

UNIT 11

MARKETING MANAGEMENT

Introduction :

Marketing management is an important functional area of business.

- It is the process of planning, organising, directing and controlling the activities related to marketing of goods and services to satisfy customers needs & achieve organisational goals.

Market :

In the traditional sense, the market means a place where buyers & sellers gather to enter into transaction involving the exchange of goods & services. But in modern sense, market refers to meeting of buyers and sellers at a place, by telephone or by internet etc.

Marketing :

Marketing is a social process whereby people exchange goods & services for money or for something of value to them. Any thing that is of value to the other can be marketed e.g.

- | | |
|----------------------|----------------------------------|
| 1. Physical Products | - T.V. Mobile phone etc. |
| 2. Services | - Insurance, education etc. |
| 3. Person | - Selection for different posts. |
| 4. Place | - Agra Taj Mahal , etc. |

Importance features of Marketing :-

1. Need and want : Satisfaction of the needs and wants of individuals and organisations.
2. Creating a market offering : Complete offer for a product or service.
3. Customer value : greatest benefit or value for the money.
4. Exchange mechanism : Exchange of products / services for money / value.

Functions of Marketing / Marketing activities

1. **Marketing research** : Gathering and analysing marketing information i.e. what the customers want to buy, when they are likely to buy in what quantities do they buy, from where do they buy etc.
2. **Marketing planning** : Specific plan for increasing the level of production, promotion of the products etc and specify the action programmes to achieve these objectives.
3. **Product designing and development** ; Marketer must take decision like, what-product? Which model / size ? brand name? Packaged ? quality level? So that customer needs are satisfied.
4. **Buying & assembling** : e.g. car. Raw material like steel, tyres, batteries, seats, steering wheels etc are bought & then assembled in the form of a complete product.
5. **Packing / Labelling** : designing the package & labelling.
6. **Branding** : Creating a distinct identity of the product from that of competitors e.g. Videocon washing machine.

Concepts & Philosophies of Marketing :-

1. **Production concept** : Profits could be maximised by producing products at a large scale, thereby reducing average cost of production.
Drawback : Customer donot always buy inexpensive products.
2. **Product concept** : Business goals lies in making high quality products as customer favour them.
3. **Sales Concept** : Firms must undertake aggressive selling & promotion efforts to make customers buy their products.

Marketing Management :

Marketing management means management of the marketing function which are

1. Choosing a target market.
2. Creation of demand
3. Creating, developing & communicating superior value for the customers.
4. Market Shares.
5. Goodwill
6. Planning & controlling marketing activities.

Marketing Mix :

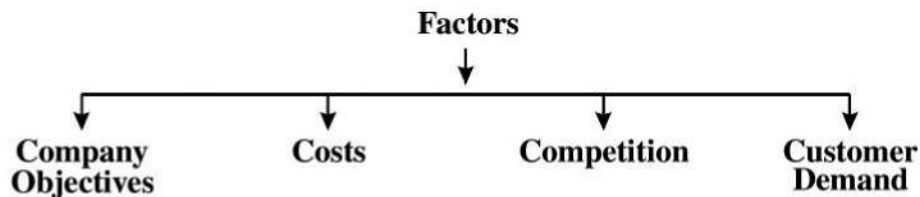
Marketing mix refers to ingredients or the tools or the variables which the markets mixes in order to interact with a particular markets.

Elements / 4 Ps of Marketing mix

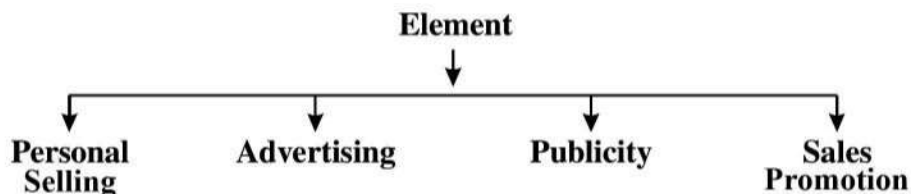
1. Product Mix : Product live e.g. Hindustan Lever Limited
 - Colgate, lifebouy etc.



2. Price Mix : Value (Money) in lieu of product / Service recieved by seller from a buyer.



3. Promotion mix : informing the customers about the products & persuading them to buy the same.



4. Place Mix : Physical distribution : Various decision regarding distribution of products.
 - Channels of distribution : Whether wholesalers, retailers to be used or not.
 - Physical movement of the products from producer to consumers.
 - Storage, transportation, managing inventory (stock) etc.

Products :

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

1. **Consumer Product** : Purchased by the ultimate consumers for personal needs.
e.g. Soap, toothpaste, textile etc.
2. **Industrial Products** : Used as inputs in producing other products eg. raw materials, tools etc.

