal demand. In peak season, demand is high; while in slack season, demand reduces considerably. To balance the demand or to minimize the seasonal-demand fluctuations, the company changes its price level and pricing policies. For example, during a peak season, price may be kept high and vice versa. Discount, credit sales, and price allowances are important issues related to seasonal factor.

8. Economic Condition:

This is an important factor affecting pricing decisions. Inflationary or deflationary condition, depression, recovery or prosperity condition influences the demand to a great extent. The overall health of economy has tremendous impact on price level and degree of variation in price of the product. For example, price is kept high during inflationary conditions. A manager should keep in mind the macro picture of economy while setting price for the product.

➢ Methods of Pricing;-

1. Cost plus pricing:

Cost plus pricing involves adding a certain percentage to cost in order to fix the price. For instance, if the cost of a product is Rs. 200 per unit and the marketer expects 10 per cent profit on costs, then the selling price will be Rs. 220. The difference between the selling price and the cost is the profit. This method is simpler as marketers can easily determine the costs and add a certain percentage to arrive at the selling price.

2. Mark-up pricing:

Mark-up pricing is a variation of cost pricing. In this case, mark-ups are calculated as a percentage of the selling price and not as a percentage of the cost price. Firms that use cost-oriented methods use mark-up pricing.

Average unit cost/Selling price

3. Break-even pricing:

In this case, the firm determines the level of sales needed to cover all the relevant fixed and variable costs. The break-even price is the price at which the sales revenue is equal to the cost of goods sold. In other words, there is neither profit nor loss.

For instance, if the fixed cost is Rs. 2, 00,000, the variable cost per unit is Rs. 10, and the selling price is Rs. 15, then the firm needs to sell 40,000 units to break even. Therefore, the firm will plan to sell more than 40,000 units to make a profit. If the firm is not in a position to sell 40,000 limits, then it has to increase the selling price.

The following formula is used to calculate the break-even point

Contribution = Selling price – Variable cost per unit

4. Target return pricing:

In this case, the firm sets prices in order to achieve a particular level of return on investment (ROI).

The target return price can be calculated by the following formula:

Target return price = Total costs + (Desired % ROI investment)/ Total sales in unit

For instance, if the total investment is Rs. 10,000, the desired ROI is 20 per cent, the total cost is Rs.5000, and total sales expected are 1,000 units, then the target return price will be Rs. 7 per unit as shown below:

5000 + (20% X 10,000)/ 7000

Target return price = 7

The limitation of this method (like other cost-oriented methods) is that prices are derived from costs without considering market factors such as competition, demand and consumers' perceived value. However, this method helps to ensure that prices exceed all costs and therefore contribute to profit.

5. Early cash recovery pricing:

Some firms may fix a price to realize early recovery of investment involved, when market forecasts suggest that the life of the market is likely to be short, such as in the case of fashion-related products or technology-sensitive products.

Such pricing can also be used when a firm anticipates that a large firm may enter the market in the near future with its lower prices, forcing existing firms to exit. In such situations, firms may fix a price level, which would maximize short-term revenues and reduce the firm's medium-term risk.

B. Market-oriented Methods:

1. Perceived value pricing:

A good number of firms fix the price of their goods and services on the basis of customers' perceived value. They consider customers' perceived value as the primary factor for fixing prices, and the firm's costs as the secondary.

The customers' perception can be influenced by several factors, such as advertising, sales on techniques, effective sales force and after-sale-service staff. If customers perceive a higher value, then the price fixed will be high and vice versa. Market research is needed to establish the customers' perceived value as a guide to effective pricing.

2. **Going-rate pricing:**

   In this case, the benchmark for setting prices is the price set by major competitors. If a major competitor changes its price, then the smaller firms may also change their price, irrespective of their costs or demand.

