

10.1.3 Difference between Marketing and Selling :

Sr. No.	Point of Difference	Marketing	Selling
(1)	Meaning	Marketing is an identification of the needs of the consumer through the process of creating profit and consumer satisfaction.	Exchange of goods or service for money is known as selling.
(2)	Area of Work / Scope	The area of work is very wide which includes understanding the requirement of consumer, develop new products, determining price and provide after sale service.	The area of work is limited which includes the transfer of ownership of products from the seller to the consumer.
(3)	Objective	Earning profit through customer satisfaction.	Earning profit by selling products and services.
(4)	Parties	Suppliers of product, middlemen involved in sale distribution, consumers are the parties involved in marketing.	Buyers and sellers are the parties involved.
(5)	Beginning and End	Marketing process begins with market research and goes till after sales service.	Sales starts after production and ends with providing goods or service to consumer.
(6)	Need for Capital	Storing products, gradation, packing, labeling, transportation of goods requires considerable working capital.	Due to the restricted area of operation, working capital requirement is less.
(7)	Direction of Efforts	Efforts are made in manufacturing the product as per the need of consumer and making them reachable to consumer.	Making efforts towards preparing consumers to accept the existing product.

10.2 Ideologies/Concepts/Views of Marketing Management

Present marketing is not accidental. It has developed over a period of time. Marketing is an intense activity of fulfilling the desires and wants of the consumers. Business firm keep in mind various philosophies or concepts and develop marketing programmes for marketing. There are five main concepts.

10.2.1 Production Concept : In this concept emphasis is placed on product availability and price. Consumer prefers a cheap product. This concept is known as production oriented concept. Wherever

quality is not given importance but availability and low price is preferred, than it is said that production concept is followed. According to this concept, the producer does not believe in giving any extra facility or feature in the product. In underdeveloped countries this concept is widely seen.

10.2.2 Product Concept : This concept emphasis on quality of the product. Here it is believed that consumer insists on the quality. Hence many business units are seen to be continuously improving the quality. Good quality product are available at a relatively higher price. Those who follow this concept, continuously concentrate on research and development.

10.2.3 Selling Concept : This concept is also known as sales based concept which emphasizes on selling process. It appeals and attract the consumer to buy the product directly or indirectly. Aggressive marketing methods are adopted, various methods of sales promotion are adopted like advertising, campaign, direct selling etc. Here efforts are made to create demand. Without sales promotion efforts, complete reaction from the consumers cannot be received.

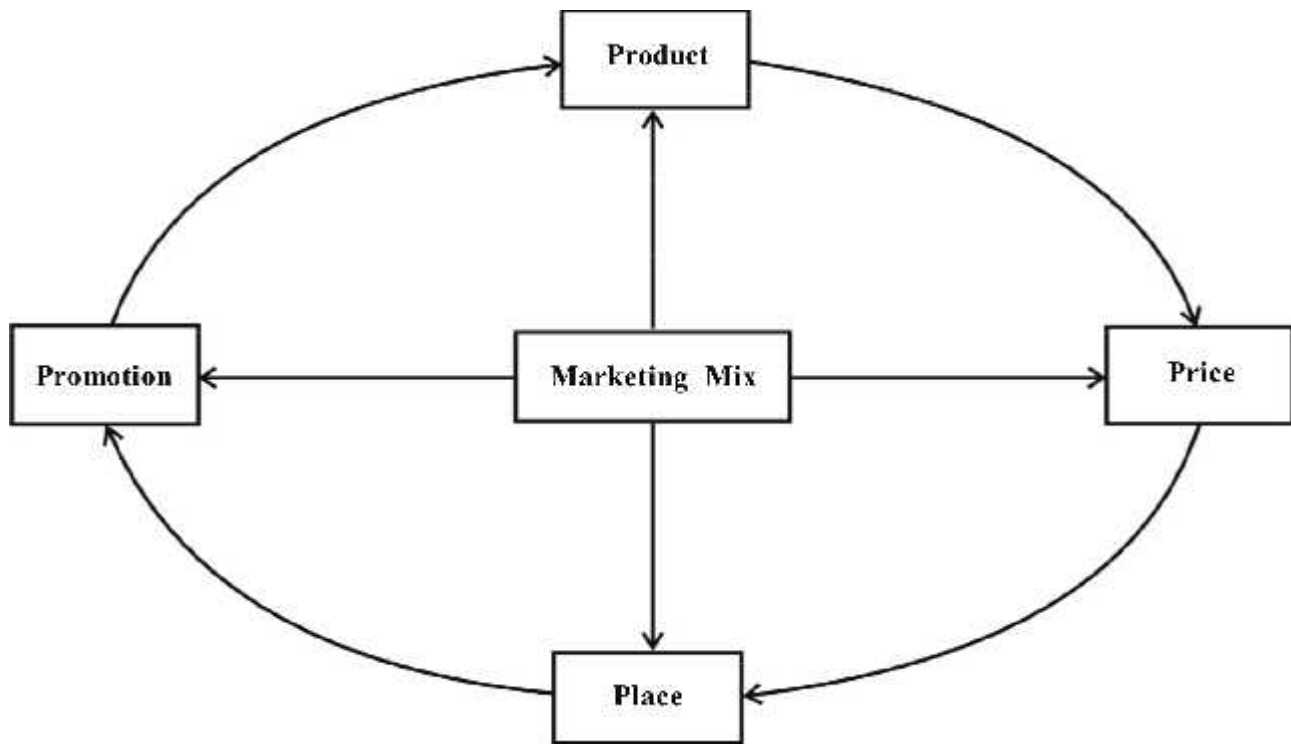
The complete emphasis is not given on the need of consumer. But all the efforts are made in converting goods in to cash. This concept ignores consumers' dissatisfaction.

10.2.4 Marketing Concept : This concept can be called as user based concept. Production is undertaken by taking up research on preferences, habits, desires etc. of the consumers. All marketing policies are formulated by keeping consumers in the center. Consumer is the king of the market-such philosophy will be reflected in the marketing activities. "The aim of this concept is to provide effective and efficient product as compared to competitors." Consumers' satisfaction is the objective of this concept. Marketing concept is the most modern of all the above concepts which benefits number of firms, consumers and society. In present time in India's business field, huge industrial units have adopted marketing concept.

