

MARKETING

CLASS XI



Study Material

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UNIT - 1

Unit Code	UNIT TITLE: Introduction to Marketing			
Location:	Duration:	Marks: 12		
Class Room	Learning Outcome	Knowledge Evaluation	Performance Evaluation	Teaching & Training Method
Session 1: Introduction to Concept and Definition Of Marketing				
	1. Concept of marketing 2. Definition and Meaning of Marketing	1. Understanding of Marketing concept in day to day life. 2. Difference between manufacturer and marketer 3. Objectives of Marketing 4. Detailed definition of marketing	1. Identify different manufacturers and marketers of products 2. Understand marketing by understanding need, wants, demands, market offerings 3. Understand objectives of marketing 4. Understand customer value and customer satisfaction in marketing	Activity: Acquaint students with the concept of Manufacturer and marketer by making them picking products that they consume every day and finding out the manufacturer and marketers of each. 2. making students understand need, wants, demands, market offering and customer value along with customer satisfaction
Session 2: Scope and Importance of Marketing				
	1. Understand Scope of Marketing 2. Importance of	1. Describe the scope of marketing by marketing	1. Specify scope of marketing by supporting examples in each	Interactive Lecture: Acquaint students with the scope and importance of

	Marketing.	people, ideas, experience, events, places, properties, organisations and information 2. What is a Market and Types of Markets 3. Importance of marketing to marketers, customer and society	case mentioned 2. Identify types of markets on the basis of level, customers and medium 3. Specify the role of marketing in development of economy, in a company, society and consumers	marketing Activity: 1. Prepare an assignment by collecting print advertisements and analysing the message conveyed in marketing of goods, services people, ideas, experience, events, places, properties, organisations and information. 3. Visit different companies and find different marketing and selling activities adopted
Session 3: Journey of marketing through different Marketing Philosophies				
	1. Evolution of different Marketing Philosophies	1. Understand the evolution of marketing through production concept, product concept, selling concept, Marketing concept and societal marketing concept Distinguish between marketing and	1. Identify the basic ideology behind each concept evolved 2. Enumerate supportive examples for each concept	Interactive Lecture: Discussion of different philosophies of marketing evolved over period of time. Activity: Prepare an assignment of Which Philosophies are being adapted as per today's context with examples to support from different industry

		selling		
	Session 4: Difference between Marketing and Selling			
	1. Concept of Marketing and Selling	1. Explain marketing and selling as different concepts 2. Understanding different ideologies behind the concepts	1. Identify the point of differences in the marketing and selling concepts 2. List out the components essential for selling and marketing	Interactive Lecture: Discussion on how marketing and selling are different Activity: 1. Visit in a group to different marketing organisations in your locality (distributors, wholesalers, retailers). Make a report to find the marketing activities of each of them respectively. Also identify different activities followed in selling and marketing

UNIT TITLE: Introduction of Marketing

Learning Objectives

After reading this unit, students will be able to:

- Explain the meaning and concept of marketing
- Understand the importance of marketing to Marketer, consumers and society
- Understand the scope of marketing
- Distinguish between marketing and selling
- Learn the journey of marketing through different philosophies
- Explain the meaning of certain keywords

INTRODUCTION

Consider a typical day in one's life. We start our day with consumption of different sorts of products from the moment we wake up in the morning to the time we go to bed. Most of the times we start our day by taking a bath with the soap and the shampoo that we use. The breakfast we take might be a parantha, bread, butter, milk, tea or juice. The cloth we drape in. We may be using public and private transport for commuting to go to schools or workplace. The use of gadgets throughout the day, the television shows we watch for entertainment, the books and newspaper or information material we read, the bed mattress we sleep on and the list of products we use are endless. The entire day we consume different sorts of products. Have we ever thought of where do these products come from? Who does manufacture them? How does the product reach us and how have we come to know about the product?

There are three classes involved in the complete process of consumption i.e, the manufacturer or producer, marketer and the end user. A manufacturer is someone who makes products in a factory; anything from a needle to a plane. A producer is someone who makes the product but not in a factory. For example, a farmer is a producer of fruits and vegetables. On the other hand, marketer is someone who performs various activities to facilitate exchange of goods and services between the producers or manufacturers and users (consumer) of the product. End user is a person who ultimately uses or intends to use the product also known as consumer.

For example 'Fiama Di Wills soap', 'Engage deo', 'Aashirvaadaata', 'Sunfeast biscuits', 'Bingo snacks', 'Yippee noodles', 'B Natural juices', 'John player' and 'Miss player cloths' are manufactured by Indian Tobacco Company (ITC) and marketed by ITC too. But there can be different set of manufacturers and marketers like 'Good Day Crunches' is manufactured by J.B.Manghram Food Pvt. Ltd but marketed by Britannia. Similarly 'Polo mint candy' brand with a hole in the middle is manufactured by Makson Pharmaceuticals but marketed by Nestle India. Thus, Britannia and Nestle are marketer's but not manufacturers of the products. These firms undertake various activities to stimulate the demand of their products and earn profit by meeting customers' needs and wants. These firms perform various activities by the marketers to facilitate exchange of goods and services between the producer and consumer

called marketing activities. We as consumers might know the marketer's name as that is what is popularly known.

Activity 1

Pick out products that you consume every day basis. It can be from chewing gum to a Car. Find out is the manufacturer and marketer the same. Mention at least 10 products with the (i) same marketer and manufacturer and (ii) different marketer and manufacturer.

SESSION 1: Introduction to Concept and Definition Of Marketing

The term marketing has been described by different people in different ways. For some it is a fun activity of 'shopping', for some it is shopping along with entertainment. There are others who question, does marketing mean selling? Some of us believe marketing starts after selling; they believe 'selling' is merely where a salesman is required to sell. However, selling is a part of marketing, selling includes selling of goods, services and ideas. Marketing is a broader term and selling is one of the functions of marketing. Some people question does marketing mean advertising? Marketing undoubtedly includes advertising; the main role of advertising is to 'communicate'. But marketing is much bigger than advertising. Does marketing mean distribution? The answer is same as in the above two cases thus the product that reaches us is another function of the marketer i.e. distribution function, but marketing is much bigger than this too. Some even believe that marketing is a post-production activity. Marketing involves various activities that take place even before the products are produced.