   The going-rate pricing can be further divided into three sub-methods:

   a. Competitors 'parity method:

   A firm may set the same price as that of the major competitor.

b. Premium pricing:

A firm may charge a little higher if its products have some additional special features as compared to major competitors.

c. Discount pricing:

A firm may charge a little lower price if its products lack certain features as compared to major competitors.

The going-rate method is very popular because it tends to reduce the likelihood of price wars emerging in the market. It also reflects the industry's coactive wisdom relating to the price that would generate a fair return.

3. Sealed-bid pricing:

This pricing is adopted in the case of large orders or contracts, especially those of industrial buyers or government departments. The firms submit sealed bids for jobs in response to an advertisement.

4. Differentiated pricing:

Firms may charge different prices for the same product or service.

The following are some the types of differentiated pricing:

a. Customer segment pricing:

Here different customer groups are charged different prices for the same product or service depending on the size of the order, payment terms, and so on.

b. Time pricing:

Here different prices are charged for the same product or service at different timings or season. It includes off-peak pricing, where low prices are charged during low-demand tunings or season.

c. Area pricing:

Here different prices are charged for the same product in different market areas. For instance, a firm may charge a lower price in a new market to attract customers.

d. Product form pricing:

Here different versions of the product are priced differently but not proportionately to their respective costs. For instance, soft drinks of 200,300, 500 ml, etc., are priced according to this strategy.

➢ Place mix/Distribution mix:-

Distribution channels are the network of organizations, including manufacturers, wholesalers, and retailers, that distributes goods or services to consumers. A distribution channel is the network of individuals and organizations involved in getting a product or service from the producer to the customer. Distribution channels are also known as marketing channels or marketing distribution channels.

In short, the distribution channel can be defined as 'the path through which goods and services or payment for those goods or services travel from the vendor to the consumers'. Distribution channel can be as short as a direct transaction from the vendor to the consumer, or may include several interconnected intermediaries along the way such as the followings –

1. Wholesalers
2. Distributors
3. Agents and
4. Retailers

➢ Concept of marketing channels

The word 'channel' has been derived from the French word 'canal'. Marketing channels connect the procedures the consumers. Marketing channels are sets of interdependent organisations involved in the process of making a product or service available for use or consumption. A marketing channel includes the producer, the intermediaries involved in the transfer of goods and the final consumer.

Marketing channels is a system of intermediaries who form mutually beneficial coalitions with the manufacturer to ensure that the products and service become available at the point of consumption.

✓ Agents/Brokers

Agents or brokers are individuals or companies that act as an extension of the manufacturing company. Their main job is to represent the producer to the final user in selling a product. Thus, while they do not own the product directly, they take possession of the product in the distribution process. They make their profits through fees or commissions.

✓ Wholesalers

Unlike agents, wholesalers take title to the goods and services that they are intermediaries for. They are independently owned, and they own the products that they sell. Wholesalers do not work with small numbers of product: they buy in bulk, and store the products in their own warehouses and storage places until it is time to resell them. Wholesalers rarely sell to the final user; rather, they sell the products to other intermediaries such as retailers, for a higher price than they paid. Thus, they do not operate on a commission system, as agents do.

- ✓ **Distributors**

Distributors function similarly to wholesalers in that they take ownership of the product, store it, and sell it off at a profit to retailers or other intermediaries. However, the key difference is that distributors ally themselves to complementary products. For example, distributors of Coca Cola will not distribute Pepsi products, and vice versa. In this way, they can maintain a closer relationship with their suppliers than wholesalers do.

- ✓ **Retailers**

Retailers come in a variety of shapes and sizes: from the corner grocery store, to large chains like Wal-Mart and Target. Whatever their size, retailers purchase products from market intermediaries and sell them directly to the end user for a profit.

➢ Promotion mix:-

Promotion is an important part of the marketing mix of a business enterprise. It is the spark plug of the marketing mix. It is a process of communication involving information, persuasion, and influence. It includes all types of personal or impersonal communication with customers as well as middlemen in distribution.