10.2.5 Social Concept : It is also known as societal oriented concept. Marketing concept has been criticized as it gives priority only to the consumer's preferences. In the marketing concept efforts are made to know the wants of the consumers and satisfy them but due to that in the long run, interest of the consumer, society and the country were at risk. Alongwith that there is wastage of resources also. According to this concept marketing management should be done in such a way that consumers' wants are fulfilled and at the same time it creates least harm to environment. That is the reason why number of firms have reduced the use of plastic in packing and reduced air pollution through control of emissions from industrial units. There is a spread of an ideology where ready to eat food is available but at the same time it should not be harmful to health and it should be pure and healthy. To control the consumption of junk food, some states have imposed "fat tax" too. In the same way controlling of air and noise pollutions have been emphasized.

10.3 Marketing Mix

10.3.1 Concept : To launch a product in the market successfully and to maintain its importance in the market, a number of policies that are adopted by a producer is known as marketing mix. Marketing mix is a group of constituent forces which are under the control of firms and which is used to promote consumers satisfaction. A business unit does not have any control on external environment but they have direct control on internal forces which directly influence the consumers. But these factors affect the consumers. Marketing mix helps in attaining the marketing objectives of a firm. The four constituents in the marketing mix are known as 4Ps (1) Product (2) Price (3) Place (4) Promotion.



10.3.2 Product : Product can be goods or services which can satisfy the want of a consumer. Product is the starting point of marketing which can satisfy the want of a consumer. Hence product is the base for marketing process.

10.3.2.1 Concept : There are number of decisions involved in product mix. It includes features, packaging, branding, labeling and after sales service. All types of marketing activities which are required to satisfy the consumers are included. It also includes placing the product in the market, do changes in the product, give after sales service, complaint redressal regarding product. Apart from these, branding, packaging, labeling activities are included.

10.3.2.2 Branding :

Meaning : To distinguish own product from the products of competitors, branding is essential. For this the producer labels-a name, logo, design or number which can help the consumers in identifying the product. It gets legal approval for its protection and it is called a trademark. A brand provides identity for the product. While deciding the name of the product, its features are kept in mind. The product name should convey a particular meaning and easy to remember. Often the philosophy of the organization is kept in mind while deciding the name or a symbol.

Definition : “When the product of one producer is to be easily identified from that of products of other producers and no one else can copy it by using name, logo, number, design on the label etc. it is known as branding.”

Features :

- (1) Through branding, consumers experience a feeling of consistency in quality of the product.
- (2) While labeling and creating designs or symbols, various colors are used. Specific colors or designs are used to symbolize.

- (3) Whatever logo is chosen is printed on the packing.
- (4) Brand of a firm shows the features, advantages, uses, personality and culture of the product.
- (5) Symbol is a unique identity.
- (6) Symbol is a verbal and visual identity.
- (7) Product with a symbol can be sold in the market at a high price.
- (8) Sellers can sell the product with a symbol, easily and more.

10.3.2.3 Labelling :

Concept : Labelling is a piece of paper pasted on the primary packing of the product which shows the information of the product in detail. Generally labelling provides all information in detail about the product. In which weight, size, price, date of manufacturing, ingredients, expiry date etc. of the product are shown. It helps the consumers. It indicates the procedure and the uses of the product. Quite often it provides directions for opening the packing too. Every packing should have brand name-compulsorily. Most producers provide toll free number to contact them for any complaint.

Functions :

- (1) Helps in identifying the product.
- (2) Gives full information about the quality and type of the product.
- (3) All information regarding product is provided to the consumer.
- (4) Direction of use of product is given to the consumer.
- (5) It creates attraction for the product which helps in advertisement and personal service.
- (6) It complies with the legal requirement.

10.3.2.4 Packaging : Packaging performs the function of decorating the product. Packaging is in the form of plastic bags, cloth bags, cardboard box, plastic barrels, boxes etc. The success of many products lie in their packing. Packaging is a function to provide the protection to the product. Packaging is always necessary. Packing makes product attractive. It helps in transporting the product easily. Product can better be used when it is packed. It can be used for advertising too.

10.3.3. Price : Price determination of a product is most important for any business unit. Price is very important for both the buyers and sellers in the market. Demand for a product is inversely related to the price of that product. When price of the product rises, demand tends to fall and when price fall the demand rises. Price determination process of any business unit determines the market situation. A firm's income and profit depends on the price of product. Every firm has to fix reasonable price for the product.

10.3.3.1 Concept : Price refers to the value paid by the consumer for the physical, economic, social and psychological satisfaction received from the product. Price is the economic value of a product, which is generally depicted in the form of money.

10.3.3.2 Factors Affecting Pricing :

(1) Production Cost : The most important aspect in price determination is production cost. It includes, raw material cost, production cost, administrative cost, sales and distribution expenses etc. While determining price of a product, cost of production is considered. While a new product is launched,

number of expenses are incurred. Such expenses are included in the selling price of the product. No price can be fixed lesser than the cost of production.

(2) Demand for the Product : Demand for the product and the price of that product are directly related. Factors like consumers taste and preference, number of consumers, their purchasing power, number of competitors in the market affect the demand for a product. When demand for a product is high, the price of the product can be kept high but when the demand for the product is low, price is to be kept low. When competitors are more or when the demand of a product of competitors is high, the producer has to fix the price in such a way that it is same as that of competitors. When competitors are less, price can be kept high and more profit can be earned.

(3) Competition in the Market : The extent of competition affects the product price directly. Producer fixes competitive price when the number of competitors are more and competition is high. Price is fixed on the basis of the objectives like to beat competitors or to make their entry difficult or to expel them from the market. If the prestige of the firm is high in the market, it can charge more price from the consumers than the competitors.

(4) Governmental and Legal Controls : Those business units which enjoy monopoly usually charge high price. Government imposes control on such business units to protect the interest of the people. Prices of many products are highly fluctuating, and therefore number of legal controls are imposed. These factors have to be taken into consideration while determining product price. Government imposes certain regulatory control on product which are essential for life e.g. lifesaving drugs, petrol, diesel, paper for daily newspaper etc.

(5) Price Determination on the Basis of Objectives :

(A) Maximum Profit : This objective is aimed, when monopoly is in existence and when the product is produced after having incurred heavy research expenses.

(B) To Acquire Dominant Position in the Market : In most cases to acquire dominant market share, prices are kept at a very low level to attract consumers.

(C) To Sustain Competition : When competitors are more and when competition is high, the business firms are ready to fix prices lower than or at par with that of his competitors.