What does the term marketing mean?

Marketing refers to the process of **ascertaining consumer needs**, converting them into **products and services**, and then moving the product or service to the final consumer segment with emphasis on profitability and **customer satisfaction**, ensuring the optimum use of the resources available to the organization.

Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individuals and organizational objectives.

As per Philip Kotler, the marketing guru, **marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and**

exchanging products and value with others. The author has considered marketing as a social process where interaction of people is an essential component of it. Through this interaction the persuasion for selling the products or services begins. Thus marketing is purely purchase decision of the customer but through continuous marketing initiatives at different stages. Marketing starts before the production of the goods and continues even after the selling of the products. So we say marketing is a continuous process. Where activities pertaining to identification of the needs, wants and demands of the customer, then designing of a suitable product to meet the needs, giving name to the product and converting it to a brand by communicating it to the customers.



Figure 1.1: Core Marketing Concepts, source: www.expertsmind.com

Let's understand few Marketing Concepts that are a part of the definitions:

Need(s), Want(s) and Demand(s)

Need(s)

Marketing is a continuous process. Our marketers are individuals who enter in the market and have understanding of the activities of the marketing. For understanding the activities properly, understanding the needs and wants of customers becomes essential. Thus,

marketing is satisfaction of the needs and wants of the customer. Needs are the state of being deprived of something.

Needs can be physical like hunger, clothing, shelter and sex. If unsatisfied it leaves a person unhappy and uncomfortable. For example, when we are fasting and didn't have food since morning the moment a person names our favourite food it is tough for us to resist. Needs can also be social like love and belongingness, self-esteem like status and self-actualization needs. These needs are not invented by marketer rather the widely known academic model of needs was proposed by psychologist Abraham Maslow. Although this model is prominently used in motivational studies but can also be applied for studying customers' needs. Customer needs are the problems that customers plan to solve with the purchase of goods or services. A marketer can't create needs. Marketers have the option of identifying, analyzing, anticipating and fulfilling the needs only.



Fig 1.2: Maslow's Hierarchy of Needs, source: storify.com

Want(s)

Wants are the form taken by human needs as they are shaped by **culture and individual personality**. These are essentially dependent upon needs. For example, a person in North India would satisfy his hunger with *rajma and chawal* while a person from South India would like to have *fish curry and rice*.

Demand(s)

We may want to dine out in a five star hotel. But the question is do we have money to dine at Taj? If yes, then it will become demand. Wants backed by **willingness and purchasing power** is known as demand. The top marketing companies like HUL, Idea and Airtel etc. first understand needs and wants of customers and then fulfil the needs, wants and demands by conducting consumer research and get regular feedback from their salesmen in the market about unfulfilled customer needs. For example : Big Bazaar a retail store of Future group, shop floor managers regularly mingle with customers on the shop floor and try to satisfy every customer.

Objectives of Marketing

A company must be clear with its marketing objectives and it these objectives must fit in with the overall business objectives for formulation of proper business strategy. The objectives of marketing the company must take care are:

1. **Creation of Demand:** The marketing management's first objective is to create demand through various means. A conscious attempt is made to find out the preferences and tastes of the consumers by the company. Demand for the products and services are created by informing the customers their utility. According the products and services are produced to satisfy the needs of the customers.
2. **Customer Satisfaction:** The first and foremost marketing manager must study the demands of customers before offering any product or services. Marketing begins and ends with the customer. Satisfaction of the customers is outcome of understanding of needs and meeting them successfully.
3. **Market Share:** Every business aims at increasing its market share. It is the ratio of its sales to the total sales in the economy. For instance, both Pepsi and Coke compete with each other to increase their market share. For this, they have adopted innovative strategies. These strategies can be adopted in marketing, advertising, sales promotion activities and even through innovative packaging, etc.
4. **Generation of Profits:** The marketing department is the only department which generates revenue for the business. Sufficient profits must be earned as a result of sale of want-satisfying products. If the firm is not earning profits, it will not be able to survive in the market. Moreover, profits are also needed for the growth and diversification of the firm.
5. **Public Image:** To build up the public image of a firm over a period is another objective of marketing. Goodwill of company is created over a period of time with regular emphasis on customer satisfaction through continuous improvement in product and services. The marketing department provides quality products to customers at reasonable prices and thus creates its impact on the customers.

Create a Market Offering

Why do we purchase or own anything? Many of us own iPods. We own one because we want to hear music. Or we own one because we have been influenced to buy one. After iPod's were introduced, few purchased the device because the image it had was they were "cool". Owning an iPod became a cool fashion statement. But now iPods have become quite common but the impact that iPods had on the music and entertainment industry has been huge because the product was a revolution in the entertainment industry which replaced walkman a device used earlier. People buy things to solve needs. In the case of the iPod, the need is to have better access to music or to look cool, or both. 'Market Offerings' are products and services designed to deliver value to customers—either to fulfill their needs, satisfy their "wants," or both. Market offering refers to a complete offer for a product or service. The product or service that is sold into the marketplace is called as a market offering.

Product

Needs and wants can be satisfied with products and services offered to the market. A product is not limited to physical objects or tangible items i.e they can be touched, seen and felt rather it is anything that satisfies a need is called a product. Product also includes services which are intangible along with tangible goods. A product can be a person, place, organisation, activities and even ideas. There are thousands of examples of products like food products, TV, Laptop, Mobile Phones, and Clothes etc.



Source: fssairegistration.in

Fig 1.3: Products

Services

Services are deeds, processes and performances coproduced/provided by one person for another person. Services are intangible products which can't be touched, seen and felt. As economy grows, the service sector also starts flourishing. The same can be seen in Indian scenario here services contribute more than 55% to the GDP. Service sector includes banking, insurance, teaching, advertising, consultancy etc.



