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19

INTRODUCTION TO MARKETING

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We use a large variety of goods and services in our daily life. These include items like toothpaste, toothbrush, soap, oil, clothes, food items, telephone, electricity and many more. How do all these goods and services reach our home? Obviously the business houses who produce the goods and services have to ensure that these are to be sold, and so they have to make the consumers/users aware of their products and place them at points convenient to the consumers. This involves a number of activities such as product planning, pricing, promotion, use of middlemen (wholesalers, retailer etc.) for sale, warehousing, transportation etc. All these activities taken together are termed as Marketing. In this lesson, we will learn about the concept of marketing, its importance, objectives and functions.



OBJECTIVES

After studying this lesson, you will be able to:

- explain the meaning of marketing;
- differentiate between 'marketing' and 'selling';
- describe the importance of marketing;
- state the objectives of marketing and
- explain the various functions of marketing.

19.1 MEANING OF MARKETING

We know that the businessman produces goods and services for our use. These are not necessarily produced at the places where they are consumed or used. Even in villages, now-a-days you find the products manufactured all over India and in other

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countries are used. This implies that the manufacturers must be making efforts to ensure that their products are in demand and reach the ultimate consumers all over the globe. So, when you go to the market to buy a readymade shirt you find that there are several options available to you in terms of quality of cloth used, design, colour, price etc. and you can buy what suits you most. This also implies that the manufactures assess the needs of the consumers, their tastes and preferences and plan the products accordingly. Not only that, they also ensure that people are aware about the product and its features. All these activities are said to be part of marketing function of any organisation. Thus, marketing refers to the process of ascertaining consumers' needs and supplying various goods and services to the final consumers or users to satisfy those needs. Basically, marketing is the performance of business activities that direct the flow of goods and services from producers to consumers or users.

The American Marketing Association defines marketing as an organisational function and set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organisation and its stakeholders.

19.1.1 Traditional Concept of Marketing

According to the traditional concept, marketing means selling goods and services that have been produced. Thus, all those activities which are concerned with persuasion and sale of goods and services, are called marketing. This concept of marketing emphasises on promotion and sale of goods and services and little attention is paid to consumer satisfaction. This concept has the following implications:

- (a) The main focus of this concept is on product, i.e., we have a product and it has to be sold. So, we have to persuade the consumers to buy our product.
- (b) All efforts of the marketing people are concentrated on selling the product. They adopt all means like personal selling and sales promotion to boost the sales.
- (c) The ultimate goal of all marketing activity is to earn profit through maximisation of sales.

<i>Traditional Concept of Marketing</i>	
Focus on	Product
Means	Selling
Ends	Profits through maximisation of sales

19.1.2 Modern Concept of Marketing

The modern concept of marketing considers the consumers’ wants and needs as the guiding spirit and focuses on the delivery of such goods and services that can satisfy those needs most effectively. Thus, marketing starts with identifying consumer needs, then plan the production of goods and services accordingly to provide him the maximum satisfaction. In other words, the products and services are planned according to the needs of the customers rather than according to the availability of materials and machinery. Not only that, all activities (manufacturing, research and development, quality control, distribution, selling etc.) are directed to satisfy the consumers. Thus, the main implications of the modern concepts are:



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- (a) The focus of this concept is on customer orientation. The marketing activity starts with an assessment of the customers needs and plan the production of items that satisfy these needs most effectively. This also applies to all other marketing activities like pricing, packaging, distribution and sales promotion.
- (b) All marketing activities like product planning, pricing, packaging, distribution and sales promotion are combined into one as coordinated marketing efforts. This is called integrating marketing. It implies:
 - (i) developing a product that can satisfy the needs of the consumers;
 - (ii) taking promotional measures so that consumers come to know about the products, its features, quality, availability etc.;
 - (iii) pricing the product keeping in mind the target consumers’ purchasing power and willingness to pay;
 - (iv) packaging and grading the product to make it more attractive and undertaking sales promotion measures to motivate consumers to buy the product; and
 - (v) taking various other measures (e.g., after sales service) to satisfy the consumers’ needs.
- (c) The main aim of all effort is to earn profit through maximisation of customer satisfaction. This implies that, if the customers are satisfied, they will continue to buy, and many new customers will be added. This will lead to increased sales and so also the profits.