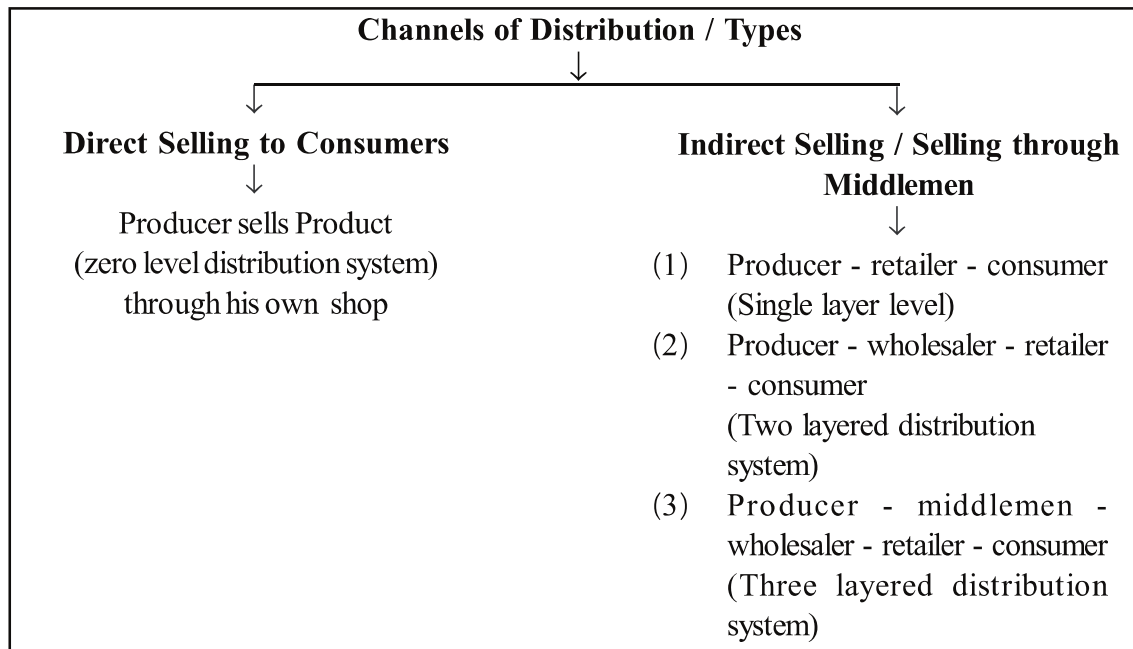
(6) Economic Condition : Existing economic condition plays an important role in determining the price of the product. If the economic condition of the country is good, price can be fixed at a higher level and if there is a recession, product price is reduced.

(7) Buying Behavior : Consumer behavior plays an important role in product price determination. Factors that determining consumers' behavior include, consumers' habits, social, cultural, individual, personal and economic condition. Due to these factors, the attitude towards the product may change and ultimately product do not get desired or expected response from the consumers. It is desirable to determine the price of the product after considering all these factors.

10.3.4 Place (Distribution) :

10.3.4.1 Concept : Distribution refers to an arrangement of making the final product available at a place where it is required, when it is required and in whatever quantity it is required. When the existing and expected consumer group is huge and widespread and are spread in heterogeneous geographical areas, distribution plays a very vital role. Producer does not come into direct contact with the consumer but has a link through various middlemen. For e.g. all car manufactures have distributors, throughout the country. Thus distribution system is designed on the basis of type of product, number of consumers, geographical area etc. Care is taken to make the product reach to consumers at lowest possible cost. In this function handling and storage of product are included. The distributors provide required information to manufacturers.

10.3.4.2 Channels of Distribution :



(1) Direct Sales : In this the producer himself supplies product to the buyer. Producer supplies it from his factory or his own shop or show room. This method of distribution is the shortest and easiest method of distribution. Apart from this selling through post, door-to-door selling by salesman, sales through on-line shopping are also included. In this type of distributing system there is no layer/level. Hence is known as zero level distribution system.



The reach by the producer to the larger consumer group is not possible. It is also not useful for all types of products. There are few limitations of this method.

(2) Indirect Sale - Sale by Mediator : Indirect sale refers to the distribution by the producer through one or more mediators. In this method the producer can reach vast consumer group through mediator. This method used when the price of the product is low and it is more necessary in daily life. For e.g. cooking gas cylinder distribution system.

(A) Single level Distribution : In this distribution system retailer is the only mediator who acquires the product from the producer and distributes it to consumer. Generally, for specialised products such distribution system is adopted.



(B) Double Level Distribution System : In this distribution system wholesaler and retailer enable the products to reach the consumer. Wholesaler buys the products from the producer in large quantities and sells it to the retailers in small quantities who in turn sells it to the consumer. The risk of sales reduces for the producer as wholesaler purchase in lump sum. Moreover, wholesaler provides storage and ware housing-services too. Sometime producer frames the retailing network for each wholesaler so that the products can reach to the final consumer. Daily use products like soap, toothpaste, battery, and shaving cream, etc. can be easily distributed under this distribution system.



(C) Three Level Distribution System : In this distribution system consumer and producer have three mediator in between them. The products reach the agents or middlemen from producer and then he sends it to various wholesalers. These wholesalers then distributes it to the retailers. The producers are only in direct contact with agents or middlemen. As producer deals with only agents regarding product and monetary transactions, the dealings become convenient. This method is useful when the production is limited or when the product is accepted to everyone.



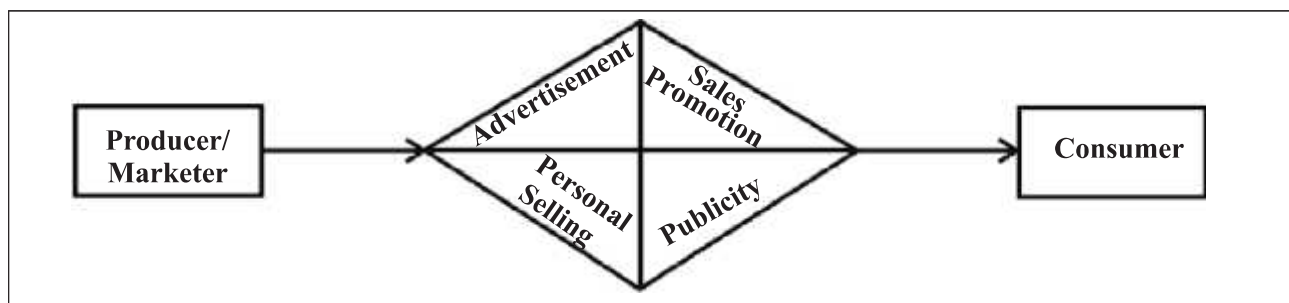
10.3.5 Promotion :

10.3.5.1 Concept : Promotion is an important part of marketing mix. An important function of promotion is to provide information regarding new product to the existing consumers and the potential consumers. In the process of promotion, producer tries to explain, to existing consumer as well as to the potential consumers for the purchase of products. This converts potential consumers into actual consumers. Promotion creates attraction towards the product. Through promotion demand for the product can be increased and the business unit can create an impression in the market.