Source: hotelbobbyssolitaireinternational.in

Fig 1.4: Services

Customer Value

As discussed in the example of buying an iPod, we buy an iPod because it not only gives good music output (benefit) but also the cool fashion statement associated with it. Imagine one buying a product? When we buy a product, aren't we thinking of the benefits the product brings to you. It's not only benefit it is rather the bundle of benefits associated with the product in the form of product quality, after-sales services, warranty, repairs costs, free home delivery, user friendliness etc. Customers are smart and they evaluate between benefits they are acquiring and price they are paying for those benefits. Customer value is difference between the values benefits the customer gains from owning a product and cost of obtaining

the product. The cost of product is not limited to price but also time and energy spent shopping. Customer value can be shown as an equation as below:

$$\text{Customer Value} = \text{Total Customer Benefits} - \text{Total Customer Costs}$$

Thus the marketer's role is to add more value to product in terms of benefits so that customer prefers the product in relation to competitor's product.

Customer Satisfaction

Customer satisfaction is the measure of success of an organization. A Customer is said to be satisfied if their **expectations match with the actual performance of the product**. Customer satisfaction is **the match between customer expectations of the product and the product's actual performance**. Customer satisfaction differs from one person to another; it's an experience which is different for different individuals. A proper evaluation of a product or service can only be done by experiencing it. So, customer satisfaction is a post-purchase phenomenon. Satisfaction can only be measured by comparing pre-purchase expectation and post-purchase experience. The equation used to determine the level of a customer's satisfaction is:

$$\text{Customer Satisfaction} = \text{Experience} - \text{Expectation}$$

Customer satisfaction is only obtained once the customer has experienced a product or service. It is always a post purchase phenomenon which is quite emotional in nature.

Exchange Process

Exchange is the act of obtaining a desired object from someone by offering something in return. Marketing works through exchange. Exchange process is simply when an individual or an organisation obtain and satisfy a need or want by offering some money in exchange of products or services. For example we go get a haircut at a salon, we pay for the hair cut. The money paid in lieu of the service taken is an exchange process. This exchange process extends into relationship marketing and we enter into exchange relationships all the time. With relationship marketing the purpose is to build a long-term relationship with the customer. In

the above example if we are satisfied by the haircut service we may intend to take more services from the same saloon and intend to become a permanent customer with the salon. By delivering value to customers, a relationship with customers is developed. So marketing is earning profit by building relationship with customer through satisfying his needs and wants. The same can be applicable for a product too.

KNOWLEDGE ASSESSMENT 1

Fill in the blanks with appropriate answers:

1. _____ makes products but not in factories.
2. _____ starts before production of goods but continues after selling of products.
3. _____ are state of being deprived of something.
4. Wants are human needs shaped by _____ and _____.
5. Wants backed by willingness and purchasing power are called _____.
6. The intangible acts and deeds offered from one party to another without the transfer of title is called _____.
7. Customer value is a _____, which reflects the state of difference between customer benefits and customer costs _____ purchase (pre-purchase).
8. Customer satisfaction is a _____, which reflects the state of difference between product or service experience with that of expectation (post-purchase).
9. [Ans: 1. Producer, 2. Marketing, 3. Needs, 4. Culture and personality, 5. Demands, 6. Services, 7. Proactive component, before, 8. reactive component]

Session 2: Scope and Importance of Marketing

Gone are the days when marketing was confined only to goods and services. Now the scope of marketing has increased and one can also market people, ideas, experience, events, places,

properties, organisations and information and not just confined to goods or services. In other words anything that is of value to others can be marketed. **The scope of marketing are explained as under:**

Goods: A tangible item which can be an article, commodity, material, merchandise, supply, wares produced from agricultural, construction, manufacturing or mining activities.

Services: Products that have intangible properties such as banking, consultancy, education, insurance, accounting, expertise, medical treatment or transportation.

Experience: Marketers can create stage and market experiences to the customers. For example Water Park, and theme parks provide experience marketing. Another different real life experience is been enjoyed by customers at modern retail outlets. Now retailing is not an activity involved in just selling goods to the customers, it has now become an experience. Shopping in a mall where the delightful experience comprises of not only shopping but also, spending time with family and friends, eating out, watching movie and enjoying the complete day.



Fig 1.5 Marketing of Experiences, source: mnftiu.cc, indiafamousfor.com

People

Marketing can help people to market themselves. Politicians are the most suitable and common example of people marketing. Politicians market themselves to the customers (voters) by promising them certain bundle of benefits. Cricketers, film stars, authors, painters, musicians and sportsperson market themselves. Some of the well-known personalities are Amitabh Bachchan, Sachin Tendulkar, Salman Khan etc. These people are not only successful in marketing themselves but also they lent their names to products like perfumes

(Shilpa Shetty), retail stores by the name of true blue (Sachin Tendulkar), and cloths and accessories by Salman Khan with the name of ‘Being Human’.

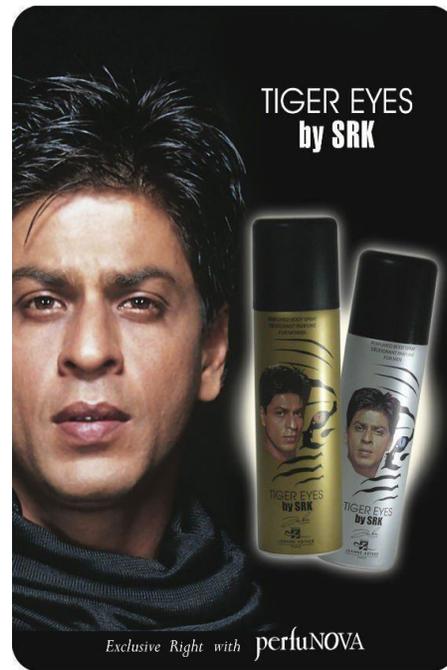
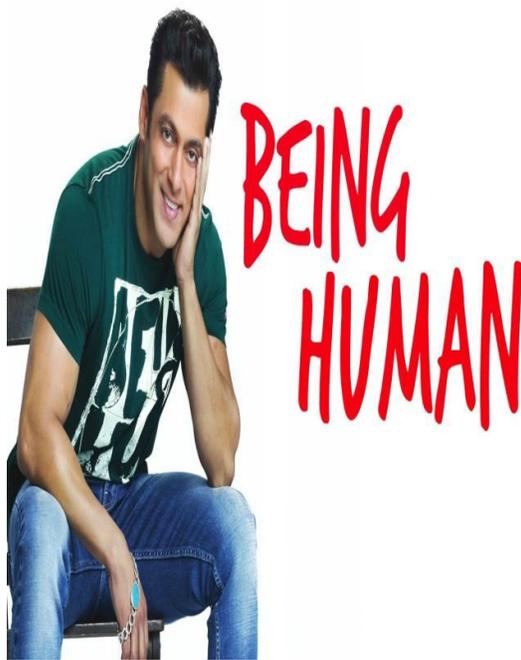