The purpose of promotion is to inform, persuade and influence the prospective customers. Personal selling, advertising publicity and sales promotion are widely used to inform the people about the availability of products and create among them the desire to buy the products.

The term ‘promotional mix’ is used to refer to the combination of different kinds of promotional tools used by a firm to advertise and sell its products. The main promotional tools or activities which make up promotion mix are personal selling, advertising, publicity and sales promotion. These are also known as elements of promotion mix.

➢ Importance of promotion mix

i. To create product and brand awareness – Several sales promotion techniques are highly effective in exposing customers to products and brands for the first time and can serve as key promotional components in the early stages of new product and brand introduction. This awareness is the basis for all other future promotional activities. Promotional activities motivate the customers to try new products and brand and the dealers also to push the new products and brands.

ii. To create interest – Sales promotions are very effective in creating interest in a product. In fact, creating interest is often considered the most important use of sales promotion. In the retail industry an appealing sales promotion can significantly create customer interest.

iii. To provide information – Promotional activities provide substantial information about the product to the customers. This goes a long way in converting interest into actual sales.

iv. To stimulate demand – Effective promotional activities can stimulate demand for the product by convincing the customers to buy the products.

v. To reinforce the Brand – Promotion can be used to reinforce or strengthen the brand in the minds of the customers. This will ensure repeat sales of the product in the long run.

vi. To attract new customers – Sales promotion measures also play an important role in attracting new customers for an organization. Usually, new customers are those persons that are loyal to other brands. Samples, gifts, prizes, etc. are used to encourage consumers to try a new brand or shift their patronage to new dealers.

vii. To induce existing customers to buy more – Promotion activities can increase the purchases made by the existing customers by making them consume more quantity or consume on more occasions.

viii. To help the firm to remain competitive – Companies undertake sales promotion activities in order to remain competitive in the market. Therefore, in the modern competitive world no firm can escape sales promotion activities.

ix. To increase sales in off-seasons – Sales of the products naturally reduce during the off-season. Therefore promotional activities can be implemented during the off-season to maintain or even increase the sales. Techniques such as off-season discounts, off-season offers can achieve this.

x. To add to the stock of the dealers – Dealers like wholesalers and retailers usually deal with a variety of goods. Their selling activity becomes easier when the manufacturer supplements their efforts by sales promotion measures. When a product or service is well supported by sales promotion, dealers are automatically induced to have more of such items.

xi. To Keep Existing Customers – A sales promotion can be geared toward keeping existing customers, especially if a new competitor is likely to enter the market.

xii. To clear inventory – Promotional techniques can be effectively used to clear unsold inventory by giving effective offers.

➢ Advertising

Advertising is a highly exciting area of marketing. It can create wonders with beautiful little words to sell products, services and also ideas.

Definition of advertising

“Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor.”

Limitations of Advertising:

1. Less Forceful:

Absence of personal touch makes advertising less forceful. Paying attention to the message is not compulsory for the customers.

2. Lack of Feedback:

It is very difficult to judge the effectiveness of an advertising message as there is no accurate feedback regarding its impact.

3. Inflexibility:

Advertising message is standardized and hence cannot be changed according to the requirements of different customers.

4. Low Effectiveness:

An increase in the volume of advertising has made it difficult to make any advertising message in general to be received properly by the target customers. Many messages don’ts really get even noticed, not to speak of being effective etc.

➢ People mix-Meaning & Concepts, Elements

People are the most important element of any service or experience. Services tend to be produced and consumed at the same moment, and aspects of the customer experience are altered to meet the individual needs of the person consuming it. Most of us can think of a situation where the personal service offered by individuals has made or tainted a tour, vacation or restaurant meal. Remember, people buy from people that they like, so the attitude, skills and appearance of all staff need to be first class. People have an important role in service delivery, they are relied upon to deliver and maintain transactional marketing and people play an important part in the customer relationship.

