UNIT –I:

Market and Marketing - Distinction between marketing and selling - Types of market – Functions - Marketing management – Objectives – Importance – Marketing Information System.

Introduction:

Marketing is as old as human civilization. History of mankind is full of developments resulting from a gradual process of evolution and modern marketing is no exception to this rule. Now marketing has developed into a full-fledged discipline. Many managers consider marketing as the most important of all management functions in business, industry or service undertakings. Managers have now realized that the success of any enterprise depends on how efficiently they handle marketing.

Market:

When we refer to the term –market, what immediately comes to our mind is the market place in our area. That means, in general by market, we mean a particular place where the buyers and sellers meet and exchange goods to satisfy their wants.

Eg., commodity exchange, stock exchange, etc. The term –market has a wider meaning than its ordinary concept. It is not confined to any place where the buyers and sellers meet to exchange goods.

The term market is used to mean different things to different people. For instance, there is the money market, the wholesale market for steel, the retail market for vegetables etc.

William J. Stanton defines a market as, “A market may be defined as a place where buyers and sellers meet, goods or services are offered for sale, and transfers of ownership occur”.

According to him, a market is defined as people with needs to satisfy, money to spend and willingness to spend it. Hence the three characteristics of the market are: the needs of the people, their capacity to spent money and their willingness to part with money. This is considered a good approach to the definition of –market, and it is assumed that this would suffice our study marketing.

Marketing: Meaning:

Marketing is a dynamic, exciting and challenging activity. It affords ample employment opportunities in the modern business world. The success of business enterprises depends upon the efficiency of marketing management. The marketing manager must be aware of the changing needs and desires of consumers. He must concentrate on demand stimulating and demand fulfilling efforts of the enterprise. Demand creation and demand fulfilling activities are inter-related. These activities include designing of a new product, its production, distribution, promotion and pricing.

Definitions:

The American Marketing Association defines, "marketing as the performance of business activities that direct the flow of goods and services from the producer to the consumer or the user".

Philip Kotler defines marketing as ―human activity directed at satisfying needs and wants through exchange process‖. The process of exchange involves sellers searching for buyers, identifying their wants and needs, making relevant products, promoting, storing, transporting and distributing them and negotiating and so on. According to him, activities such as product development, search, communication, distribution, pricing and service constitute the core of marketing activities.

Usually, marketing is associated with tangible goods. But it is very well applicable in services also. Services such as repair workshops, electricity, hospitals, hotels, education, professional services of doctors, lawyers, teachers, barber and beauty shops, financial institutions, entertainment, transportation and tourist services adopt marketing techniques now on a large scale. A life insurance provides information regarding the advantages of various types of insurance policies. Advertisement of the Tourism Department of a state government tries to attract tourists to a particular tourist resort.

Thus, marketing is concerned with translating the needs of consumers to the manufacturer‘s products or services so as to make the transfer of ownership possible or the service enjoyable. In other words, –marketing covers all those activities involved in providing customer satisfaction, and making a profit for the manufacturer who makes use of available resources to the maximum. Marketing STARTS with the customer – what HE wants to have and ENDS with the customer – giving him what HE wants

Distinction between marketing and selling

Difference Between Selling and **Marketing**. ... **Selling** is an action which converts the product into cash, but **marketing** is the process of meeting and satisfying the customer needs. **Marketing** consists of all those activities that are associated with product planning, pricing, promoting and distributing the product or service