Fig 1.6 Marketing of People, source: sports.ndtv.com, bollywoodmastiofficial.blogspot.com, www.hochgepokert.com

Places

Cities, state and nation can be marketed to the consumers. Place marketers include real estate developers, commercial banks, businesses etc. One can't forget the incredible India campaign by Indian government to market India as tourist spot. In India, Bangalore is known as the silicon valley of India. Kerala is known as God's own country. Madhya Pradesh is known as "Heart of incredible India". A campaign by Amithabh Bachan for Khushoo Gujratki

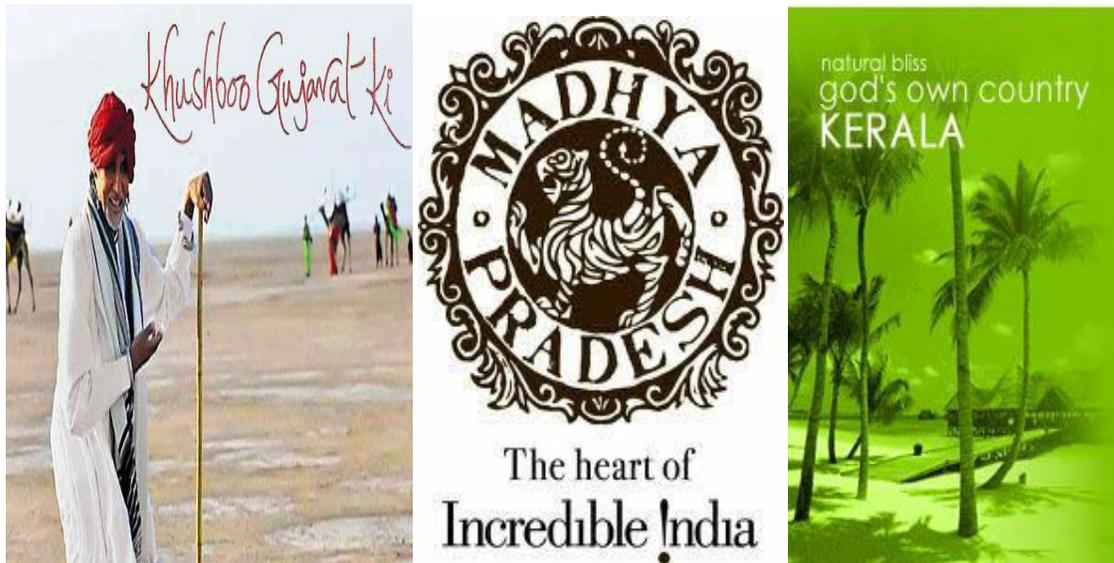


Fig 1.7 Marketing of Places, source: www.globalgujaratnews.in, www.tourismwatch.in

Organizations

Organizations market themselves to create and boost their image in customers mind. They try to create a unique and favourable image in the eyes of customers that can give organizations an edge over others in the market place. 'Tata group' comprising of multiple brands, stands for trust and quality globally. Philips promises its customers products which are technologically advance and hassle free. So its marketing campaign is based on sense and simplicity platform.

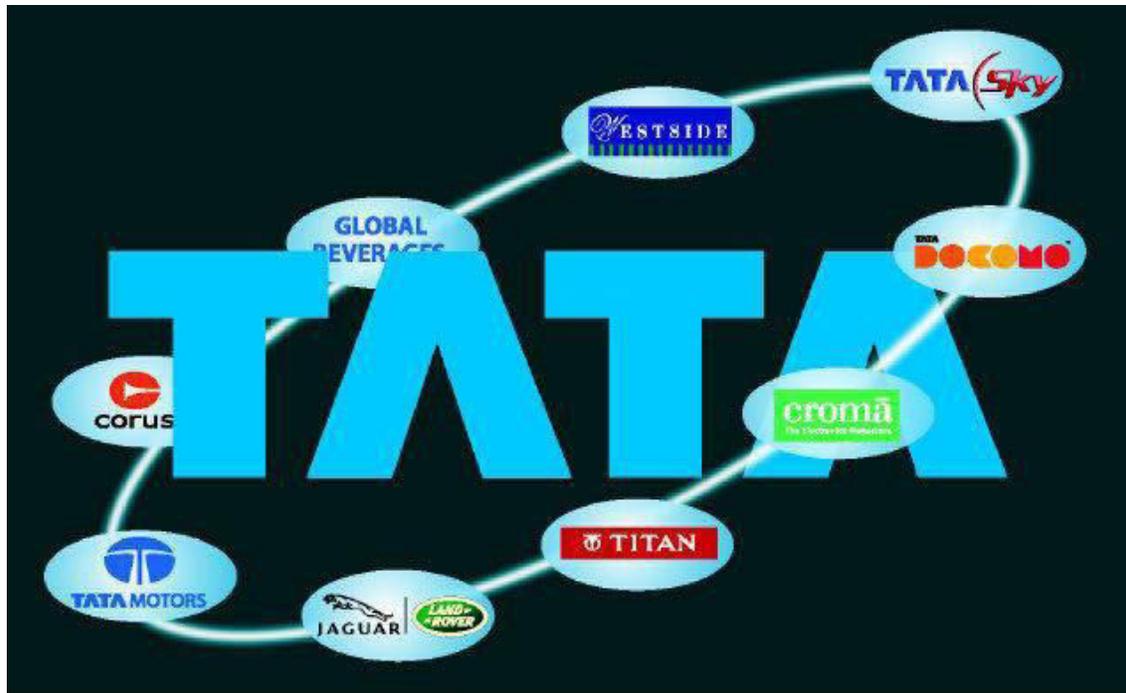


Fig 1.8 Marketing of Organizations, source: www.thehindubusinessline.com

Property

Properties, whether tangible like real estate or intangibles like stocks can be marketed to the customers. Properties are bought and sold and this exchange process seeks the role of marketing. Real estate developers (DLF, Unitech, and Supertech) develop property and seek buyers for the same. Same is the case with any investment company that wishes to sell its securities to individuals as well as institutions.