Personal Selling

There are different kinds of salesperson. There is the product delivery salesperson. His or her main task is to deliver the product, and selling is of less importance e.g. fast food, or mail. The second type is the order taker, and these may be either ‘internal’ or ‘external.’ The internal sales person would take an order by telephone, e-mail or over a counter. The external sales person would be working in the field. In both cases little selling is done.

Customer Service

Many products, services and experiences are supported by customer services teams. Customer services provide expertise (e.g. on the selection of financial services), technical support (e.g. offering advice on IT and software) and coordinate the customer interface (e.g. controlling service engineers, or communicating with a salesman). The disposition and attitude of such people is vitally important to a company. The way in which a complaint is handled can mean the difference between retaining or losing a customer, or improving or ruining a company’s reputation. Today, customer service can be face-to-face, over the telephone or using the Internet. People tend to buy from people that they like, and so effective customer service is vital. Customer services can add value by offering customers technical support, expertise and advice.

Training.

All customer facing personnel need to be trained and developed to maintain a high quality of personal service. Training should begin as soon as the individual starts working for an organization during an induction. The induction will involve the person in the organization's culture for the first time, as well as briefing him or her on day-to-day policies and procedures. At this very early stage the training needs of the individual are identified. A training and development plan is constructed for the individual which sets out personal goals that can be linked into future appraisals. In practice most training is either 'on-the-job' or 'off-the-job.' On-the-job training involves training whilst the job is being performed

➢ Importance of people mix

1) People are the transactional interface between the company and its customers.

2) People deliver services in all sorts of settings.it is an important element of services marketing mix.

3) People underpin the customer relationship between the company and the customer.

➢ Process mix

Process is another element of the services marketing mix or 7Ps.There is a number of perceptions of the concept of process within the business and marketing literature. Some see processes as a means to achieve an outcome, for example – to achieve a 30% market share, a company implements a marketing planning process.

There are a number of types of processes. Technological processes include the process of manufacturing goods and adapting them for the needs of clients

Another view is that marketing has a number of processes that integrate together to create an overall marketing process, for example – telemarketing and Internet marketing can be integrated. A further view is that marketing processes are used to control the marketing mix, i.e. processes that measure the achievement of marketing objectives. All views are understandable, but not particularly customer focused.

For the purposes of the marketing mix, process is an element of service that sees the customer experiencing an organization's offering. It's best viewed as something that your customer participates in at different points in time. Here are some examples to help you build a picture of a marketing process, from the customer's point of view.

Going on a cruise – from the moment that you arrive at the dockside, you are greeted; your baggage is taken to your room. You have two weeks of services from restaurants and evening entertainment, to casinos and shopping. Finally, you arrive at your destination, and your baggage is delivered to you. This is a highly focused marketing process,

➢ Importance of process mix

a) Deliver value through all elements of the marketing mix.

b) Customers are retained, and other services or products are extended and marked to them.

c) Feedback can be taken and the mix can be altered.

➢ Physical evidence

Physical evidence is the material part of a service. Strictly speaking there are no physical attributes to a service, so a consumer tends to rely on material cues. There are many examples of physical evidence, including some of the following:

- packaging.
- Internet/web pages.
- Paperwork (such as invoices, tickets and dispatch notes).
- Brochures.
- Furnishings.
- Signage (such as those on aircraft and vehicles).
- Uniforms and employee dress.
- Business cards.
- Mailboxes.
- Many others . . .

Some organizations depend heavily upon physical evidence as a means of marketing communications, for example tourism attractions and resorts (e.g. Disney World), parcel and mail services (e.g. UPS Courier Services), and large banks and insurance companies (e.g. ICICI bank, HDFC bank).

Importance of physical distribution:-

- Physical evidence can prove crime has been committed or establish key elements of a crime.
- Physical evidence can place the suspect in contact with the victim or with the crime scene.
- Physical evidence can establish the identity of persons associated with the crime.
- Physical evidence can exonerate the innocent.
- Physical evidence can corroborate the victim's testimony.