DIFFERENCES BETWEEN MARKETING & SELLING

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S. No.	Marketing	S. No.	Selling
1	Marketing starts with the buyer and focuses constantly on buyer's needs.	1	Selling starts with the seller and is preoccupied all the time with the seller's needs.
2	Seeks to convert "customer needs" into 'products'.	2	Seeks to convert 'products' into "Cash".
3	Views business as a customer satisfying process.	3	Views business as a goods producing process.
4	Marketing effort leads to the products that the customers actually want to buy in their own interest.	4	The company makes the product first and then figures out how to sell it and make a profit.
5	Marketing communication is looked upon as a tool for communicating the benefits/ satisfactions provided by the product	5	Seller's motives dominate marketing communication (promotions).
6	Consumers determine the price; price determines costs.	6	Cost determines the price.
7	Marketing views the customer as the very purpose of the business. It sees the business from the point of view of the customer. Customer consciousness permeates the entire organization – all departments, all the people and all the time.	7	Selling views the customer as the last link in the business. ©ianswer4u.com
8	'Customer satisfaction' is the primary motive.	8	'Sales' is the primary motive.
9	External market orientation.	9	Internal company orientation.
10	Marketing concept takes an **outside in** perspective	10	Selling concept takes an **inside-out** perspective.
11	It is a broad composite and worldwide concept, more so in this era of globalisation.	11	It is a narrow concept related to product, seller and sales activity.
12	Marketing is more 'pull' than 'push'.	12	Selling involves 'push' strategy.
13	Marketing begins much before the production of goods and services, i.e. with identification of customers' needs. It continues even after the sale to ensure customer satisfaction through after sales services.	13	Selling comes after production and ends with the delivery of the product and collection of payment.
14	Marketing has a wider connotation and includes many activities like marketing research, product planning & development, pricing, promotion, distribution, selling etc.	14	Selling is a part of marketing.
15	It concerns itself primarily and truly with the 'value satisfactions' that should flow to the customer from the exchange.	15	It over emphasizes "the exchange' aspect, without caring for the 'value satisfactions' inherent in the exchange.
16	It assumes: "Let the seller beware".	16	It assumes: "Let the buyer beware".
17	Marketing generally has a matrix type of organizational structure.	17	It has a functional structure.
18	The main job is to find the right products for your customers.	18	The main job is to find the customers for your products.
19	The mindset is "What is that we can make here or source from outside to satisfy the needs of the target customers".	19	The mindset is "Hook the customer".
20	Conceptual and analytical skills are required.	20	Selling and conversational skills are required.

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TYPES/CLASSIFICATIONS OF MARKETS:

Markets have been classified, on the basis of different approaches, in various ways. They are given below

...ercial demand for commodities.

CLASSIFICATION OF MARKETS

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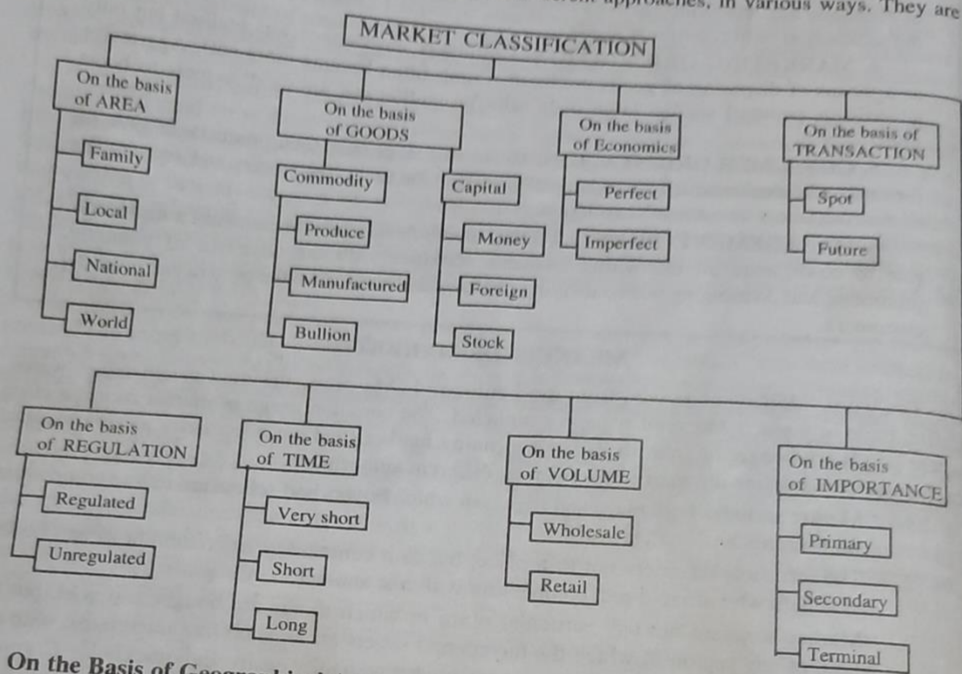