Fig 1.9 Marketing of Properties source: dnaindia.com, indiainfoline.com

Events

Marketers promote different events from time to time to their customers. These events can be for individuals or organizations. Sports events like Commonwealth games, Cricket world cup series, Musical Concert, Awards, and Fashion shows, etc are events

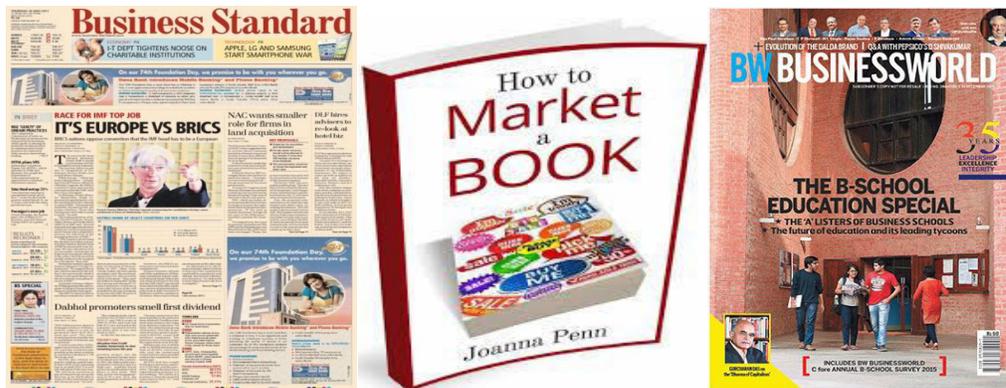


kushaldave.wordpress.com, www.t20worldcup2016schedule.org

Fig 1.10 Marketing of Events, source:

Information

Information is basically produced and marketed and distributed by universities, schools, colleges, newspapers, magazines, books etc to the customers at a price. The customers here might be parents, students and communities. For example



Source: en.wikipedia.org, businessworld.in

Fig 1.11 Marketing of Information

Ideas

Every marketer offers some idea. Some offer it for money others do it for society in general. Marketers make profit from society and they shall also give back to the society. Social marketing comprises of creating awareness on few ideas like Family Planning, AIDS awareness, discouraging-smoking, child labour, domestic violence, wearing of helmet while driving, blood and eye donation etc.



Fig 1.12 Marketing of Ideas, source: childlabourandhumanrights.wordpress.com, mindbodyspiritualawareness.com

Activity II

Collect 5 advertisements from latest newspaper or magazines for marketing of (i) services (ii) properties (iii) ideas (iv) places and (v) events. Understand the messages conveyed in each case. How each message is different from another and which is more appealing.

By this time few more questions would be rising in your mind they may include: What is a market? What all can be marketed? What all activities does a marketer perform? What is marketing management? For having the answer to these questions lets read the text further:

What is a market?

Market originates from Latin word 'MARCUTUS' which means a **place where buyer and sellers meet for business**. Earlier in our country buyer and seller gathered at a specific place called 'haats' or 'melas'. But with passage of time buyers and sellers need not to meet face to

face for transaction, they can meet virtually through e-commerce platforms. On the basis of end use, market can be of different types: Consumer Markets (FMCG-Fast moving consumer goods, consumer durables, soft goods), industrial markets (finished goods, components and services), intermediate markets (wholesale and retail markets), geographical location (local, national, global/international markets, rural and urban market), and Non-profit and Governmental Markets (companies selling to non-profit organizations with limited purchasing power need to be price careful).

The Importance of Marketing

Earlier finance was considered backbone for any business but gradually marketing gained importance and was considered more important than other functions of business i.e. Finance, Production and Human resources. Later it was realized that to run business profitably companies need to market their products if they want to gain more profits. As for every business the leading factor for success is the customer. Thus with the customer as a controller, marketing becomes a major integrative function of the organization. However, Marketing cannot be kept apart and the Product, Pricing, Placement and promotions of the product ultimately depends on the marketing function.

Currently marketing is a core business discipline since it contributes greatly to the success of the organization. It's also essential to appreciate the concept of marketing as the cost of marketing amounts to forty to sixty percent of the total cost. Production and distribution depend largely on marketing. Marketing covers advertising, promotion, public relations, and sales. It is the process of introducing and promoting the quality product or service into the market. If the company targets more of customer's needs, they will come back again and again and even bring along other customers. On the other hand, if the company push more on the product and ignore customer's needs and wants, they will in no time lose their customers.

Marketing plays an important role to the marketer, customers and society.

Importance to the Marketers

1. Marketing Promotes Product Awareness to the Public

The primary task of marketing is to get the product or service recognized by the market. It is important that public awareness of product and company information is spread to the buying public, this is possible if heavy advertising, sales promotion, personal selling, direct

marketing is done for creating awareness. There is no fixed rule for all but obviously the use of a particular technique depends upon the nature of product, market and the financial conditions of the company.

2. Marketing Helps In Enhancing Product Sales

Apart from public awareness about a company's products and services, marketing helps boost sales and revenue growth. Once the public learns the your product through TV advertisements, radio commercials, newspaper ads, online ads etc, it will generate sales. More the people know a product or a service; more interested they would be in buying the products.

3. Marketing Builds Company Reputation

Marketers continuously aim to create an image of the company in general public eyes. They tend to create brand name recognition. This is done so that consumers can easily associate the brand name with the images, logo, or caption that they hear and see in the advertisements. For example, McDonalds is known for its arch design which attracts people and identifies the image as McDonalds. With an established name in the industry, a business continues to grow and expand because more and more customers will purchase the products from a trustworthy and reputed company.

Importance to Customers

1. Marketing creates Utilities: Marketing creates different types of utilities, form utility – from a plumber to furniture, place utility- product moving from the factory to the customer, time utility- product available when needed, information utility- ingredients of the product and even how to use the product, and possession utility- transfer of ownership from retailer to customer.