<i>Modern Concept of Marketing</i>	
Focus on	Customers’ need
Means	Coordinated marketing efforts
Ends	Profits through customers’ satisfaction



It may be noted that with growing awareness of the social relevance of business, marketing has to take into account the social needs and ensure that while enhancing consumer satisfaction, it also aims at society's long-term interest.

19.1.3 Marketing Management Philosophies

Different producers lay different emphasis of different aspects of the concept of marketing. The making concept is characterised according to the philosophy of the producer. Seeing the outlook of the producers of the marketing concept may be looked at in the following works:

- i. Production Concept :** In earlier days, selling was not a problem. So business organisations followed production concept. This concept means profits could be increased by producing large quantity of goods reducing the cost of production. a limitation of this concept is that quality conscious customers hesitate in buying.
- ii. Product Concept :** The producer of this class lay emphasis on the quality of products and services. As variety of products came in the society, customers began to prefer product of good quality and features. For example, normal toothpaste is not preferred when compared with toothpaste with salt [or with any other protective items]
- iii. Selling Concept :** In order to survive and grow business firms adopted aggressive selling technique to attract customers to buy their product. Sales persons started using unfair practices like cheating the customers with defective products as their main target is to earn money from the product.
- iv. Marketing Concept :** Business firms adopting marketing concept, identified that consumer needs and wants must be considered while producing a product. Before starting productions, the target market for the product should be identified. Under marketing concept, customer satisfaction is the key to maximise profits.
- v. Societal Marketing Concept :** In order to survive and grow business must satisfy the interest of society and the interest of customers. Under this concept, social welfare should be dealt by business firms. Public health, education, environmental protection etc. are some of the social goals to be considered.



INTEXT QUESTIONS 19.1

1. Define the term marketing.
2. Following are the statements related to different concept of marketing. Identify those that pertain to modern concept by mentioning 'MCM' and traditional concept by mentioning 'TCM' in the specified box given against each statement.

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- (a) It focuses on customer's need.
- (b) It focuses on product.
- (c) It sells satisfaction.
- (d) It sells goods and services.
- (e) It earns profit by maximisation of sales.
- (f) It earns profit through maximisation of customer satisfaction.

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19.2 DIFFERENCE BETWEEN MARKETING AND SELLING

The terms 'marketing' and 'selling' are related but not synonymous. 'Marketing' as stated earlier, emphasises on earning profits through customer satisfaction. In marketing, the focus is on the consumer's needs and their satisfaction. 'Selling' on the other hand focuses on product and emphasises on selling what has been produced. In fact it is a small part of the wide process of marketing wherein emphasis is initially on promotion of goods and services and eventually on increase in sales volume.

Marketing has long term perspective of winning over consumer loyalty to the product by providing him maximum satisfaction. However, selling has short-term prospective of only increasing the sales volume.

In marketing, the consumer is the king whose needs must be satisfied. In selling, the product is supreme and the entire focus is its sale. Marketing starts before production and continues even after the exchange of goods and services has taken place. It is so because provision of after sale service is an important component of marketing process. Selling starts after the production and ends as soon as the exchange of goods and services has taken place.

<i>Marketing</i>	<i>Selling</i>
Marketing includes selling and other activities like various promotional measures, marketing research, after sales service, etc.	Selling is confined to persuasion of consumers to buy firm's goods and services.
It starts with research on consumer needs, wants, preference, likes, dislike etc., and continues even after the sales have taken place.	Selling starts after the production process is over and ends with the handing over the money to the seller by the buyer.
Focus is on earning profit through maximisation of customers' satisfaction.	Focus is on earning profit through maximisation of sales.