A. **On the Basis of Geographical Area**

1. **Family Market:** When exchanges are confined within a family or close members of the family, such a market can be called as family market.

2. **Local Market:** When people–buyers and sellers, belong to a local area or areas, say a town or village, participate in market, it is called local market. The demands are limited. For example, perishable goods like fruits, fish, vegetables etc. But strictly speaking such markets are disappearing because of the efficient system of transportations and communications. Even, then, in many villages such markets exist even today.

3. **National Market:** For a certain type of commodities, a country may be regarded as a market, through the fast development of industrialisation; it is called a national market. At the present stage, in India, the goods of one corner can reach another corner, because of the efficient systems of communications and transportation facilities. In the present decade almost all the products have national markets as the markets have widened to a great extent.

4. **World Market:** World or international market comes up when buyers and sellers of goods evolve on world level *i.e.*, involvement of buyers and sellers beyond the boundaries of a nation.

B. On the Basis of Commodities/Goods

Commodity Market : Produced goods or consumption goods are bought and sold. Commodity markets are sub-divided into:

1. **Produce Exchange Market :** This type of market is found only in developed industrial centres or cities. One market deals in one commodity only. Generally sellers and buyers of a particular commodity, set up such markets and run them regulated and controlled by certain rules. e.g., Wheat Exchange Market of Hapur, the Cotton Exchange Market of Bombay etc.

2. **Manufactured Goods Market :** Such type of markets deals with manufactured goods. e.g., Leather goods, machinery etc. The Leather Exchange Market at Kanpur, Piece Goods Exchange of Bombay are examples of such markets.

3. **Bullion Market :** This type of market deals with the purchase or sale of gold, silver etc. Bullion markets of Bombay, Calcutta, Kanpur etc., are examples of such markets.

Capital Markets

New or going concerns need finance at every stage. As such financial needs of concerns are met by capital markets. They are of three types:

1. **Money Market :** It is a type of market where money is borrowed or lent. This type of market helps or guides the public to invest their surplus fund in industrial concerns; and helps people to take loans through banks. London is the world's biggest money market.

2. **Foreign Exchange Market :** It is an international market. This type of markets helps exporters and importers, in converting their currencies into foreign currencies and vice versa.

3. **The Stock Exchange Market :** This is a market where shares, debentures, bonds etc., of companies are dealt with–purchased or sold. It is also known as Security Market. Stock Exchanges of Mumbai, Kolkatta, Chennai etc., are examples for this type of market.

C. On the Basis of Economics

1. **Perfect Market :** A market is said to be a perfect market, if it satisfies the following conditions:

(i) Large number of buyers and sellers are there.
(ii) Prices should be uniform throughout the market.
(iii) Buyers and sellers have a perfect knowledge of market.
(iv) Goods can be moved from one place to another without restrictions.

It should be remembered that such types of markets are rarely found.

2. **Imperfect Market :** A market is said to be imperfect when

(i) Products are similar but not identical.
(ii) Prices are not uniform.
(iii) There is lack of communications.
(iv) There are restrictions on the movement of goods.

D. On the Basis of Transaction

1. **Spot Market :** In such a market goods are exchanged and the physical delivery of goods takes place immediately.

2. **Future Market :** In such a market contracts are made over the price for future delivery. The dealing and settlement take place on different dates.

E. On the Basis of Regulation

1. **Regulated Market :** These are types of markets which are organised, controlled and regulated by statutory measures.