Introduction of Components : Promotion mix is such a group of tools which provides the information about the product and services to the consumers and persuade them to buy the product. Promotion mix includes advertisement, personal selling, sales promotion and publicity.

Every business unit uses promotion tools to different extent. Promotion mix is determined after considering attitude of consumer for purchase of product, nature of product, price of product, etc.

Promotion Mix



10.3.5.2 Advertisement :

10.3.5.2.1 Concept : Producer uses different medium to advertise the product or service to the people. Thus, it can be said that the most important, famous and acceptable tool of promotion is advertisement.

Definition : Advertisement is paid form of non-personal information of goods and services in which advertiser's identity is easily traced. Those products which have low demand in the market can be promoted with the help of advertisement. Advertising can be done through TV, radio, dailies, magazines, internet, etc.

10.3.5.2.2 Role (Functions) of Advertisement :

(1) **Creates Demand :** Through advertisement one can give information regarding the availability of product in the market which leads to rise in demand for the product. The consumers are informed about the different uses of a product for e.g. cold coffee. For new products, advertisement becomes inevitable. When consumer get a knowledge of the product, initially they purchase it on an experimental basis. Thus advertisement increases the demand for the product.

(2) **Benefit of Large Scale Production :** With the help of advertisement, one can reach to the potential consumers. As a result, business unit gets more return than advertisement cost . This leads to higher demand of product. This leads to large scale production and ultimately to cost minimization and increase in profitability.

(3) **Product Awareness :** Through advertisement, information about product and its advantages is given to the potential users. Sometimes consumers' do not know how to use new product which can be done through advertisement. When a product has more than one usages then through advertisement such information is passed on to the potential consumers. Producer ensures the consumer regarding the quality of the product which increases the faith on the product. By showing the satisfaction of the users of the product, faith on the product can be created.

(4) **Helpful in Employment Generation :** Due to advertisement, demand for a product or service increases which leads to rise in production and employment opportunities. Apart from this people employed in the field of advertising like copy writers, advertising distributors, film makers, etc.

(5) **Betterment of Standard of Living :** Advertisements lead to knowledge of better products to the consumer. This enables the consumer to use better quality of products or services. Better and improved product usage leads to improvement in the standard of living of the people. Day to day functioning become easy.

(6) **Maintenance of Quantum of Sales :** Continuous advertising leads to remembrance of new product in consumer's mind. That is the reason why at the time of purchase, consumer shows a prompt preference for a particular brand of product and that maintains the sales at a consistent level. In other words, it can be said that advertisement proves very effective to withstand competition from the competitors. Market share is maintained with the help of advertisement.

10.3.5.2.3 Objections Against Advertisement :

- (1) Actually advertisement is an inseparable part of promotion, but there are many evils of advertisement. Due to advertisements, consumer is attracted towards the product and purchases it. At that time he does not think, whether the product is useful or not. Unnecessary expenditure is a social evil.
- (2) Higher expenses by the upper class creates inferiority complex for the poor.
- (3) Advertisement is an expensive activity. Often the business units spend huge amount on advertisement and includes that cost in the price. Hence the product to the consumer is sold at a higher price.
- (4) With intention to attract consumers and portrait competitors as inferior advertisement is used.
- (5) Goods of sub-standard quality also is being sold by creating attractive advertisement.
- (6) Many times unimpressive advertisements for unnecessary products are shown.
- (7) Very often consumers get information regarding bidi, cigarettes, liquor, chewing tobacco, etc. which results in harmful effects in the long run due to addiction.
- (8) Companies which produce almost identical products, undertake large scale advertisements which forces other competitors also to advertise.
- (9) Advertisements, in most cases are exaggerated which leads to cheating with the consumer.

10.3.5.3 Personal Selling :

10.3.5.3.1 Concept : Advertisement conveys the information of the product of a business unit to the consumer but sometimes, it does not give required result. Hence marketing manager rely to the next alternative of promotion which is personal selling. Generally in personal selling, seller directs and explains about the product to the prospective consumer. Personal selling creates faith in the minds of prospective consumers. Any doubt regarding the product in the minds of prospective consumers can be cleared by the seller. Personal selling not only creates awareness about the product but also creates a preference for the product.

Meaning : According to Prof. Philips Kotler, “Salesman is that person who represents the business unit to the consumer and his job is to highlight the nature of the product, demonstrate the product, and explain its usefulness to the consumer and clear doubts. Through personal selling the business unit creates a definite type of relationship with the consumer.”

10.3.5.3.2 Characteristics of Good Salesman : Every product requires personal selling. Seller always identify prospective consumers. During demonstration, the interaction that takes place between salesman and the prospective consumers and converts him into actual buyer. Through personal selling salesmen understands about consumers fashion, habits, orientation, likings, preferences etc. Such information becomes very important for a marketing manager.

The following are the characteristics of a good salesman :

- (1) Salesman should be smart, interactive and physically fit.
- (2) Salesman should be good in communication, intelligent and efficient.
- (3) The most important quality about a salesman is his ability to talk with the potential consumers’ style of presenting the product before a customer and the ability to convince a customer.
- (4) The salesman should have all the necessary information about the product he is presenting before a customer.
- (5) Honesty can be said to be an essential quality in a salesman. A salesman should be honest and should be having good character. He should be sincere and regular in his work.
- (6) A salesman is the representative of his company, therefore he should be polite. Company’s good image depends mainly on his behavior.
- (7) An ideal salesman should be always enthusiastic, disciplined and ambitious.

10.3.5.4 Sales Promotion :

10.3.5.4.1 Concept : Sales promotion is an important component utilized along with advertisement and personal selling in promotion. Advertisement and personal selling mainly give information about the product while sales promotion gives prompt reason to buy the product. Sales promotion is a group of techniques which quickly attracts the customers and results into sales.

