



Introduction

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Chapter 11: Marketing

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Introduction

The term 'market' refers to the place where buyers and sellers gather to enter into transactions involving the exchange of goods and services. The term 'Market' has been derived from the Latin word 'Marcatus' which means 'to trade'.

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Introduction

Marketing concept holds that a key to achieving organizational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more efficiently and effectively by competitors.

Marketing as “a human activity directed at satisfying needs and wants through exchange process”. - Philip Kotler

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Concept of Marketing:



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Concept of Marketing:

1. Product Concept:

The core purpose of the product concept is to manufacture cheaper products because the consumers won't pay much price for the products or services. So the businesses that accompany the product concept manufacture the goods on a mass scale and profit out of the economies of scale.

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Concept of Marketing:

2. Production Concept:

It is one of the earliest marketing concepts where the organization concentrates on the ability of its production processes. It is to manufacture the products cheaper to make them ready for the mass population. The centre of the production concept is on the quantity, not the quality of the products.

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Concept of Marketing:

3. Selling Concept:

As the name suggests, the idea of selling is to sell the company's product through large-scale marketing and promotional activities. It doesn't matter whether they satisfy customers' needs or not.

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Concept of Marketing:

4. Marketing Concept:

When it comes to the marketing concept, it is customer oriented. It places customers in the middle of the marketing process, discovering customers' demands and wants, then meeting those needs better than the competitors.

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Concept of Marketing:

5. Societal Marketing Concept:

The idea behind the societal marketing concept is based on the welfare of the entire society because it examines the strategy of the marketing concept. What consumers need doesn't mean that it would be useful for them in the long term. What you need and what is suitable for you and society as a whole are two entirely different things.

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Concept of Marketing:

For example, we all like sweet, spicy, and fast foods. We all desire the same things whenever we go out, but it doesn't imply that it's good for our health and the well-being of the whole society.

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Features of Marketing:



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Features of Marketing:

1. Needs and Wants:

- The marketing process assists consumers in obtaining what they require and desire.
- A need is said to be known as a state of deprivation or the feeling that one is depriving oneself of something.
- Needs are fundamental to human beings and are unrelated to a specific product.

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Features of Marketing:

2. Creating a Market Offering:

Market offering refers to a process of offering and introducing a product or service, having given features like size, quality, taste, etc. for the purpose of selling.

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Features of Marketing:

3. Customer Value:

The process of marketing facilitates exchange of products and services between the buyers and the sellers.

4. Exchange Mechanism:

The process of marketing involves exchange of products and services for money or something.

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Functions of marketing:



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Functions of marketing:

1. Identify needs of the consumer:

The first steps in marketing function is to identify the needs and wants of the consumer that are present in the market. Companies or businesses must therefore gather information on the customer and perform analysis on the collected information.

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Functions of marketing:

2. Planning:

The next step in marketing function is planning. It is considered very important for a business to have a plan. The management should be very clear about the company objectives and what it wishes to achieve from the created plan.

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Functions of marketing:

3. Product Development:

After the details are received from the consumer research, the product is developed for use by the consumers. There are many factors that are essential for a product to be accepted by the customer, a few factors among the many are product design, durability and cost.

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Functions of marketing:

4. Packing and Labelling:

The first impressions of a product are its packaging and the label attached to it. Therefore, packaging and labelling should be looked after very well. It is a well-known fact that a great packaging and labelling goes a long way in ensuring product success.

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Functions of marketing:

5. Branding:

Branding is referred to as the process of identifying the name of the producer with the product. Certain brands are there in the market which have a lot of goodwill and any product coming from the same brand will be accepted more warmly by the consumers.

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Functions of marketing:

6. Customer Service:

A company has to set-up various kinds of customer service based on their product. It can be pre-sales, technical support, customer support, maintenance services, etc.

Pricing: It can be regarded as one of the most important parts of marketing function. It is the price of a product that determines whether it will be successful or a failure.

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Marketing and Selling:



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Marketing and Selling:

1. Marketing:

It refers to a broad range of activities, of which selling is only one component. Before making a sale, a marketer must plan the type, design, and price of the product, as well as select the distribution channels and the appropriate promotional mix for the target market.

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Marketing and Selling:

2. Selling:

It refers to the sale of a product or service through advertising, promotion, and salesmanship. The product's title is transferred from seller to buyer. The primary goal of selling is to turn a product into cash.

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Difference Between Marketing and Selling:

Basis	Marketing	Selling
Scope	It is a broad term that encompasses a variety of activities such as identifying customer needs, product development, pricing, distribution, promotion, and selling.	It is only a part of the marketing process.

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Difference Between Marketing and Selling:

Basis	Marketing	Selling
Focus	Satisfying the needs and desires of the customers to the greatest extent possible.	Title transfer from seller to consumer
Aim	Profits are generated as a result of customer satisfaction.	Profits are generated by increasing sales volume.