2. Large number of choices available: Marketers create needs and wants and try to satisfy that through offering variety of product choices. If one wants soap, there are n numbers of brands available. For example Lux, Pears, Rexona, Dove are range of soaps offered by HUL.

3. More platforms available: With the advent of technology, the marketers are offering customers both offline and online platforms to purchase. Now marketers are serving more number of customers through different ways, reminders of sales comes through sms, e-mail,

facebook, whatsapp, Even customers have become smarter, they search for information from different online platforms and buy the best deal.

Importance to the Society

1. Source of Employment: Marketing offers a great range of wide and exciting career opportunities. Marketing offers employment in the field of personal selling, packaging, and advertising, marketing research, consultancy, distribution and channel sales.

2. Welfare of Customers and Stakeholders: Though profit maximisation is main motive of every business but many marketers have taken up corporate social responsibility in order to give back to society. Different forms For example, HUL's – **Behaviour Change Program** where washing hands with soap before a mother touches her baby is proven to prevent many of infant deaths in villages. Where, over 40% of child deaths under the age of 5 happen in the first 28 days of life. Washing hands with soap before a mother touches her baby is proven to prevent many of these deaths. This campaign is to help teach mothers this lifesaving habit and 'Help A Child Reach 5'.

KNOWLEDGE ASSESSMENT 2

1. _____ the potential customers of future.
 - a) Customer
 - b) Consumer
 - c) Prospects
 - d) Marketer
2. Consumer Markets comprises of _____
 - a) Fast moving consumer goods (FMCG)
 - b) Industrial markets
 - c) Intermediate markets
 - d) All the above
3. Market offering can be combination of
 - a) Product & services
 - b) Information
 - c) Places
 - d) All of above
4. Market consists of
 - a) Potential buyers
 - b) Actual buyers
 - c) Both a and b
 - d) None of the above
5. Marketers builds company's reputation by creating _____ of company in general public's eyes.
 - a) Sales
 - b) Image
 - c) Logo
 - d) None of above
6. The public comes to know about the product of the company through _____.
 - a) Television
 - b) Newspaper
 - c) Radio
 - d) Online

e) All the above

7. Marketing is a core business discipline it covers _____.
- a) Advertising
 - b) Promotions
 - c) Public relations
 - d) All the above
8. Scope of marketing is not limited to products, services but now one can market ideas, people, events, places, properties, information, organisations and _____.
- a) Goods
 - b) Agents
 - c) Experiences
 - d) None of above
9. Customer value is a difference of total customer benefits and _____.
- a) Total customer experience
 - b) Total customer cost
 - c) Warranty
 - d) None of the above

Ans: 1. A 2. D 3. D 4. C 5. B 6. E 7. D 8. C 9. B

Session 3: Marketing Philosophies

Business has evolved significantly and markets have changed all over the world with the passage of time. The companies have also changed the way they deal with the market, progressing through different phases of progress. The advances in all areas of life change the way people live and work. In line with this progress, the marketing function has come into being. Understanding the use of modern marketing technology and emerging communication strategies in the new marketing era can help the company build deeper relationships in the marketplace. As every company differs in philosophy and objectives, the decisions too differ on the basis of factors adopted i.e. whether the company focuses on mass production /innovative product/ aggressive selling /customer satisfaction/ societal development /relationship building. Hence, understanding philosophies right from Production concept has been explained.

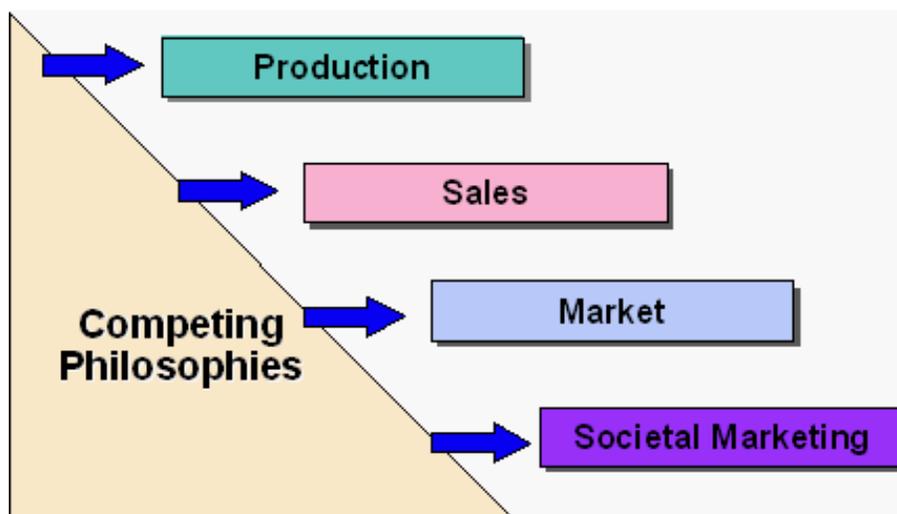


Fig 1.13 Philosophies in Marketing

Production Concept

Production concept lays emphasis on **affordability and availability of products**. Affordability is possible by reducing cost of production by producing large quantities and achieving mass production. Availability is possible by mass distribution by making the product widely available. This philosophy states that any amount of goods produced will sell if it is available and affordable to customers.

The production concept is almost extinct now with companies paying more and more attention to the customer as the basic ideology here is customers will choose products and services that are widely available and are of economical. So business is mainly concerned with making as many units as possible. By concentrating on producing maximum volumes, such a business aims to maximize profitability by exploiting economies of scale. This seems a viable strategy in developing markets i.e. India, Brazil, Russia, China, and South Africa. The Mantra for this concept is “**Low cost and mass production**” as rightly proven by Lenovo computers of China.

Product Concept

During production concept supply increased over demand. Gradually low cost and availability couldn't ensure increase in sale and survival along with growth of the firm. The companies had to innovate products and started giving more choices to customers which lead to product concept. This concept is based on the philosophy that consumers will prefer products that have better quality, performance and features. It emphasises on innovation to produce better quality products. It believes in the ideology that a “**good product will sell itself**” as rightly proven by Apple and Google brands. Both of these companies have strived hard on their products and deliver customers rich feature, innovative and diverse application products that people just love these brands. So a good product backed by right price and proper distribution and promotion will sell in the market and need not to be low priced (production concept) to sell in market. Thus product improvement became the key to profit maximisation for firms in product concept.