Definition : According to Kotler, sales promotions are short-term incentives that encourage the customer to buy the product or service. Sales promotion have quick effects on customers.

10.3.5.4.2 Sales Promotion Techniques :

(1) **Sale :** When the product is offered at lower price than its actual price, it is known as sale. Generally such techniques used by business units to reduce closing stock.

(2) **Discount :** When actual price charged for a product is less than its original price it is known as discount. Sometimes defective products are sold at discount so that customer would get attracted.

(3) **Advertisement Coupon** : In this technique the marketing manager checks the effectiveness of the advertisement and customers are also given the benefits. Here, the customers are told to bring the cutting of the advertisement or the packing material on which they are given monetary benefit on their purchasing.

(4) **Gift** : Sometimes a small gift is given along with the main product. For e. g. giving 1 soap free on purchasing 3 soap bars. Sometime more quantity is given in the same price for e. g. giving 20% more shaving cream at the same price.

(5) **Additional Gift** : Looking at the requirements of the customers free additional gifts are given along with the main product. For e. g. giving toothbrush with a toothpaste. Sometimes, product not related with the main product is given as a gift. For e. g. giving one ballpen free on purchasing four units of a soap.

(6) **Lucky Draw** : In this technique the customer is given a coupon as a code and on a particular day results are declared and prizes are given to the winners. For e. g. Bharat petroleum gives prize winning coupons on buying of petrol of ₹ 200/- or more.

(7) **Facility of Interest Free Loans** : This technique is used when the product is high priced and the customer cannot afford to pay the amount all together. For e. g. giving interest free loans on buying a television set. Here a customer can begin the usage of product by paying a small amount for it.

(8) **Distributing Samples** : Sometimes samples are distributed for good items or low price products. Generally the samples are distributed only for the customer to experience the product. Shampoo, soap, oil, etc. are distributed free of cost in small sachet.

(9) **Organizing Competitions** : The producers organise competition in order to promote his new product. For e. g. the company making crayons for children would collect information about the customer by organizing drawing competition for them before launching new colors in the market. Here the winner gets the new product as a prize.

10.3.5.5 Publicity and Public Relation :

10.3.5.5.1 Concept of Publicity : Any form of non personal presentation of goods, services or ideas done through public media which is free of charge is known as publicity. The business unit doesn't have to pay any charge for this. Sometimes it is considered as a part of public relations. This is done by addressing public or giving a presentation or an interview in newspaper or on radio or on T.V channel, giving donation, inaugural function of an office by a film star or a cricketer.

10.3.5.5.2 Role of Publicity :

- (1) Publicity is considered to be the most reliable in all promotion mix.
- (2) For publicity, the company has not to pay anything therefore it is the cheapest promotion tool.
- (3) Sometimes publicity includes the task of public relations in which the marketing manager can give more information with less efforts.

- (4) Mass communication with reliability make publicity more effective.
- (5) Publicity helps sellers and distributors, as potential customers get informed about product or the company, it gives direct effect on selling efforts of sellers and distributors.

10.3.5.5.3 Concept of Public Relations : A company makes use of public relations for maintaining its prestige. Public relations is a group of activities that are designed or presented in such a way that it creates and maintains good impression of the company towards different parties involved with it.

Public relations include the following activities :

- (1) Giving news in the newspaper about the company.
- (2) Publishing the speech of director of the company.
- (3) Planning activities like seminar, workshops, competitions or sports activities.
- (4) Circulating news letter of company.
- (5) Informing society about public welfare activities organised by the company.
- (6) Planning social or cultural programmes.

10.3.5.5.4 Functions of Public Relation :

(1) Maintaining good relations with audio visual media is very important for creating good image of the company. Good relations with them can help the company to communicate with society about the product of the company or company itself.

(2) When the company develops a new product and introduces it in the market as a part of customer awareness programme, information about the product can be given officially.

(3) Matters such as company's news, employee's achievements, company's achievements and awards or prizes won by the company can be published with the help of company's newspaper or a magazine which can help to create good image of the company.

(4) Different parties involves with the company can come to know about company's futuristic policies by giving directors speech on different media.

(5) By organizing social activities and cultural programmes, society can be informed about company's social responsibility which helps to create good impression of the company.

(6) Public interest activities such as maintenance of garden, repairs of roads, health check-up, tree plantation etc. can help to solve the problems in the society and in creating social image of the company.

What did you learn in this chapter ?

Marketing Process : Marketing is a process through which the goods or services are moved from producers to the customers.

Functions of Marketing Process :

- (1) Marketing research (2) Collection of Goods (3) Transformation of raw material into consumable Goods (4) Standardisation and gradation (5) Labelling (6) Pricing (7) Packing (8) Storage of goods (9) Transportation (10) Insurance (11) Financial Arrangement (12) Advertisement (13) Arrangement of Sales and Distribution (14) Sales (15) After sales service

Difference between Selling and Marketing : (1) Meaning (2) Scope (3) Objectives (4) Parties (5) Beginning and end (6) Capital requirements (7) Direction of efforts

Concepts of Marketing Management : Different concepts to understand and implement the marketing management.

(1) Production Concept : It focuses on offering the product to consumer at the lowest cost.

(2) Product Concept : Producing better quality product and selling it at a high price, assuming that customer is quality conscious.

(3) Selling Concept : It focuses on an aggressive selling and promotion technique to raise stock turnover rate.

(4) Marketing Concept : The customer is in the centre and product is made from the view point of customer satisfaction.

(5) Social Marketing Concept : The concept of social responsibility- There should be protection of the social interest which means maintaining a balance between the satisfaction of customer and the interest of the society.

Marketing Mix : There are four components of marketing management that can achieve goal of the business unit by achieving customer satisfaction. They are product, price, place and promotion. They are also known as 4 Ps also.

(A) Product : That can satisfy the customer's need.

Branding : Branding means any type of sign, symbol or design which is intended to differentiate the product from competitor's product.

Characteristics : (1) Quality (2) Use of colors in symbols (3) Sign/symbol on packing (4) Name of brand emphasizing the basic features or benefits or usages of the product (5) Identification of the product (6) Sale on high price (7) Easy for the salesman

Labeling : Display of information such as product size or weight, price, date of manufacturing, ingredients, Expiry date, Method to use the product, etc.

Functions : (1) Easy identification of the product (2) Sufficient information about type and quality of the product (3) Information about product (4) Method of usage (5) Create Attractiveness (6) Satisfy legal and ethical needs.