A suspect confronted with physical evidence may make admissions or even confess.

- Physical evidence is more reliable than eyewitnesses to crimes.
- Court decisions have made physical evidence more important.
- Physical evidence is expected by juries in criminal cases.

Unit-4

Classifications and types of market

Contents:-

- Conventional classification of markets.
- Services marketing its main features importance, growth functions.
- Rural marketing features and its contribution to Indian economy**,** problems and measures to improve
- Recent trends in Marketing- 1.Green Marketing concepts 2.,Digital Marketing, 3.Virtual Marketing, 4.Hybrid Marketing

Market:-

The term 'market' originated from Latin word 'marcatus' having a verb 'mercari' implying 'merchandise' 'ware traffic' or 'a place where business is conducted'. For a layman, the word 'market' stands for a place where goods and persons are physically present. For him, 'market' is 'market' who speaks of 'fish market', 'mutton market', 'meat market', 'vegetable market', 'fruit market', 'grain market'. For him, it is a congregation of buyers and sellers to transact a deal.

Classification of Markets

Now we have seen what is a market. Let us learn more about the classification of markets. Broadly there are two classifications of markets – the product market and the factor market. The factor market refers to the market for the buying and selling of factors of production like land, capital, labor, etc. The other classification of markets are as follows,

On the Basis of Geographic Location

Local Markets: In such a market the buyers and sellers are limited to the local region or area. They usually sell perishable goods of daily use since the transport of such goods can be expensive.

- **Regional Markets:** These markets cover a wider are than local markets like a district, or a cluster of few smaller states

- **National Market:** This is when the demand for the goods is limited to one specific country. Or the government may not allow the trade of such goods outside national boundaries.

- **International Market:** When the demand for the product is international and the goods are also traded internationally in bulk quantities, we call it an international market.

On the Basis of Time

- **Very Short Period Market:** This is when the supply of the goods is fixed, and so it cannot be changed instantaneously. Say for example the market for flowers, vegetables. Fruits etc. The price of goods will depend on demand.

- **Short Period Market**: The market is slightly longer than the previous one. Here the supply can be slightly adjusted.

- **Long Period Market**: Here the supply can be changed easily by scaling production. So it can change according to the demand of the market. So the market will determine its equilibrium price in time.

On the Basis of Nature of Transaction

- **Spot Market:** This is where spot transactions occur, that is the money is paid immediately. There is no system of credit

- **Future Market**: This is where the transactions are credit transactions. There is a promise to pay the consideration sometime in the future.

On the Basis of Regulation

- **Regulated Market**: In such a market there is some oversight by appropriate government authorities. This is to ensure there are no unfair trade practices in the market. Such markets may refer to a product or even a group of products. For example, the stock market is a highly regulated market.

- **Unregulated Market**: This is an absolutely free market. There is no oversight or regulation, the market forces decide everything

➢ Definition of Service Marketing:

Service marketing is marketing based on relationship and value. It may be used to market a service or a product. With the increasing prominence of services in the global economy, service marketing has become a subject that needs to be studied separately. Marketing services is different from marketing goods because of the unique characteristics of services namely, intangibility, heterogeneity, perishability and inseparability.

The American Marketing Association, defines services as activities, benefits, or satisfactions that are offered for sale or provided with sale of goods to the customer, that is, pre-sale and after-sales services. Berry states, 'while a product is an object, devise or physical thing, a service is a deed, performance, or an effort'.

➢ Features of Services:

1. Intangibility:

A physical product is visible and concrete. Services are intangible. The service cannot be touched or viewed, so it is difficult for clients to tell in advance what they will be getting. For example, banks promote the sale of credit cards by emphasizing the conveniences and advantages derived from possessing a credit card.

2. Inseparability:

Personal services cannot be separated from the individual. Services are created and consumed simultaneously. The service is being produced at the same time that the client is receiving it; for example, during an online search or a legal consultation. Dentist, musicians, dancers, etc. create and offer services at the same time.