Selling Concept

With the passage of time marketing environment further underwent changes, competition was constantly increasing and just the improvement in product and making it available to customers was not working. There was something more required then just a quality product for the survival and growth of the companies as large number of sellers started manufacturing quality product. Something more was required to persuade the customers now. Business philosophy changed it was believed that customer would not buy or would not buy enough until or unless they are convinced and influenced to do so. Therefore, Selling is the act of influencing a customer to buy a product or service. Businesses had to concentrate on ways of selling their products.

The concept is based on the belief that customers, be individual or organizations will not buy enough of the organization's products unless they are persuaded to do so. So organizations should undertake selling and promotion of their products for success. Thus making good products was not enough rather focus changed to pushing the sales of products through aggressive selling. The selling effort is supported by promotional activities and aggressive advertising. The company does not consider the needs and wants rather thinks that **anything and everything can be sold**. This concept can also be applied in the firms having over capacity in which their goal is to sell what they produce than what the customer really wants. For example this concept is effectively applicable in the cases of unsought goods like life insurance, vacuum cleaner, fire fighting equipment's including fire extinguishers where the customer doesn't need them but if persuaded constantly the customer buys them. The disadvantage with this approach is that it assumes that customer will certainly buy the product after due persuasion and if dissatisfied will not speak to others, which is not true.

Marketing Concept

By this time customers were fed up of too much influence of the salesman during purchase of products which led to unnecessary purchase that did not meet customer's needs and wants. Customers expected that companies should be more responsible enough to understand their actual needs and wants rather than imposing products on them. The marketing concept proposes that the success of the firm depends on how well it understands the needs and wants of the customers and how successfully it converts these needs into products and services that will satisfy the customer's requirements.

Marketing starts before the product; service or solution is ready and continues even after the sale has been made. In marketing company makes honest efforts towards retaining the customers and also attracting new ones. **Customer satisfaction** is the strongest pillar of marketing where company assures that customers are satisfied after buying a product or service. This is a customer centric approach rather than product centric one. In marketing concept customer satisfaction is the focal point and all decision making based on it. Decisions like the product to be produced, with the features to be included. The price and the place to be sold all depends on the customers. For example if customer is in need of a pen, pencil and eraser all in one Linc pens have met that need of customers. If customers want triple door in refrigerators LG, Godrej, Hitachi companies will produce them to satisfy their needs and wants. These companies spend a lot on research to understand and meet customers' requirements.

KNOWLEDGE ASSESSMENT 3

State True or False:

1. Product means only physical products
2. Needs and wants are same.
3. Marketing is more than selling.
4. Marketing concept doesn't just end with understanding customers needs and wants, it is making customers satisfied.
5. Product concept led to production concept.
6. Production concept believed in improvement in product and making it available to customers.
7. The production concept is extinct in India.
8. Marketing begins before production and continues after sales.
9. Marketing is no longer a function of marketing department only.
10. In selling concept, it is the customer and not the seller that needs to beware.

Answer: False- 1, 2, 5,6, 7 True- 3, 4, 8, 9, 10

Session 4: Marketing vs. Selling

Many people confuse selling and marketing as one and same thing. In reality both are quite different from each other. Selling is an important part of marketing but its not marketing. Marketing is much wider in scope than selling.

Selling is characterized by product focus approach. It has short term goal of achieving market share. It does not consider a planning for building up the brand in the market place and doesn't have a high loyal set of customers. The end means of any sales activity is maximizing

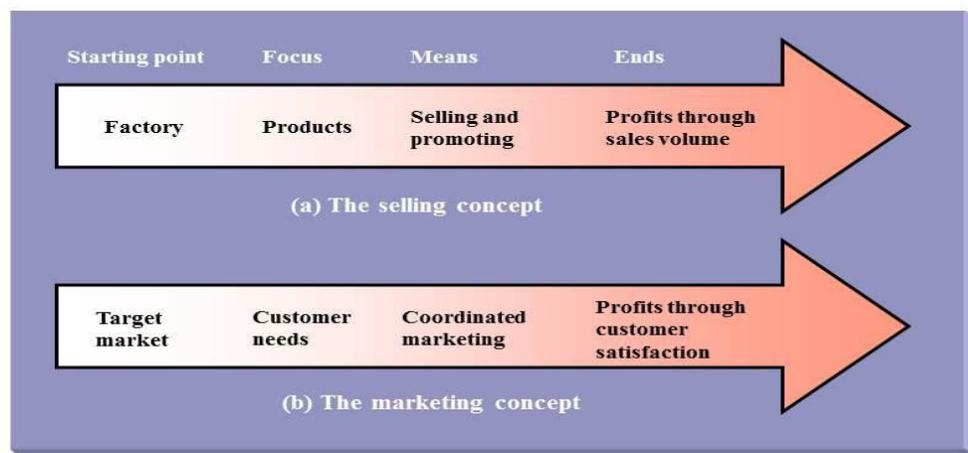
profits through sales maximization. The marketer is of the view that once the production completes, the task of sales force begins and it's the duty of the sales force to sell what has been produced. Aggressive selling is adopted for achieving the sales which gives cash to the company.

Marketing as a concept is wider than selling and focuses on customers' needs and wants rather than the product. Marketing starts before the production and product is produced according to the needs and wants of the customers. Customer satisfaction is given vital importance and changes are made if customer is not satisfied. It is a long chain of activity, which comprises production, packing, promotion, pricing, distribution and then the selling. Profits are not ignored but they are built up on a long run basis and realized with customer satisfaction.