Packaging : Covering of a product to protect, it is known as packaging.

(B) Price : Value paid by a customer for a product or service for his physical, economical, social or psychological satisfaction.

Factors Affecting Price : (1) Cost of product (2) Demand of product (3) Competition in the market (4) Government and legal restrictions (5) Objective oriented pricing (6) Economic conditions (7) Buyers' behavior

(C) Distribution : It refers to an arrangement of making the final product available at place where it is required, when it is required and in whatever quantity it is required.

Types of Distribution : (1) Direct sales (2) Sales through middlemen

(1) Direct Sales or Selling to the Customer : The manufacturer or seller directly sells to the customers.

(2) Indirect Sales/Sales Through Middlemen : Using indirect means with intermediaries.

(A) One Level : Only one mediator between a buyer and a seller.

(B) Two Level : Two mediator between a buyer and a seller.

(C) Three Level : Three mediator between a buyer and a seller.

(D) Promotion : It is an important marketing mix that creates attraction toward the product among the customers and converts potential customers into actual customers. In promotion advertisement, sales promotion, publicity and personal selling are included.

Advertisement : Producers use different mediums to advertise goods or services and they pay for that

Functions : (1) Creates demand (2) Advantages of large scale production (3) Information about product (4) Helps in job creation (5) Raises living standard (6) Maintains sales

Objections Against Advertisements : (1) Unnecessary purchasing-a social evil (2) Inferiority to poor (3) Expensive activity (4) To beat the competitors (5) Inferior quality product (6) Unimpressive presentation / obscenity (7) Information regarding unwanted goods (8) Forces to advertise others (9) Exaggeration.

Personal Selling : The job of presenting the product before the potential customers solving their doubts and converting them into actual buyers by a salesmen.

Characteristics of a Good Salesman : (1) Smart, efficient, interactive, physically fit (2) Efficient in communication (3) Style of presentation of new product (4) Technical information (5) Honesty (6) Politeness (7) Enthusiasm.

Sales Promotion : Short-term benefits offered to the customers that inspire the customer to buy the product.

Sales Promotion Techniques : (1) Sale (2) Discount (3) Advertisement coupon (4) Gift (5) Additional gifts (6) Lucky draw (7) Interest free loan (8) Distribution of samples (9) Organising competitions.

Publicity : Impersonal communication about the product of the company with help of mass media without paying any charges for it.

Role : (1) Most reliable (2) Free of cost (3) Includes public relations (4) Effective use of mass media (5) Helps the salesman and the middlemen.

Public Relations : Maintaining good relationship with all the parties involved with the company and creating good image of the company among them.

Role : (1) Good relationships with newspaper editors (2) Information about new products (3) Achievements of the company and its employees (4) Director's speech (5) Organizing social and cultural programmes (6) Public interest activities

Exercise

1. Select the correct alternative and write answer to the following questions :

- (1) What is Market Mix in marketing management ?
 - (A) Product, production, physical distribution and price
 - (B) Product, transportation, market and customer
 - (C) Product, competitors, government and others
 - (D) Product, price, promotion and physical distribution.

- (2) In marketing management, is at the centre.
(A) Product (B) Production (C) Customer (D) Profit
- (3) What is the main objective of branding ?
(A) Making the product more durable (B) Manufacturing the product according to law
(C) Advertising the product
(D) Differentiating company's product from the competitors
- (4) When the manufacturer sells the product directly to the customer, what can be said about the levels in distribution channel ?
(A) One (B) Two (C) Three (D) Zero
- (5) What is to be done by promotion ?
(A) increasing the price. (B) increasing the sales.
(C) increasing the production. (D) making necessary changes in the product.
- (6) Which of the following is the function of a salesman in personal selling ?
(A) Presentation of product before the potential customer
(B) Packing the product
(C) Personal use of the product (D) Appointing new salesman
- (7) Because of promotion techniques.....
(A) the customer get inspired to buy the product quickly.
(B) the customer doesn't try to understand the product.
(C) the middlemen stops selling the products to the customer.
(D) the retailers stop purchasing goods from the middlemen.
- (8) Which of the following is the function of a marketing manager ?
(A) Making the goods consumable (B) Storages of goods
(C) Market segmentation (D) Sales
- (9) What can happen because of excessive advertisement expenses ?
(A) It raises price of the product (B) The product becomes more attractive
(C) It improves quality of the product (D) The product is available everywhere
- (10) In public relation, an effort is made to create the positive environment among all the parties involved with the business towards the company.
(A) This statement is true.
(B) This statement is true only for the middlemen and retailers.
(C) This statement is true only for the potential customers.
(D) This statement is false.

2. Answer the following questions in one sentence each :

- (1) What is marketing management ?
(2) Give meaning of market research.
(3) What is personal selling ?
(4) What is sales promotion ?

- (5) What is promotion-mix ?
- (6) What is branding ?
- (7) Give meaning of 'publicity'.

3. Answer the following questions in short :

- (1) List out the advantages of labeling.
- (2) What is the need of 'storage of goods' ?
- (3) What is marketing-mix ? What it includes ?
- (4) Explain any two characteristics of branding.
- (5) Explain any two characteristics of a good salesman.

4. Answer the following questions in brief :

- (1) Explain the difference between selling and marketing.
- (2) Explain the role of advertisement in marketing management.
- (3) Explain the role of public relation.
- (4) Explain the selling concept in marketing.
- (5) Mention the characteristics of a 'good salesman'.

5. Answer the following questions in detail :

- (1) Explain the functions of marketing.
- (2) Explain the factors affecting the price of a product.
- (3) Explain the sales-promotion techniques.
- (4) Explain in detail the role of advertisement.



What will you learn in this chapter ?

● Introduction

11.1 Consumer Protection – Meaning, Concept and Importance

11.1.1 Meaning

11.1.2 Concept

11.1.3 Importance

(A) Importance of consumer protection from the view point of business

(B) Importance of consumer protection from the view point of consumer

11.2 Consumer Protection Act - 1986

11.2.1 Meaning of consumer protection

11.2.2 Rights and Responsibilities of Consumers

11.2.3 Institutions for Dispute Settlement

11.2.4 Available Solutions (Remedies)

11.3 Consumer Awareness

11.3.1 Role of Consumer Organizations and Non-Government Organizations

Introduction

It is proven that in a free market, consumer is the king of the market. The earlier slogan that “Consumer should be aware” has changed to “Seller should be aware”. It is found that to increase their share and to survive in the ever - increasing competition, producers of goods and services adopt unethical, exploitative and unfair practices. Due to such malpractices, consumers are being cheated. Consumers are forced to pay a higher price and at the same time they are experiencing insecurity due to defective products, health hazards due to adulteration and also due to wrong and misleading advertisements, sales of duplicate products, black marketing and hoarding of goods. The needs to protect consumers from unethical practices are on the rise. Such consumers who fall prey to various malpractices tend to put their lives to danger by unknowingly consuming such products. This is absolutely not justifiable.