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Difference Between Marketing and Selling:

Basis	Marketing	Selling
Emphasis	Customer bending based on the product	Creation of products that can meet the needs of the customers.
Strat and end activities	It begins before a product is manufactured.	It begins after a product is created.

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Difference Between Marketing and Selling:

Basis	Marketing	Selling
Strategies	Product, promotion pricing, and physical distribution are all part of the effort.	Efforts such as promotion and persuasion are required

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Marketing Mix:

The marketing mix is defined by the use of a marketing tool that combines a number of components in order to become harden and solidify a product's brand and to help in selling the product or service. Product based companies have to come up with strategies to sell their products and coming up with a marketing mix is one of them.

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Elements of a Marketing Mix:

- 1. Product:** It refers to all decisions relating to the product (branding, packaging, labelling, colour).
- 2. Price:** Price mix refers to all those decisions which are related to price fixation of product.
- 3. Place:** It refers to activities that make firm's products available to the target's customers.
- 4. Promotion:** It refers to combination of promotional tools used by the business to inform and get settled customers about the products.

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Classification of Industrial Products:

Products can be classified into two categories:

- Consumers 'products,
- Industrial products.

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Classification of Industrial Products:

A. Shopping Efforts Involved:

On the basis of the buyers' time and effort.

1. Convenience Products: Convenience goods are consumer products that are frequently purchased for immediate use. Medicines, newspapers, stationery, toothpaste, and so on.

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Classification of Industrial Products:

- 2. Shopping Products:** Shopping products are those in which buyers spend a significant amount of time comparing the quality, price, style, suitability, and so on at various stores before making a final purchase. For example, electronic goods, automobiles, and so on.
- 3. Specialty Products:** Specialty products are goods that have unique characteristics that compel customers to go out of their way to purchase them. For example, art, antiques, and so on.

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Classification of Industrial Products:

B. Durability of Products:

1. Non-durable Products: These are consumer goods that are consumed in a short period of time. For example, milk, soap, stationery, and so on.

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Classification of Industrial Products:

2. Durable Products: Tangible items that can withstand repeated use, such as a refrigerator, radio, bicycle, and so on.

3. Services: Intangible services are those activities, benefits, or satisfactions that are sold, such as dry cleaning, watch repairs, hair cutting, postal services, doctor services, and so on.

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Industrial Products:

Industrial products are those that are used as inputs in the manufacturing process.

Characteristics:

- Number of Buyers
- Channel Levels
- Geographic Concentration
- Derived Demand
- Role of Technical Considerations
- Reciprocal Buying
- Leasing Out

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Classification:

- 1. Materials and Parts:** items that are completely incorporated into the manufacturer's products.
- 2. Capital Items:** the manufacture of finished goods, such as installations and equipment.
- 3. Supplies and Business Services:** short-term goods and services that aid in the development or management of the final product. Repairs and maintenance, for example.

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Classification:

4. Branding: Branding is the process of creating a corporate brand identity for consumers and imprinting that brand identity on their minds, which necessitates brand positioning and brand management. The process of developing a product's distinct identity. It is the process of identifying a product by using a name, term, symbol, or design alone or in some combination.

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Classification:

5. Brand: A name, term, sign, design, or some combination of the above used to identify and differentiate the seller's products from those of competitors. Brand name Part of brand which can be spoken, i.e. verbal part of brand. For example, Asian Paints, Uncle Chips etc.

6. Brand mark: Part which can be identified but cannot be spoken. For example, Gattu of Asian Paints or the Devil of Onida.

7. Trademark: Part which has legal protection so that no other firm can use such name or mark.

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Characteristics of Good Brand Name:

- Short, simple to say, spell, recognize, and remember
- Suggest the product's advantages and characteristics.
- Different from other products
- Adaptable to packing or labelling requirements, as well as different advertising media and languages.
- Versatile enough to accommodate new products.
- Legally registered and protected.

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Packaging

It refers to the groups of those activities which are related to the designing and production of containers.

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Levels of Packaging:

There are generally three levels of Packaging:

- 1. Primary Package:** Primary package is very close to the product. It keeps till the consumer is ready to use and also keeps throughout the entire life of the product.
- 2. Secondary Packaging:** Secondary Packaging refers to additional layers of protection that are kept till the product is ready to use.
- 3. Transportation Packaging:** Transportation Packaging refers to that packaging which is necessary to use for transportation, identification and storage.

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Importance of Packaging:

- **When customers purchased packed products. They feel safe and hygienic because the chances of adulteration in such packed goods are minimised.**
- **Self service outlets are very popular, particularly in major cities and towns.**
- **With the help of Packaging many products are kept for several days.**
- **Packaging creates product differentiation.**

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Functions of packaging:

- Packaging helps in identification of product.
- Packaging protects the product from spoilage, breakage, leakage.
- The size and shape of the package should be such that it should be convenient to open, handle and use for the consumers.
- Packaging is also used for promotion purpose.