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Customer's need is the central point around whom all marketing activities revolve.	Fragmented approach to achieve short-term gain.
It is an integrated approach to achieve long term goals like creating, maintaining and retaining the customers.	All activities revolve around the product that has been produced.
Stresses on needs of buyer.	Stresses on needs of the seller.

A Few Relevant Terms on Marketing

- **Market :** Normally people understand the term market as a place where goods are bought and sold. But, in the context of Marketing, it refers to a group of buyers for a particular product or service. For example, the market for Accountancy textbooks consists of students in Commerce and specialised Accountancy Programmes; the market for ladies readymade garments consists of girls and women, and so on.

Types of Market

<i>According to Area</i>	<i>According to Goods and Commodities</i>	<i>According to Volume of transaction</i>
<ul style="list-style-type: none"> • Local Market • Regional Market • Rural Market • National Market • International Market 	<ul style="list-style-type: none"> • Fruit Market • Furniture Market • Stock Market and so on. 	<ul style="list-style-type: none"> • Wholesale Market • Retail Market

- **Marketeer :** It refers to the person who organises the various marketing activities such as market research, product planning, pricing, distribution etc.
- **Seller :** It refers to a person or organisation who is directly involved in the process of exchange of goods and services for money. This includes the wholesaler, retailer, etc.
- **Buyer :** A buyer is one who is directly involved in the process of purchase of goods and services. He/she is one who selects the goods, makes payment and takes the delivery.
- **Consumer :** One who actually uses the product or service. For example, you bought a shirt and gifted it to your friend who uses it. Here your friend is the consumer and you are a buyer. However, a consumer can also be the buyer.

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- **Customer :** A customer usually refers to the person who takes the buying decision. For example, in a family, father decides on the brand of the toothpaste to be used by his children. Here, the children are the consumers and the father is the customer. A customer can also be the consumer. Similarly, the buyer may be different from the customer or one can be the customer as well as the buyer.
- **Virtual Market :** With advancement of technology, the buyer and sellers can, now-a-days, interact with each other by using Internet. This is called virtual market.



INTEXT QUESTIONS 19.2

- Following is a list of statements regarding features of 'marketing' and 'selling'. Identify the features of marketing by mentioning 'M' and of selling by mentioning 'S' in box given against each.
 - It starts after the production process is over.
 - All activities revolve around the product that has been produced.
 - Customer is the central point.
 - Satisfaction of the customer is the main focus.
 - Target is to achieve short-term gain.
 - It is an integrated approach to achieve long-term goals.
- Complete the following table.

Types of Market

According to Area	(a)	Local Market
	(b)	Regional Market
	(c)	_____
	(d)	_____
	(e)	International Market
According to Volume of transaction	(a)	_____
	(b)	Wholesale Market

19.3 IMPORTANCE OF MARKETING

Marketing is important to the business, consumer as well as the society. This is evident from the following points.

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- (a) Marketing helps business to keep pace with the changing tastes, fashions, preferences of the customers. It works out primarily because ascertaining consumer needs and wants is a regular phenomenon and improvement in existing products and introduction of new product keeps on taking place. Marketing thus, contributes to providing better products and services to the consumers and improve their standard of living.
- (b) Marketing helps in making products available at all places and throughout the year. We are able to get Kashmir shawls and Assam Tea all over India and get seasonal fruits like apple and oranges round the year due to proper warehousing or proper packaging. Thus, marketing creates time and place utilities.
- (c) Marketing plays an important role in the development of the economy. Various functions and sub-functions of marketing like advertising, personal selling, packaging, transportation, etc. generate employment for a large number of people, and accelerate growth of business.
- (d) Marketing helps the business in increasing its sales volume, generating revenue and ensuring its success in the long run.
- (e) Marketing also helps the business in meeting competition most effectively.