3. Heterogeneity (or variability)

Services involve people, and people are all different. There is a strong possibility that the same enquiry would be answered slightly differently by different people (or even by the same person at different times). It is important to minimize the differences in performance (through training, standard setting and quality assurance). The quality of services offered by firms can never be standardized.

4. Perishability:

Services have a high degree of perishability. Unused capacity cannot be stored for future use. If services are not used today, it is lost forever. For example, spare seats in an aeroplane cannot be transferred to the next flight. Similarly, empty rooms in five-star hotels and credits not utilized are examples of services leading to economic losses. As services are activities performed for simultaneous consumption, they perish unless consumed.

5. Changing demand:

The demand for services has wide fluctuations and may be seasonal. Demand for tourism is seasonal, other services such as demand for public transport, cricket field and golf courses have fluctuations in demand.

6. Pricing of services:

Quality of services cannot be standardized. The pricing of services are usually determined on the basis of demand and competition. For example, room rents in tourist spots fluctuate as per demand and season and many of the service providers give off-season discounts.

7. Direct channel:

Usually, services are directly provided to the customer. The customer goes directly to the service provider to get services such as bank, hotel, doctor, and so on. A wider market is reached through franchising such as McDonald’s and Monginis.

➢ Rural marketing:-

Definition:

The **Rural Marketing** refers to the activities undertaken by the marketers to encourage the people, living in rural areas to convert their purchasing power into an effective demand for the goods and services and making these available in the rural areas, with the intention to improve their standard of living and achieving the company's objective, as a whole.

➢ Features of Rural Marketing:

1. Large and scattered population:

According to the 2001 census, 740 million Indians forming 70 per cent of India's population live in rural areas. The rate of increase in rural population is also greater than that of urban population. The rural population is scattered in over 6 lakhs villages. The rural population is highly scattered, but holds a big promise for the marketers.

2. Higher purchasing capacity:

Purchasing power of the rural people is on rise. Marketers have realized the potential of rural markets, and thus are expanding their operations in rural India. In recent years, rural markets have acquired significance in countries like China and India, as the overall growth of the economy has resulted into substantial increase in purchasing power of rural communities.

3. Market growth:

The rural market is growing steadily over the years. Demand for traditional products such as bicycles, mopeds and agricultural inputs; branded products such as toothpaste, tea, soaps and other FMCGs; and consumer durables such as refrigerators, TV and washing machines has also grown over the years.

4. Development of infrastructure:

There is development of infrastructure facilities such as construction of roads and transportation, communication network, rural electrification and public service projects in rural India, which has increased the scope of rural marketing.

5.Low standard of living:

The standard of living of rural areas is low and rural consumers have diverse socio-economic backwardness. This is different in different parts of the country. A consumer in a village area has a low standard of living because of low literacy, low per capita income, social backwardness and low savings.

6. Traditional outlook:

The rural consumer values old customs and traditions. They do not prefer changes. Gradually, the rural population is changing its demand pattern, and there is demand for branded products in villages.

7. Marketing mix:

The urban products cannot be dumped on rural population; separate sets of products are designed for rural consumers to suit the rural demands. The marketing mix elements are to be adjusted according to the requirements of the rural consumers.

Rural marketing in Indian economy can be classified mostly under the following two categories −

- the markets for consumer durables consists of both durable and non-durable goods
- the markets for agricultural products which include fertilizers, pesticides, seeds, and so on.

Rural marketing in India is sometimes mistaken by people who think rural marketing is all only about agricultural marketing. Rural marketing determines the carrier of business activities from urban sectors to the rural regions as well as the marketing of various products manufactured by the non-agricultural workers from rural to urban areas.

The following are the characteristics of rural markets −

- Here agriculture is first and also the main source of income.
- This income is seasonal in nature and fluctuates as it depends on crop production.
- Though it is large, the rural market is geographically scattered.
- It shows religious, cultural and economic disparities.
- The market is not much developed, because the people here exercise adequate purchasing power.
- These markets have their orientation in agriculture, with poor standard of living, low per capital income and backwardness.