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Labelling:

Labeling is the process of affixing identification marks to a package. Labels are information carriers that provide information such as the name of the product, the name of the manufacturer, the contents of the product, the expiry and manufacturing date, general information for use, weight, and so on.

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Function of labelling:

- It provides complete information related to the product like weight, price and ingredients of product.
- It makes easier to identify a particular product among many with the help of labelling.
- It helps in grading of the products.
- It helps in promotion of products.
- It provides information related to the products required by law.

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Pricing:

It is considered as the sum of the values that customers exchange in exchange for the benefit of owning or using the product. Price can thus be defined as the sum of money paid by a buyer (or received by a seller) in exchange for the purchase of a product or service.

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Promotion::

- **Promotion is the use of communication with the dual goal of informing potential customers about a product or a service as well as persuading them to purchase it.**
- **Promotion is a critical component of the marketing mix in which marketers use various communication tools to encourage the exchange of goods and services in the market.**
- **It is a set of promotional tools/techniques used by a company to entice and persuade customers to buy its products.**

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Promotion Mix:

A promotion mix is considered as a combination of promotional tools used by a company to achieve its communication goals.

Promotion mix tools:

- i. Advertising,
- ii. Personal Selling,
- iii. Sales Promotion,
- iv. Publicity.

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Advertising:

Advertising, as defined by a specific sponsor, is a paid form of nonpersonal presentation and promotion of goods, services, or ideas.

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Advertising:

Features:

- 1. Paid Form:** The sponsor must bear the cost of communicating with customers.
- 2. Lack of Personalization:** There is no direct face-to-face contact between the prospect and the advertiser.
- 3. Identified Sponsor:** Advertising is done by a specific person or company.

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Advertising:

Merits:

- **Mass Reach:** a large number of people can be reached across a large geographical area.
- **Increasing customer satisfaction and trust.**
- **Expressiveness:** It is a powerful medium of communication.
- **Economy:** Because of its wide reach, is a very cost-effective mode of communication.

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Advertising:

Limitations:

- **Less Forceful:** There is no pressure on the prospects to listen to the message.
- **Inflexibility:** It is less flexible because the message is standardised and not tailored to the individual.
- **Low Efficacy:** It is difficult to get advertising messages heard by the intended prospects.

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Objections to Advertising:

Some critics argue that advertising is a social waste because it raises costs, multiplies people's needs, and undermines social values.

- 1. Adds to Cost: Unnecessary advertising raises the cost of the product, which is then passed on to the buyer in the form of high prices.**
- 2. Undermines Social Values: It undermines social values while encouraging materialism.**

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Objections to Advertising:

3. **Confuses the Buyers:** A similar product of the same nature/ quality confuses the buyer.
4. **Encourages Sale of Inferior Products:** It makes no distinction between superior and inferior goods.
5. **Some Advertisements are in Bad Taste:** These depict something that some people do not agree with.

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Personal Selling:

Personal selling entails personally contacting prospective buyers of a product, i.e. engaging in a face-to-face interaction between seller as well as the buyer for the purpose of sale.

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Features of the Personal Selling:

1. Under personal selling, personal contact is established.
2. Establishing relationships with prospective customers, which are critical in closing sales.
3. Oral communication.
4. Quick response to queries.

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Merits of Personal Selling:

1. Flexibility
2. Direct Feedback
3. Minimum wastage

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Role of Personal Selling:

Importance to Business Organisation:

1. Effective Promotional Tool
2. Versatile Tool
3. Reduces Effort Wastage
4. Consumer Attention
5. Long-Term Relationship
6. Personal Relationship
7. Role in the Introduction Stage
8. Customer Relationship

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Sales Promotion:

Short-term incentives or other promotional activities that aim to pique a customer's interest in purchasing a product are referred to as sales promotion.

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Merits of Sales Promotion:

- 1. Attention Value:** Using incentives, attract people's attention.
- 2. Useful in New Product Launch:** Sales promotion tools persuade people to abandon their usual purchasing habits and try new products.
- 3. Synergy in Total Promotional Efforts:** Sales promotion activities contribute to the overall effectiveness of a company's promotional efforts.

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Limitations of Sales Promotion:

- 1. Reflects Crisis:** A company that frequently relies on sales promotion activities may give the impression that it is unable to manage its sales and that its products are unpopular.
- 2. Damages Product Image:** Customers may believe that the products are of poor quality or are overpriced.

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Limitations of Sales Promotion:

3. Publicity: Publicity occurs when favourable news about a product or service is broadcast in the mass media. For example, if a manufacturer makes a breakthrough in the development of a car engine and this news is covered by television, radio, or newspapers as a news item.

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Limitations of Sales Promotion:

Features of Publicity are:

1. Publicity is a form of communication that is not compensated.
2. There is no identified sponsor.

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