19.4 OBJECTIVES OF MARKETING

After knowing the points of importance of marketing let us discuss on the basic objectives of marketing.

- (a) **Provide Satisfaction to Customers :** All marketing activities are directed towards customer satisfaction. Marketing starts with ascertaining consumer needs and produce goods that satisfy those needs most effectively. Not only that the pricing and distribution functions of marketing are also planned accordingly.
- (b) **Increase in Demand :** Through advertising and other sales promotional efforts, marketing aims at creating additional demand for their products. Satisfied customers also help in creating new customers. For example, if you buy a 'gel pen' and feel satisfied, next time also you will buy the same pen and obviously when you tell others about it they will also feel like giving it a try.
- (c) **Provide Better Quality Product to the Customers :** This is a basic objective of marketing. The business houses try to update and upgrade their knowledge and technology to continuously provide better products. If they do not do so, they will be phased out through competition.
- (d) **Create Goodwill for the Organisation :** Another objective of marketing is to build a good public image and create goodwill for the organisation. This helps in maintaining loyalty to the product and accepting new products of the same company.

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- (e) **Generate Profitable Sales Volume :** The ultimate objective of all marketing efforts is to generate profitable sales volumes for the business. Taking care of customer needs and wants by providing the required goods and services at prices they can afford, and at places and time that are convenient to them ultimately lead to increased sales and profits.



INTEXT QUESTIONS 19.3

- State any two points of importance of marketing to consumer.
- Given below are words in two columns, A and B. You have to match the words of column A with words of column B, so that the matched words describe an objective of marketing. Write the serial number of words in column B against the matched words of column A.

A	B
(a) Customer	(i) Goodwill
(b) Increase in	(ii) Sales volume
(c) Profitable	(iii) Product
(d) Better Quality	(iv) Satisfaction
(e) Create	(v) Demand

19.5 FUNCTIONS PERFORMED IN MARKETING

You have learnt that marketing is the performance of those business activities that direct the flow of goods and services from producers to consumers or users. Let us now learn what those activities are? These are briefly discussed hereunder.

- Marketing Research :** Marketing research involves collection and analysis of facts relevant to various aspects of marketing. It is a process of collecting and analysing information regarding customer needs and buying habits, the nature of competition in the market, prevailing prices, distribution network, effectiveness of advertising media, etc. Marketing research gathers, records and analyses facts for arriving at rational decisions and developing suitable marketing strategies.
- Product Planning and Development :** As you know marketing starts much before the actual production. The marketers gather information regarding what are the needs of the consumers and then decide upon what to produce. So, the task of marketing begins with planning and designing a product for the consumers. It can also be done while modifying and improving an already existing product.

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For example, now-a-days we find much better soaps and detergent powders than we used to get earlier. Similarly, we have many new products introduced almost on a regular basis.

3. **Buying and Assembling :** Buying and assembling activities as a part of marketing refer to buying and collection of required goods for resale. This function of marketing is primarily relevant to those business organisations that are engaged in trading activities. In the context of manufacturing organisations, buying and assembling involves buying raw materials and components required for production of finished goods.
4. **Packaging :** Packaging involves putting the goods in attractive packets according to the convenience of consumers. Important considerations to be kept in view in this connection are the size of the package and the type of packaging material used. Goods may be packaged in bottles (plastic or glass), boxes (made of tin, glass, paper, plastic), cans or bags. The size of the package generally varies from a few grams to a few kilograms, one piece to a number of pieces of a product, or in any other suitable quantity in terms of weight, count, length etc. Packaging is also used as a promotional tool as suitable and attractive packages influences the demand of the products. It may be noted that packaging is different from packing, which refers to putting goods in suitable containers for transportation purposes.
5. **Standardisation and Grading :** Standardisation refers to development of standards for production of goods with respect to shape, design, colour and other characteristics. If products are standardised, customers are able to identify a product and its characteristics very well. So goods can be sold by sample or description. Standardisation helps in promoting the sale of the product by increasing consumers' confidence in the product quality.