Every business is for profit even marketing believes in profit maximisation but through following pillars:

- Identification of target customers of target market
- Understanding of needs and wants of customers
- Developing products or services as per the needs and wants of customers
- Satisfaction of needs of customers

The Selling and Marketing Concepts



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Fig 1.14 Selling and marketing Concepts

Point of Difference	Marketing Concept	Selling Concept
1. Definition	Marketing is the process of creating value for customer and delivering goods and services for earning profit.	Selling is the process of encouraging customers for increasing sales.
2. Objective	The objective of this concept is to satisfy customer through goods and services.	The objective of selling concept is to increase sales of goods and services.
3. Scope	The scope of marketing concept is wider.	The scope of selling concept is narrow.
4. Emphasis	This concept emphasis on customer needs.	This concept emphasis on products or services.
5. Profit	This concept earns profit through customer satisfaction	This concept earns profit through attractive sales and promotion.
6. Start	This concept starts with actual and potential customers	This concept starts with existing product.
7. Market segmentation	This concept thinks about market segmentation deeply.	This concept never thinks about market concept.
8. Marketing mix	This concept gives equal importance on marketing mix.	This concept gives importance on only promotion.
9. Effectiveness	This concept is applicable in pure competition market.	This concept is useless in pure competition market
10. Price	Consumers determine price.	Cost determines price.
11. View on business	It views business as a customer satisfying process.	It views business a goods producing process.

Table 1.1 Distinguish Between Marketing Concept and Selling Concept

Societal Marketing Concept

Mother earth has given us everything it is a rich source of air, water, minerals, and land that we live on. Further we all live in a society and are a part of it. We can not even think of a single day without family and friends. Our environment is facing a lot of problems in the form of pollution, deforestation, increasing population, depleting natural resources, poverty, and environmental deterioration. There are many more are challenges posed by social problems too. The duty of business doesn't end by just meeting needs and wants of customers rather the duty of business to consider a larger perspective by really acting in the best interest of individuals and society.

The societal marketing concept believes in giving back to the society as it believes that the company is profiting because of society and hence it should also take measures to make sure the society also benefits from the company. The concept advocates to deliver the customer satisfaction in a way that preserves or enhances the customer's and the society's well-being.

Societal Marketing can be defined as a marketing function in which the organizations identify the needs and wants of the target market and then align the marketing activities of an organization in such a manner that their marketing efforts are socially responsible and thereby help the organization in gaining the trust of the society by having an image of a socially responsible organization, but still remaining profitable.

Societal marketing is marketing with a noble cause. Now a day's one can find number of examples where companies are supporting one or another good cause. Aircel is promoting 'Save Tiger Campaign', Idea is concerned about increasing population and deforestation, ITC's project of spending each rupee from sales generated through Classmate stationery, Tata Tea Jago Re campaign are some of the prominent companies who are very active in societal marketing.

Body Shop, a cosmetic company uses only vegetable based materials for its products. It is also against Animal testing, supports community trade, activate Self Esteem, Defend Human Rights, and overall protection of the planet.

Procter and Gamble also practices societal marketing concept wherein it gives certain percentage of sales of its products for deprived classes of the world specifically the developing countries.

Relationship Marketing

The approach came into existence in 1990's. As the name suggest this approach focuses on customer retention and satisfaction rather than being transactional in nature. The approach aims to build stronger relationship with customers and its business partners. Although the idea of building relationships with customers, was given its due importance in the marketing concept but extending relationships to business partners makes relationship marketing unique.

The approach suggests developing strong relationship with its partners who are suppliers and distributors. It will lead to better channel arrangements, higher levels of cooperation, less conflict, and increased efficiency. In relationship marketing everyone is treated as customers. By relationship-building with all of these organizations and individuals, we can develop

strategies that are in the best interest of everyone in the entire channel of distribution. As a result, everyone wins.

Orientation Basis	Production	Product	Selling	Marketing	Societal Marketing
Philosophy	Quality products at lower price	Product with good quality, features and performance.	Products don't sell themselves. Customers need to be convinced to buy.	Satisfied Customers	Consider Social responsibility while marketing
Objective	Minimize cost and maintain volume	Offer Best Quality Product	Maximize Sales	Profit with customer satisfaction	Profit with customer satisfaction and protected social interest
Method	Focus on production and distribution efficiency.	Focus on Product and its features	Aggressive Promotion to sell more	Focus on total marketing mix	Marketing mix changed according to Society's best interest

Table 1.2 Comparative Analysis of Marketing Philosophies

KEY WORDS

Marketing: marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

Needs: need is basic requirement of human being such as hunger, clothing, shelter and sex. If unsatisfied it leaves a person unhappy and uncomfortable.

Wants: Human needs shaped by culture and individual personality are wants.

Demands: Wants backed by willingness and purchasing power is known as demand.

Product: A product is tangible item that can be touched, seen, felt and satisfies need.

Services: Deeds, processes and performances provided by one person for another person

Customer Satisfaction: Expectations of customers match with the actual performance of the product

SUMMARY

- Traditionally, market refers to a place where buyers and sellers meet to enter into transactions involving in exchange of goods and services.
- In modern marketing sense, market is set of actual and potential buyers of products or services.
- Marketing is not merely a post-production activity. It includes many activities that are performed before goods are actually produced and continue after goods have been sold.
- Anything can be marketed that is of value to others. It can be a product or a service or an idea or information or a place or a property or an event and even experience.
- Many people confuse selling for marketing but selling is only a part of process of marketing. Marketing is customer focused and selling is seller focused.
- Production concept believes in ideology of ‘mass production and mass consumption’
- Product concept believes in ideology of product with good quality, features and performance.
- Selling concept believes that products don’t sell themselves. Customers need to be convinced to buy.

KNOWLEDGE ASSESSMENT 5

Short Answer Questions

- Q1. What is marketing? Can a marketer be a manufacturer, support with relevant examples?
- Q2. Distinguish between production and product concepts.
- Q3. Distinguish between Marketing and selling.
- Q4. ‘Customer is the king’, which philosophy follows this ideology?

KNOWLEDGE ASSESSMENT 5

Long Answer Questions

- Q1. Define Market? Explain the types of markets?
- Q2. What is marketing? Give examples to support your answer.
- Q3. Marketing is not merely limited to selling of products and services. Elaborate

Q4. Importance of Marketing is not merely for customers but for society and marketer too.

Q5. Societal marketing is earning profits by working for society, explain and support with examples.

KNOWLEDGE ASSESSMENT 6

Projects

Q2. Visit in a team of 4-5 students in a group to different marketing organisations in your locality (distributors, wholesalers, retailers). Make a report to find the marketing activities of each of them respectively. Is there any difference in the activities in the organizations visited? Which activities are common to them?

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