Detailed Study of 4 P s (Elements) of Marketing Mix :

PRODUCT MIX Three components are

1. i) **Branding** - giving a name / a sign / a symbol etc to a product

eg. :Pepsi - 

Nike - 

Qualities of a **good Brand Name** :

1. **Simple and short** : A brand name should be simple and short as Tata, Bata.
2. **Easily Pronounceable** : A brand name should be easily pronounceable as Lux, Dalda.
3. **Suggestive** : Brand name should be self explanatory that suggesting the inherent quality of the product as Ujjala suggest more whiteness.
4. **Distinctive** : Brand name should be so distinctive that it highlights itself in the group of other brand name such as : Tide, Perk.

Advantages of Branding

1. Brand name helps in advertising in an easier way.
 2. Brand name establishes permanent identity of the product.
 3. Branded products can be easily identified by consumers.
 4. Brand name promotes repurchasing.
2. ii) **Packaging** : Act of designing and producing the container or wrapper of a product.
 - Good packaging often helps in selling the product so it is called a silent salesman.

Functions of Packaging

1. **Product Identification** : Packaging help in identification of the product.
2. **Product Protection** : The main function of the packing is to provide protection to the product from dirt, insect and breakage.
3. **Convenience** : It provides convenience in carriage, stocking and in consuming.

Product Promotion : Packaging simplifies the work of sales promotion.

Advantages of Packaging

1. **Rising standards of Health and Sanitations** : The people are becoming health conscious they like to buy packed goods. The reason is that the chances of adulteration in such goods are minimised.
 2. **Innovational Opportunity** : With the increasing use of packaging more innovational opportunity becomes available in this area for the researchers.
 3. **Product Differentiation** : Packing is helpful in creating product differentiation. The colour, material and size of the package makes differences in the quantity of the product.
- 3) **Labelling** - Description of the product, its contents, the manufacturers, date & time of manufacturing
- Helps in promotion / grading / identifying the product.

Function of Labelling :

1. Describe the product and specify its contents.
2. Grading of Product
3. Identification of the Product or Brand.
4. Help in promotion of Product.
5. Providing information required by law.

PRICE MIX : -

Price, pricing strategies, Price determination.

Price - Amount of money paid by a buyer (or recieved by a seller) in consideration of the purchase of product or a services.

Pricing Strategies :- **Price skimming** - higher prices at initial stages to recover fixed costs.

Penetration pricing - Lower initial price to capture a large market.

Price determination / Factors affecting Pricing decisions

1. **Pricing objectives** : affects price of product / service e.g. maximum profits in short term leads to high price.
2. **Product cost** : Sets lower limits of the price.
3. **Extent of competition in the market** : No competition means complete freedom in fixing its price.
4. **Utility & demand** : More demand - Move price. Sometimes Less price - more demand depends upon the utility of the product.

Place Mix/ Physical Distribution Mix :

Covers all the activities required to physically move goods from manufacturers to the customers. Important activities includes.

1. **Order processing** : Accurate & speedy order processing leads to profit & goodwill & vice versa.
2. **Transportation** : Add value of the goods by moving them to the place where they are required.
3. **Inventory control** : Additional demand can be met in less time, the need for inventory will also be low.
4. **Ware-housing** : Need arises to fill the gap between the time of product is produced & the time it is required for consumption.

Channels of Distribution :

Direct Chennal - Manufacturer - Customer

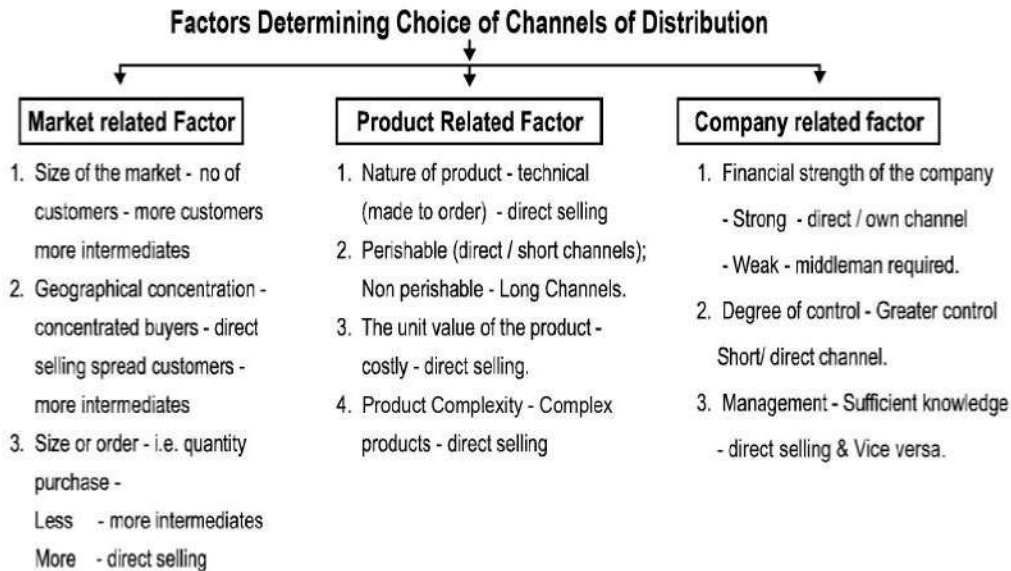
Indirect Chennal - Manufacturer - Retailer - customer

 Manufacturer - wholesaler - Retailer - customer

 Manufacturer - Agent - wholesaler - Retailer customer

Factors Determining Choice of Channels of Distribution :-

Choice of appropriate channel of distribution is a very important marketing decision, which affects the performance of an organisation. Whether organisation will adopt direct marketing channels or long channels involving no. of intermediaries is a strategic decision.