Example : Stock Exchanges of Mumbai, Chennai, Kolkata etc.

2. **Unregulated Market :** This is a free market. There is no control with regard to price, quality, commission etc. Demand and supply determine the price of goods.

F. On the Basis of Time

1. **Very Short Period Market :** Markets which deal in perishable goods like, fruits, milk, vegetables etc., are for a very short period. There is no change in the supply of goods. Price is determined on the basis of demand.

2. **Short Period Market :** In certain goods, supply is adjusted to meet the demand. The demand is greater than supply. Such markets are known as Short Period Market.

3. **Long Period Market :** This type of market deals in durable goods.

G. On the Basis of Volume of Business

1. **Wholesale Market :** In wholesale market goods are supplied in bulk quantity to dealers.

2. **Retail Market :** In retail market goods are sold in small quantities directly to the users or consumers–consumer market. The consumer gets the goods for consumption and not for profit-making.

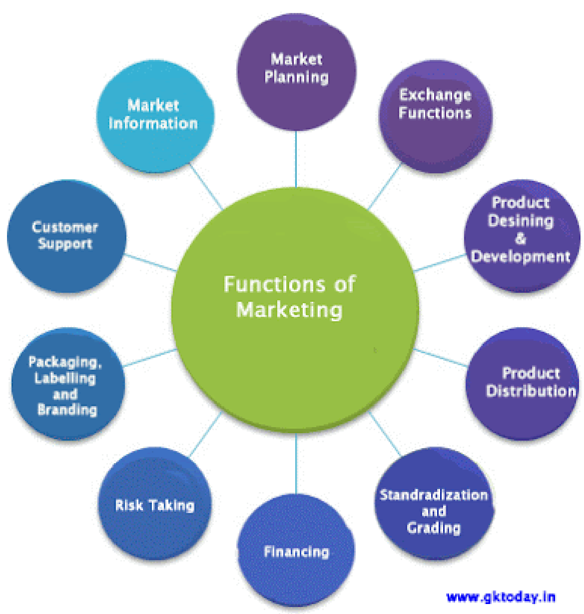
H. On the Basis of Importance

1. **Primary Market :** The Primary producers of farm produce sell their output or products through this type of markets to wholesalers or consumers. Such markets can be found in villages and mostly the products arrive from villages.

2. **Secondary Market :** The commodities arrive from other markets. The dealings are commonly between wholesalers or between wholesalers and retailers.

3. **Terminal Market :** The ultimate consumer gets the goods from such markets. Here the final disposal of goods takes place.

FUNCTIONS OF MARKETING:



❖ **Market Information**

To identify the needs, wants and demands of the consumers and then analyzing the identified information to arrive at various decisions for the successful marketing of a firm's products and services is one of the most important functions of marketing. The analysis involves judging the internal weaknesses and strengths of the organization as well politico-legal, social and demographic data of the target market. This information is further used in market segmentations.

❖ **Market Planning**

Market-planning aims at achieving a firm's marketing objectives. These objectives may involve increasing market presence, dominate the market or increase market share. The market planning function covers aspects of production levels, promotions and other action programmes.

❖ **Exchange Functions**

The buying and selling are the exchange functions of marketing. They ensure that a firm's offerings are available in sufficient quantities to meet customer demands. The exchange functions are supported by advertising, personal selling and sales promotions.

❖ **Product Designing and development**

The product design helps in making the prodyct attractive to the target market. In today's competitive market environment not only cost matters but also the product design, suitability, shape, style etc. matter a lot in taking production decisions.

❖ **Physical Distribution**

The physical distribution functions of marketing involve transporting and storing. The transporting function involve moving products from their points of production to locations convenient for purchasers and storing function involve the warehousing products until needed for sale.

❖ **Standardization and Grading**

Standardization involves producing goods at predetermined specifications. Standardization ensures that product offerings meet established quality and quantity. It helps in achieving uniformity and consistency in the output product. Grading is classification of goods in various groups based upon certain predetermined characteristics. It involves the control standards of size, weight etc. Grading helps in pricing decisions also. The higher quality goods and services attract higher prices.