11.1 Meaning, Concept and Importance of Consumer Protection

11.1.1 Meaning : Consumer protection means providing shield to consumer from the unethical, exploitative and unlawful practices of sellers or manufacturers.

11.1.2 Concept : The consumers either do not have the capacity to unite and become aware or do not have information regarding the legal measures in the event of consumer exploitation.

11.1.3 Importance : The exploitation of consumers can be predominantly categorised under three heads.

(1) **Physical and Mental Exploitation :** Consumers are disappointed and angry when they are forced to purchase sub-standard quality products or duplicate ones. The inferior ingredients used in the product, leads to physical problems.

(2) **Economic Exploitation :** Consumers are facing financial losses due to hoarding of goods, black marketing and charging higher price than the printed price.

(3) **Against Public Interest :** Public interest is not safeguarded when some products are produced by using certain materials which can cause harm to environment.

Meaning of Consumer : According to the Consumer Protection Act a consumer is “a person who receives goods or services against an exchange. He pays or agrees to compensate partly or fully or promises to compensate on a future date or has participated in some future payment plan. Any user

of the product or service who uses it on the basis of the permission of the purchaser is a consumer. But the one who purchases on a resale basis or for further production is not included under the definition of a consumer.”

11.1.3 Importance of Consumer Protection : The list of the functions of consumer protection is broad and detailed. The functions is not limited to only spreading awareness regarding consumers’ rights and responsibilities but also solving the genuine complaints of consumers. Just to legally protect consumers is not the end of the work. Consumers also should unite for their good and at various levels, consumer protection forum should be set-up.

Business units also understand the importance of the work of consumer protection. They can also maximize consumers’ welfare and protect them from malpractices earnestly.

(A) Importance of Consumer Protection from the View Point of Business :

(1) Use of Public Resources and Wealth : As every business is utilizing public resources and wealth continuously, it becomes their responsibility to promote social welfare by producing such goods and services which are useful to the society.

(2) Social Responsibility : It is proven that business has social responsibility towards various stakeholders’ group. Business returns are based on sale which is made to the consumers. Consumers also are the main stakeholders among the various groups of stakeholders. Business units safeguard the interest of various other groups in the same way they should do so honestly for consumers also.

(3) Part of the Society : Any business is a part of a society. Every seller is a customer of another seller. If consumer exploitation is inevitable then every person will have to experience exploitation. Hence, every seller should adopt such a policy which will increase the faith of the buyer and distance him from consumers’ exploitation.

(4) Impression on the Society : Business impacts the habits of the people of society, their life styles, thoughts, living standards, food habits, fashions, clothing etc. Thus can be changed through advertisement. That is why business policy should be proper and good business ethics remains the moral responsibility of the businessmen.

(5) Consumers’ Protection is Good for Business : Business units have realised that consumer’s wellbeing is essential for the wellbeing of business. The basic requirement of a competitive market is to reach out to the consumers and produce goods according to consumers’ preferences. Those manufacturers who fail to understand this, will lose market to their competitors. Therefore, it is in the interest of the business that the producer realises that he should develop his business by protecting and understanding the preference of the consumers. A satisfied consumer does not just not purchase the product again, but also recommends the product to various groups of people in the society which will attract new consumers.

(6) Principles of Trusteeship and Consumer Protection : According to Gandhiji’s principle of Trusteeship, whatever wealth the society has given to person should be used for the welfare of the people of the society. According to Gandhiji “Consumer is the most important person visiting the place of business. He is not dependent on the seller but we (sellers) are dependent on him. He does not interfere in our work but he is the objective of our business. He is not an outsider for our business but he is a part of our business. We do not favour him by providing a product of his choice but he does a favour by giving an opportunity to serve him”.

(B) Importance of Consumer Protection from the View Point of Consumer :

(1) Extensive Exploitation of Consumers : It is widely seen that business units are trying to increase their profit by producing sub-standard, adulterated and duplicate products and resorting to misleading advertisement, black marketing, hoarding of goods and other unethical and exploitative policies. Such wrong and irrelevant policies adopted by business units have resulted in a need for consumer protection.

(2) Ignorance of Consumers : Consumers are not aware about laws which empower them with rights or even if they are aware, they hesitate in taking legal steps or they have insufficient and misleading information. The prime importance is to spread awareness among the consumers regarding the laws which are in existence and the procedure therein.

(3) Lack of Unity among Consumers : An individual consumer always proves himself weak but if a large group of consumers unites and form a consumer protection forum, it becomes easy and effective to protect their interests. Such organizations have become active in India too. But till such organizations become strong, protection of consumers through law becomes essential.

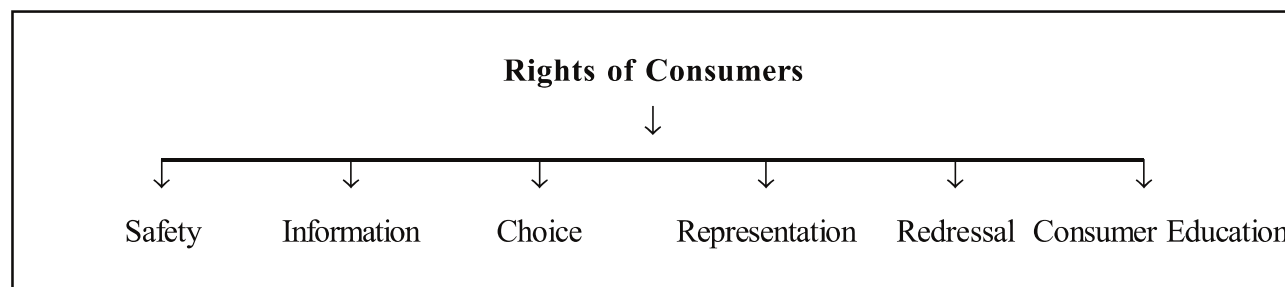
11.2 Consumer Protection Act-1986

Of the various measures adopted for consumer protection, Consumer Protection Act is the most important one. The main aim of this act is to protect the rights of consumers by guarding their interests. This Act protects consumers from defective products, services, irrelevant business policies and cheating. Through the legal system, a triple level layer has been set up to protect the interests of consumers in which at the district level, state level and national level facilities are set up for immediate registration of complaints and their quick redressal at less cost.