Promotion Mix

It refers to combination of promotional tools used by an organisation to achieve its communication objectives.

Tools

1. **Advertising** : Most commonly used tool of promotion. It is an impersonal form of communication, which is paid by the marketers (sponsors) to promote goods or services. Common mediums are newspaper , magazine , television & radio .

Role or Importance of Advertising :

1. Enhancing customer satisfaction and confidence.
2. Helpful in increasing the demand of existing product.
3. Helpful to increase the Market Area.
4. Helpful in generating more employment.
5. Helpful in the economic development of the country.
6. Knowledge of various product.
7. No fear of exploitation.

Objections to Advertising :

1. Add to Cost
2. Undermines social value.
3. Confuses the buyers
4. Encourages sale of inferior product.
5. Some advertisement are in bad taste.

2. Sales Promotion :-

Short term incentives designed to encourage the buyers to make immediate purchase of a product / service.

Techniques

1. **Rebate** : Special price to clear off excess inventory.
2. **Discounts** : Price reduced to induce buyers to buy more.
3. **Sampling** : Free sample of a product to customers to try product & learn about it.
4. **Lucky draw** : Lucky draw coupon eg. purchase an easy product & win a car. etc.
5. Full Finance @ 0%
6. Contests.

3. Personal Selling :

Personal selling consists of contacting prospective buyers of product personally.

Features of the Personal Selling :

1. Personal contact is established under personal selling.
2. Oral conversation.
3. Quick solution of queries.
4. Receipt of Additional Information.
5. Development of relationship.

Qualities of a good Salesman :

1. **Physical Qualities** : Physical qualities include personality health, stamina and tolerance
2. **Mental Qualities** : These include mainly skill, mental alertness, imagination and self confidence.

3. **Social Qualities** : These include social-abilities tact, sound character, sweet nature.
4. **Vocational Qualities** : It includes mainly knowledge of product, knowledge of competitive product, training and aptitude.
4. **Publicity** : is a non-personal form of communication & against advertising it is a non-paid form of communication e.g. If a manufacturer develops a car engine runs on water instead of petrol & this news is covered by television/ radio/ newspaper, it would be termed as publicity as the manufacturer benefit from it without bearing any cost. Merit : Mass reach, more credibility Limitation : Not with in th control of firm.

Public Relations :

Public relations is the deliberate planned and sustained efforts to establish and maintain mutual under standing between an organisation and its public

Features of Public Relation :

1. Securing cooperation of Public
2. Satisfying different group.
3. Engaging in dialogue
4. It is ongoing activity.
5. Succesful relation with public.

Role of Public Relation

1. This is economical Medium
2. Boosting sales
3. Image Building
4. Easy to attract the public

Tools to Establish Public Relations :

1. Speech
2. Printed Materials
3. Public services Activities
4. Events

QUESTION : MARKETING MANAGEMENT

One Mark Question

1. Define marketing management in present context.
2. Outline one objective of marketing management.
3. What is marketing research?
4. What is meant by product Mix?
5. What is a trade mark?
6. Which marketing philosophy gives more importance to consumer welfare instead of consumer satisfaction.
7. State any one Pillar of marketing concept.
8. Name the channel where in goods are made directly available by the manufacturer to consumers without involving any intermediary.
9. A lunch box free with Kissan Sauce is an example of the techniques of sales promotion. Name the technique.
10. Write any two brand names available in the market.
11. State any one feature of convenience goods.
12. Toothpaste is packed in a tube is an example of which type of packing.
13. Which concept of Marketing suggests that the organisation should earn profit through volume of production.
14. Name any two products which are subject to process of grading.
15. Name the element of marketing mix which makes the product available to the target customers.

Three or Four mark Questions

1. Explain any three advantage of labelling to the customers.
2. Differentiate between marketing and selling on the basis of :
(i) Meaning (ii) Scope (iii) Objectives.
3. Write any four difference between advertising and personal selling.
4. State any three advantages of sales promotion.
5. Explain any four functions of packing.
6. Advertising confuses rather than helps Do you agree? Give reasons.

Five or Six Marks Questions

1. Explain the various functions of marketing management.
2. Explain four important elements of marketing mix.
3. Explain any four factors on which the choice of channels of distribution depend.
4. Advertising encourages sale of inferior products Do you agree? Give reasons.
5. Why public relations are important for an organisation.
6. Explain four qualities of a good brand.
7. Explain three methods of sales promotion.