Grading involves separating products into different classes on the basis of certain predetermined standards relating to size and quality. Grading is required in case of agricultural, forest and mineral products such as cotton, sugar cane, iron ore, coal, timber, etc.
6. **Branding :** Branding means giving an attractive name, symbol or identity mark to the product to make a product different from others so that it is known by that name or symbol or mark. For example, Surf is the brand name of a detergent powder produced by Hindustan Unilever Limited (HUL). Similarly, you must be familiar with brands like Colgate for toothpaste, Lux for soap and so on.
7. **Pricing the Product :** Pricing involves decisions regarding fixation of product prices, keeping in view the product costs, the capacity of customers to pay, and the prices of the competitive products. It is an important decision as it influences the sales and so also the profits. So pricing has to be done very carefully.

8. **Promotion of the Product :** Promotional activities include advertising, personal selling, sales promotion and publicity. All promotional activities involve communication with the existing and prospective customers whereby they are made aware of the product, its distinctive features, price, availability etc. The objective of promotional activities is to motivate the customers to buy the product.
9. **Distribution :** Distribution refers to those activities that are undertaken for sale of products to the customers and the physical transfer thereof. The first aspect i.e., sale of product involves use of middlemen such as wholesalers and retailers whose services are used for making the products available at convenient points and helping in their sale to the ultimate consumers. The second aspect i.e., physical transfer involves warehousing and transportation of goods from the point of production to the point of sale or the consumer. The objective of distribution activities is to ensure that consumers get the goods and services at the place and time most convenient to them and in the desired quantity.
10. **Selling :** Selling is an important function of marketing whereby the ownership of goods and services is transferred from the seller to the buyer for a consideration known as price. To initiate and complete the process of selling, the seller has to inform the prospective buyer about availability of goods, the nature and uses of products, their prices and the needs of the customers that may be effectively satisfied by the product. In the process, he arouses customers' interest in the product and persuades them to buy it.
11. **Storage and Warehousing :** Storage refers to holding and preserving goods from the time of their procurement or production till the time of their sale. In other words storage involves making suitable arrangements for preserving the goods till they are bought by the consumers and delivered to them. Warehousing is synonymous to storage but is normally used for large-scale storage facility for goods and commodities. You must have seen cold store where vegetables like tomato, cabbage, potato etc. are stored to be consumed throughout the year. In marketing it is essential to store raw material and finished goods to be used later by the company for production or for resale.
12. **Transportation :** Transportation refers to the physical movement of goods from one place to another. In marketing, transport as an activity refers to physical movement of raw materials as well as finished goods from the place of production to place of consumption. Goods are transported through various means like railways, roadways, waterways and airways. For heavy and bulky goods, the railways and waterways are the best. For other goods, it depends upon the demand, cost involved, urgency, nature of the goods etc. to decide about a suitable means of transportation.





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INTEXT QUESTIONS 19.4

1. Define the term Grading.
2. Following are the statements pertaining to functions performed in marketing. Identify the function of marketing from each statement.
 - (a) Physical movement of goods from one place to another.
 - (b) Holding and preserving goods from the time of their procurement or production till the time of their sale.
 - (c) Collection and analysis of relevant facts to solve marketing problems.
 - (d) This include advertising, personal selling, sales promotion and publicity.
 - (e) Separating products into different classes on the basis of certain predetermined standards.