11.2.1 Meaning of Consumer Protection : Consumer protection refers to the measures taken against the manufacturers and sellers who adopt various means to exploit consumers for earning high profits to fulfil their greed.

11.2.2 Rights and Responsibilities of Consumer :

(A) Responsibilities of Consumer : Every consumer should get his due rights so that he can get protection from exploitation. Consumer Protection Act gives 6 rights to consumers. The Consumer Protection Forum which has been set up under the direction of Consumer Protection Law, encourages and protects the rights of consumers.



(1) Safety : Every consumer is entitled to get protection from products which are harmful to health. For instance, sub-standard electrical appliances can cause dangerous injuries to the consumer and hence such appliances should not be used. Standardised and superior quality appliances should be used so that consumers can be protected.

(2) Information : Consumer should get all information regarding the products like, ingredients, manufacturing date, directions for use, price, quality, purity etc. For this, legally, a manufacturer is bound to display all informations either, on the packing or on the label.

(3) Choice : Every consumer has a right to choose and hence they have a right to choose either goods or services. He must get them at a competitive price, right quantity, right place and right time. This right to selection on part of the consumer has brought in market variety in goods and services by way of quality, brand, price, size etc. by the producers. e.g. In the two wheeler range, there are wide varieties to satisfy the requirement of the consumers and if one wants to purchase a motor cycle, he gets variety for selection with variations regarding engine, power, color, design, etc.

(4) Representation : If a consumer is dissatisfied with a product or a service, he has the right to complain. Hence, most business units have set-up their own complaint redressal department. In India, many organizations which work for consumer protection help consumers to initiate the process of complaint.

(5) Redressal : If a consumer gets sub-standard quality of goods or services as compared to what he has been promised to get then accordingly, he should get relevant relief. Consumers are eligible for various types of relief under the Consumer Protection Act like replacement of goods or services or repair of the product or part. If there is any damage to the consumer a compensation is offered, Consumer has right to complain and there is equal right for redressal.

(6) Consumer Education : Every consumer has the right to know and also remained informed throughout his life. Consumer should get right quality, quantity at the given time, place and at an ideal price. To get assurance for all these; the consumer has the right to get educated. If a product or a service is sub -standard as against the assured quality, he should know that he is entitled to legal relief. Most business units and organizations who work for consumer protection are actively working to educate consumers.

Apart from this, the United Nations Organisation (UNO) has issued a directive recommending two more rights for the consumers (i) Basic Needs (ii) Hygienic Environment.

(i) Basic Needs : Basic Needs refer to the requirement of goods and services for a decent living.

(ii) Hygienic Environment : Hygienic environment is a protection from various types of pollution so that an individual can lead a quality life. Every individual has the right to get pollution-free air, water, food and land.

Responsibilities of a Consumer : We are all aware that without responsibilities, rights cannot be available. Every consumer should be conscious about the purchase of product or service, its use and after-consumption responsibilities.

(1) Conscious Use of Rights : Every consumer has number of rights which are legally available and the use of these rights require complete knowledge about it.

(2) Beware of Misleading Advertisements : Very often sellers and producers, in order to promote sales, resort to wrong and misleading advertisements. e.g. Consumption of a specific product will increase the energy level in a person immediately or specific types of drink will increase the height of person in a short span. While taking a decision regarding purchase of a product, such

misleading advertisement should be overlooked and the consumer should compare the product with other products. Inappropriate advertisements should be discontinued by drawing attention of the advertisers. If there are discrepancies between the informations provided in advertisements and the actual product, such discrepancies should be highlighted to the advertisers.

(3) Care During Purchase : No producer or seller should provide false incentive for the sake of selling the product. Consumer should emphasize on getting all the necessary informations regarding the product or service in question like - name of manufacturing unit and address, quality, quantity, direction for use, expiry date, ingredients, manufacturing date, weight, guarantee or warranty period and other conditions.

(4) Solicit for a Bill : Whenever a consumer purchases a product or a service, he should ask for the bill from the seller. If the purchased product or service is damaged or of a sub-standard quality or does not fulfill the characteristics of a product and if the consumer wants to complain to the Consumer Protection Forum, it is mandatory to submit the proof of purchase in the form of a bill. Every seller is bound legally to give a bill as a proof of his purchase.

(5) Solicit a High Quality : Special emphasis should be laid for a permanent solution from sub-standard quality of product and service. Problem of adulteration, duplicate products etc. are common. While purchasing, care should be taken to confirm whether it has got quality control certificate and standardization mark.

(6) Registration of Genuine Complaints : If there is any violation of consumer rights after the purchase of a product or a service, complaint should be registered by the consumer to the concerned authority. Very often consumers tend to ignore minor problems or violation of consumers rights which is not a correct approach. This trend encourages the seller to continue his exploitative tendencies. On the other hand, there are instances where consumers misuse their available rights and claim larger compensation for minor damages, which is also inappropriate.

(7) Spread of Consumerism : Every consumer should take active part in the set-up of Consumer Protection activity in spreading awareness among consumers regarding their well being and their rights.

(8) Environmental Protection : Every consumer should contribute to environmental protection. After the use of goods, the wastes should be disposed without spreading dirt or pollution. This is the primary responsibility of the consumer.

(9) No Involvement in Unethical Activities : When consumer is making purchase, he must follow legal matters. He should not involve himself in black marketing, hoarding of goods or any such kind of unethical practices. Thus, for customers first condition is to fulfill all the responsibilities before he should insist for his legal rights.

11.2.3 Grievances Redressal Organizations : A three layer mechanism has been set-up for complaint redressal of the consumers. These three levels are at the District Level, State Level and National Level. Generally, a consumer is the one who uses goods or services.

If there is any defect in product, consumer can take the help of dispute settlement organization.

He can register complaint individually or in the capacity of a representative of consumer Association at the District, State or Central level as the case may be. If the grievances are common, the consumers can do so collectively too. If the consumer is dead his legal heirs or his representative can do so. The main objective of maintaining the three tier redressal system is to make it fast and economical.