- **Financing**

The financing functions of marketing involve providing credit for channel members or consumers.

- **Risk Taking**

Risk taking is one of the important marketing functions. Risk taking in marketing refers to uncertainty about consumer purchases resulting from creation and marketing of goods and services that consumers may purchase in future.

- **Packaging, labeling and branding**

Packaging involves designing package for the products, labeling means putting information required / specified on a product's covering. Packaging and labeling serve as promotional tools now a days, Branding distinguishes the generic commodity name to a brand name. For example, Wheat Flour is a generic name of a commodity while "Ashirvad Aata" is a brand name. In service industry, also branding matters a lot.

- **Customer Support**

Customer support is a very important function of marketing. It involves pre sales counseling, after sales service, handling the customer complaints and adjustments, credit services, maintenance services, technical services and consumer information. For example, water purifier comes with an onsite service warranty of 7 years helps in marketing and is an important marketing function as well.

MARKETING MANAGEMENT

Meaning:

Marketing management facilitates the activities and functions which are involved in the distribution of goods and services.

Definition:

According to **Philip Kotler,** "Marketing management is the analysis, planning, implementation and control of programmes designed to bring about desired exchanges with target markets for the purpose of achieving organizational objectives. It relies heavily on designing the organizations offering in terms of the target markets needs and desires and using effective pricing, communication, and distribution to inform, motivate and service the market."

Objectives of **Marketing Management:**

The basic or fundamental **objective** of **marketing management** is to maximise consumer satisfaction; and maximising enterprise profitability through maximising consumer satisfaction.

The twin aspects of this fundamental **objective** seek to reconcile the **objectives** of consumers with those of the organisation.

Some of the major objectives of marketing management are as follows:

- Creation of Demand
- Customer Satisfaction
- Market Share
- Generation of Profits
- Creation of Goodwill and Public Image.

The basic purpose of marketing management is to achieve the objectives of the business. A business aims at earning reasonable profits by satisfying the needs of customers.

- **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.

Goods and services are produced to satisfy the needs of the customers. Demand is also created by informing the customers the utility of various goods and services.

- **Customer Satisfaction**

The marketing manager must study the demands of customers before offering them any goods or services. Selling the goods or services is not that important as the satisfaction of the customers' needs. Modern marketing is customer- oriented. It begins and ends with the customer.

- **Market Share**

Every business aims at increasing its market share, i.e., 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 advertising, innovative packaging, sales promotion activities, etc.

- **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.

- **Creation of Goodwill and Public Image.**

To build up the public image of a firm over a period is another objective of marketing. The marketing department provides quality products to customers at reasonable prices and thus creates its impact on the customers.

The marketing manager attempts to raise the goodwill of the business by initiating image- building activities such a sales promotion, publicity and advertisement, high quality, reasonable price, convenient distribution outlets, etc..

Importance/Significance of Marketing Management:

In the technological arena, marketing management plays a crucial role in a commercial and business enterprise. It is a business discipline that focuses on practical application of marketing orientation, techniques and methods inside enterprises and organizations and manages firm's marketing resources and activities.

The points below bring out the significance or importance of management:-

- Satisfies the needs of customers (or consumers).
- Increases market share of the firm.
- Increases production of existing products.
- Raises per capita income and demand for more goods by the consumers
- Provides employment and hence fulfill social obligation.
- Launch new products in the market.
- Reduces cost of sales and distribution.

Marketing management smoothen the process of exchange of ownership of goods and services from seller to the buyer.

1. Analysing Market Opportunities:

Marketing management collects and analyses information related to consumer's needs, wants and demands, competitor's marketing strategies, changing market trends and preferences. This helps to identify market opportunities.

2. Determination of Target Market:

Marketing management helps to identify the target market that the organization wishes to offer its product.