WHAT YOU HAVE LEARNT

- Marketing refers to the process of ascertaining consumers' needs and supplying various goods and services to the final consumers or users to satisfy those needs.
- Traditionally marketing was synonymous with selling of goods and services. This concept of marketing emphasises on promotion and sale of goods and services and little attention is paid to consumer satisfaction.
- According to modern concept, marketing starts with identifying consumers needs, then plan the production of goods and services accordingly to provide them the maximum satisfaction.
- The terms 'marketing' and 'selling' are related but not synonymous. While selling starts after production is over, marketing starts with finding out consumers' needs, wants and preferences. Marketing revolves around the customers, whereas selling revolves around the product. Marketing seeks customers' satisfaction, selling seeks profits.
- Marketing helps business to keep pace with the changing tastes of the consumers and meeting the threats posed by competitors. It helps in providing better goods and services to the consumers, serves consumers by providing product irrespective of time and place and also by providing a wide range of product in different size, quality, prices etc.

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- Marketing aims to achieve many objectives. It provides better quality products to the customers to fulfill their needs. It also creates demand of the product in the market by using various promotional tools. It helps in creating new customers, maintaining old customers, and generating profit and goodwill for the business.
- Marketing performs many functions like marketing research, product planning and development, buying and assembling, packaging, standardisation and grading, branding, pricing the product, promotion of the product, distribution, selling, storage and warehousing and transportation.



KEY TERMS

Branding	Buyer	Consumer
Customer	Grading	Marketeer
Marketing	Marketing Research	Packaging
Packing	Selling	Virtual Market



TERMINAL EXERCISE

Very Short Answer Type Questions

1. Define the term Market?
2. Who is termed as Marketeer?
3. What is meant by the term 'Grading'?
4. What is the purpose of marketing as per traditional concept?
5. Name the four activities included in promotion of the product.

Short Answer Type Questions

6. Explain the modern concept of marketing.
7. Distinguish between traditional and modern concept of marketing.
8. Explain 'packaging' as a function of marketing.
9. What is meant by integrating marketing?
10. Explain the significance of marketing research.

Long Answer Type Questions

11. State any four points of the importance of marketing.

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ANSWERS TO INTEXT QUESTIONS

12. Do you think marketing and selling are synonymous terms? Give reason.
13. Explain any three objectives of marketing.
14. Describe any four important functions of marketing.
15. Define marketing and distinguish it from selling.

19.1 1. It is an organisational function and set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organisation and its stakeholders.

2. MCM: (a), (c), (f) TCM: (b), (d), (e)

3. (c)

4. (d)

19.2 1. M : (c), (d), (f) S : (s), (b), (e)

2. **Types of Market**

According to Area

(a)	Local Market
(b)	Regional Market
(c)	Rural Market
(d)	National Market
(e)	International Market

According to Volume of transaction

(a)	Retail Market
(b)	Wholesale Market

19.3 1. (a) Marketing provides better products and services to the customers.
(b) Marketing helps in making products available irrespective of time and place.

2. (a) iv (b) v (c) ii (d) iii (e) i

19.4 1. Grading is the process of separating the products into different classes on the basis of certain predetermined standards relating to size and quality.

2. (a) Transportation	(b) Storage and warehousing
(c) Marketing research	(d) Promotion of Product
(e) Grading	



DO AND LEARN

We use a number of products in our daily life. Make a list of any three such products and ask your friends and family members as to what are their likes/dislikes about these products. Ask them to suggest changes in these products, which would make them more popular.



ROLE PLAY

Surinder is a successful businessman. During morning walk in the park, he met his neighbour, Amit, another businessman.

Surinder : Hello Mr. Amit, how is your business doing?

Amit : Surinderji, things are not very bright. I launched three ready to eat products one after another, but all failed in the market. I am very upset and confused.

Surinder : But did you analyse why it happened?

Amit : No, you can never predict Indian consumers' likes and dislikes.

Surinder : No, you are wrong. Reason of failure of your products lies elsewhere. You must have given more emphasis on selling rather than marketing.

Amit : But, I think both are synonymous.

Surinder : Both are related terms but not synonymous.

Surinder explained to Amit the relationship between selling and marketing and the difference between the two.

Put yourself in place of Surinder and your friend in place of Amit and continue the conversation.



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