Problems and measures to improve:-

1. Deprived people and deprived markets:

The number of people below the poverty line has not decreased in any appreciable manner. Thus, poor people and consequently underdeveloped markets characterize rural markets. A vast majority of rural people is tradition bound, and they also face problems such as inconsistent electrical power, scarce infrastructure and unreliable telephone system, and politico-business associations that hinder development efforts.

2. Lack of communication facilities:

Even today, most villages in the country are inaccessible during the monsoons. A large number of villages in the country have no access to telephones. Other communication infrastructure is also highly underdeveloped.

3. Transport:

Many rural areas are not connected by rail transport. Many roads have been poorly surfaced and got severely damaged during monsoons. The use of bullock carts is inevitable even today. Camel carts are used in Rajasthan and Gujarat in both rural and urban sectors.

4. Many languages and dialects:

The languages and dialects vary from state to state, region to region and probably from district to district. Since messages have to be delivered in the local language, it is difficult for the marketers to design promotional strategies for each of these areas. Facilities such as phone, telegram and fax are less developed in villages adding to the communication problems faced by the marketers.

5. Dispersed markets:

Rural population is scattered over a large land area. And it is almost impossible to ensure the availability of a brand all over the country. District fairs are periodic and occasional in nature. Manufacturers and retailers prefer such occasions, as they allow greater visibility and capture the attention of the target audience for larger spans of time. Advertising in such a highly heterogeneous market is also very expensive.

6. Low per capita Income:

The per capita income of rural people is low as compared to the urban people. Moreover, demand in rural markets depends on the agricultural situation, which in turn depends on the monsoons. Therefore, the demand is not stable or regular. Hence, the per-capita income is low in villages compared with urban areas.

7. Low levels of literacy:

The level of literacy is lower compared with urban areas. This again leads to a problem of communication in these rural areas. Print medium becomes ineffective and to an extent irrelevant, since its reach is poor.

8. Prevalence of spurious brands and seasonal demand:

For any branded product, there are a multitude of local variants, which are cheaper and hence more desirable. Also, due to illiteracy, the consumer can hardly make out a spurious brand from an original one. Rural consumers are cautious in buying and their decisions are slow, they generally give a product a trial and only after complete satisfaction they buy it again.

9. Different way of thinking:

There is a vast difference in the lifestyles of the people. The choice of brands that an urban customer enjoys is not available to the rural customer, who usually has two to three choices. As such, the rural customer has a fairly simple thinking and their decisions are still governed by customs and traditions. It is difficult to make them adopt new practices.

10. Warehousing problem:

Warehousing facilities in the form of godowns are not available in rural India. The available godowns are not properly maintained to keep goods in proper conditions. This is a major problem because of which the warehousing cost increases in rural India.

11. Problems in sales force management:

Sales force is generally reluctant to work in rural areas. The languages and dialects vary from state to state, region to region, and probably from district to district. Since messages have to be delivered in the local language, it is difficult for sales force to communicate with the rural consumers. Sales force finds it difficult to adjust to the rural environment and inadequate facilities available in rural areas.

12. Distribution problem:

Effective distribution requires village-level shopkeeper, toluka-level wholesaler/dealer, district-level stockist/distributor, and company-owned depot at state level. These many tiers increase the cost of distribution.

➢ Recent trends in Marketing:-

Green Marketing concept:-

Green marketing is the marketing of environmentally friendly products and services. It is becoming more popular as more people become concerned with environmental issues and decide that they want to spend their money in a way that is kinder to the planet.

Green marketing can involve a number of different things, such as creating an eco-friendly product, using eco-friendly packaging, adopting sustainable business practices, or focusing marketing efforts on messages that communicate a product’s green benefits.