3. Planning and Decision Making:

Marketing management helps to prepare future course of action. Planning relates to product introduction, diversification. Decision making regarding pricing, selection of promotional mix, selection of distribution channel is taken by the marketing management.

4. Creation of Customer:

Consumers determine the future of the market .Therefore providing the best product to the consumer according to their preference is the important task of marketing. Marketing management helps in creation of new customers and retention of current customers.

5. Helps in Increasing Profit:

Marketing caters to the varied and unlimited needs of consumers. Marketing management helps to increase profit and sales volume. This is achieved by expansion of market and increasing customers.

6. Improvement in Quality of Life:

Marketing management aims at providing innovative product and services to the customers. Marketers continuously strive to incorporate new technology and mechanism in their product to provide more satisfaction to customers than before. This improves quality of life and makes life of consumers easier than before.

7. Employment Opportunities:

Marketing process is a combination of different activities like research work to assess the marketing environment, product planning and development, promotion, distribution of product to customers and after sales service. Marketing process requires researcher, production engineer, different distribution intermediaries, sales personnel also creates employment opportunities in advertisement section. Thus marketing management opened up different employment avenues thus creating employment opportunities.

MARKETING INFORMATION SYSTEMS - MIS

All businesses are operating under conditions of risk and uncertainty. The success or failure of any firm or company depends on many factors like economic situation, the changing tastes of customers, the extent and nature of competition and competitive activities and more. Business decisions and especially marketing decisions are actually the decisions about the future of a company. The management of successful companies always focuses on each of the aspects of their business in order to make achievable decision. Marketing is usually that area of a company which requires lots of attention. Company sales depend on marketing so company must use adequate solutions for the more effective promotion of their products. For this purpose companies rely on marketing information system. Marketing information system allows a company to use all relevant information for developing its marketing strategies more effectively.

Definition of Marketing Information System:

Philip Kotler defines MIS system as "people, equipment, and procedures to gather, sort, analyze, evaluate, and distribute needed, timely, and accurate information to marketing decision makers".

In simple words we can say that Marketing information includes all those facts, estimates, guidelines, opinions, policies and other important data which is necessary for taking marketing decisions. This information may be collected from internal and external sources. This information usually collected from customers, competitors, company salesmen, suppliers, government sources, specialized agencies and others. Now a day MIS system uses modern technology and techniques for collecting, analyzing, storing and distributing information.

Steps of Marketing Information System:

In order to use marketing information, companies have to focus on three main steps of marketing information systems.

- Assessing Information Needs
- Developing Information
- Distributing Information

Assessing Information Needs:

First of all marketer should know why the marketing information is necessary? MIS system primary serves the management and company's employees. However it may also provide information to external partners, such as suppliers, retailers and other marketing agencies. For example Wal-Mart gives their key suppliers access to their information system. Dell creates premium pages for their customers, giving them access to product design and other services information. Company's managers must know about a new product that competitors plans to introduce. By all this it is clearly disclosed that marketing information system plays a vital role for a company to make on time decision making and effective business strategy.

Markers can get information from:

1. **Internal Records** can be found in company's marketing, sale, accounting departments.

2. **Marketing Intelligence** collects and analyzed publically available data of competitors and other developments in the marketplace.
3. **Marketing Research** analyzed the collected data for report generation.
4. **Marketing Decision Support Systems** are tools help in marketing decision process.

Developing Information:

The second and most important step in marketing information system is to develop or collect information. There are various techniques adopted by different companies for collecting data and information. The techniques of collecting data may vary from company to company according to their specific needs. The common methods of data collection are as under:

- Observational research
- Survey research
- Focus group interview
- Personal contact method
- Sampling research plan and
- Questionnaires

Distributing & Using Marketing Information:

The gathered information has no value until it is used to make better marketing decision making. So the information should be timely available to managers and other top level management who make marketing decisions and deal with customers. This can only be happen by regular performance reports, intelligence updates and other information collected by research studies.

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