This type of marketing can be more expensive, but it can also be profitable due to the increasing demand. For example, products made locally in North America tend to be more expensive than those made overseas using cheap labor, but they have a much smaller carbon footprint because they don’t have to fly across the globe to get here. For some consumers and business owners, the environmental benefit outweighs the price difference.

Green Marketing Methods

Beyond making an environmentally friendly product, business owners can do other things as part of their green marketing efforts. The following can all be part of a green marketing strategy:

- Using eco-friendly paper and inks for print marketing materials
- Skipping the printed materials altogether and option for electronic marketing
- Having a recycling program and responsible waste disposal practices
- Using eco-friendly product packaging
- Using efficient packing and shipping methods
- Using eco-friendly power sources
- Taking steps to offset environmental impact

2. Digital Marketing

Digital marketing is the use of the Internet, mobile devices, social media, search engines, and other channels to reach consumers. Some marketing experts consider digital marketing to be an entirely new endeavour that requires a new way of approaching customers and new ways of understanding how customers behave compared to traditional marketing.

Digital marketing targets a specific segment of the customer base and is interactive. Digital marketing is on the rise and includes search result ads, email ads, and promoted tweets – anything that incorporates marketing with customer feedback or a two-way interaction between the company and customer.

Internet marketing differs from digital marketing. Internet marketing is advertising that is solely on the Internet, whereas digital marketing can take place through mobile devices, on a subway platform, in a video game, or via a smartphone app.

➢ Virtual Marketing:-

Virtual marketing is essentially just another name for digital marketing or viral marketing.

All three of these terms simply mean marketing that is done in a virtual or digital space. It is marketing, without physical presence.

Virtual marketing is one of the most popular forms of marketing, rising in conjunction with the wide use of social media across the world.

What is Viral Marketing?

Viral marketing is nothing more than a strategy that you can use to get people to promote your app (or any other product) via their existing social networks.

How a Viral Marketing Campaign Works

Building and setting a viral marketing campaign into motion is basically **creating content so engaging and so relevant** that people can't help but share it with their friends: "Hey, you HAVE to see this!"
You plan and produce the content. You make it as shareable as possible. Then you release it in the hopes that it spread via word of mouth.

This is what makes it unpredictable. Not everything a marketer creates will resonate with their audience. And even if it does, not every resonant piece will persuade users to spread it to their circles.

➢ Viral Marketing Advantages

- **Low cost**: It doesn't need to cost much to produce something that people will want to share. Sometimes it's the simplest ideas that resonate the most. And when done right, it can give you excellent ROI.
- **Reach**: Going viral spreads your message and your brand much further than you might expect.
- **Credibility**: Suddenly, your brand is on everyone's feed. Or becomes the topic everyone brings up at a party. If done well, this is your ticket to instant (and hopefully lasting) brand awareness.

➢ Hybrid marketing:-

Hybrid marketing is a promotional approach that combines traditional **marketing** and digital **marketing**. Instead of focusing solely on online platforms or in-person touch points, **hybrid marketing** merges both approaches to create a more effective and extensive outreach plan.

Hybrid Marketing Best Practices

Use consistent branding. Hybrid marketing messages are spread throughout multiple, varied platforms, but they should always feel like they are from the same place. Use consistent branding elements, colors, and fonts so audiences always recognize your brand. Get our free branding guide for tips on creating a cohesive look and feel for your businesses

Make experiences feel seamless. Like branding, the hybrid marketing experience should also feel smooth and coherent. Each customer touch point should feel connected and united. Consider how your in-person and online touch points interact with each other. Ensure that if a customer sees something in your store or at a tradeshow, they will find the same message on your online platforms.

Adjust content for the platform. While branding, messaging, and experiences should be consistent, they should also feel natural in their environment. Don't take content from one platform and simply reuse it on another. Consider the nuances of each platform and use creativity to adjust your content so it matches the medium. For example, don't republish printed brochures as PDFs on your website. Change the content to blog post text to match the native platform.

THANK-YOU….!!!