

## Chapter - 6

# MARKETING

The global market is witnessing a sea of changes and the economies round the globe, are refining their business practices continually. There are a large number of sellers in the market and the competition has grown intense more than ever. In such a scenario, **marketing** has emerged as one of the most important business management function. Marketing is so much involved in our day to day lives that it influences every activity that we do. Be it the food we eat, clothes we wear, movies we watch, mobile phones we use; everything comes under the purview of **marketing**. From a narrow perspective, marketing refers to those activities that anticipate the customer needs and direct the flow of goods and services to satisfy them. From a broader perspective it can be defined as a process that directs the flow of goods and services, to establish a balance between demand and supply. However, in the simplest terms, marketing is a process that includes all the activities, starting from what to produce, to the activities done after sales.

The business philosophy has evolved gradually, and so has the role of marketing. This evolution has been since selling surplus goods produced by the companies, till the philosophy of '*customer is king*' and eventually the consumers have become the core of all the marketing activities. Thus regardless of one's business interests, studying the fundamentals of marketing is of much relevance in the present scenario.

Marketing management is a part of the business management. It refers to the planning, organizing, directing and controlling of those activities which

makes the exchange of goods and services easy between the sellers and consumers. Marketing management focuses on obtaining desired results from the market. Here the definitions given by some of the experts are being discussed.

According to Philip Kotler- "*Marketing management is the analysis, planning, implementation and control of programme designed to bring about desired exchanges with target markets for the purpose of achieving organisational objectives*".

According to Cundiff & Still- "*Marketing management is a branch of the broad area of management. It is concerned with the direction of purposeful activities towards the attainments of marketing goals.*"

According to Stanton- "*Marketing management is the marketing concept in action.*"

After going through the above definitions, it can be concluded that marketing management is a branch of general management, in which the study of consumer needs is done and in order to satisfy them analysis planning, implementation and controlling of effective marketing programme is undertaken.

## Functions of Marketing Management

A marketing manager performs several functions for directing the flow of goods and services towards the consumers. In other words, the marketing process includes an array of activities. Every function has its own importance and a marketing manager needs to undertake all these functions round the year, to operate the marketing system

successfully. The next section is a brief description of various activities undertaken by the marketing manager:

**1. Marketing Analysis:** One of the important functions of a marketer is gathering market related information and its analysis. The initiation of marketing activities occurs with the analysis of market. Through this the marketing managers obtain knowledge about their consumers' needs, desires, interests, etc. Also, the information regarding the demand and supply is gathered with the help of market analysis. The managers can also search for prospective consumers with it. Apart from this market analysis is essential for the study of marketing environment, and gathering information about the consumers' purchasing power, income, purchasing objectives etc. Thus, managers are able to understand the existing conditions of the market and their consumers.

**2. Marketing Planning:** For achieving the marketing objective of an organization, one more function that is important for the marketing manager is the development of a suitable marketing plan. For this a detailed marketing plan needs to be made according to the predetermined objectives, in which increase in the level of production, product promotion etc. activities are included and implementation programmes are also determined.

**3. Marketing Communication:** Communication is an important function of management. Every marketing manager needs to keep in place an effective marketing communication system. The important elements of marketing communication are advertisement, sales promotion, marketing research, sales creativity, publicity, feedback or survey, etc. The elements like advertisement,

publicity are used for spreading important messages or information to present and prospective consumers and elements like marketing research (survey) are helpful in getting complaints and suggestions from the consumers. Thereby a manager arranges for a two-way communication.

**4. Product Design & Development:** Another important function of marketing manager is product design and development. Product design helps in making the products attractive for the target consumers. A better design can increase the utility of the product and result in its enhanced competitiveness in the market.

**5. Market Segmentation:** Any organization cannot satisfy all its consumers with any of the products. Therefore, every organization has to select a particular customer group from the whole market and make efforts to satisfy them. The heterogeneous market is divided/ classified into homogenous groups (sub-markets), on the basis of common characteristics like needs, interests, etc. The organizations can choose one or more markets and design their marketing programme according to the needs of those chosen markets.

**6. Standardization And Grading:** The term standardization refers to the production of goods according to the predetermined specification in order to maintain uniformity. It assures the purchasers that the goods are according to the predetermined quality, price and packaging. Grading includes dividing the goods produced into different classes according to their type and quality. Both these functions help in identification and price determination of goods.

**7. Packaging & Labeling:** Packaging includes designing the package for the product. Label means

designing a label for the product. Packaging provides protection to the product's colour and quality. Also, the product is presented in an attractive form so that people are motivated to purchase it. Consumers at times assess the quality of products on the basis of its packaging itself. Packaging has played a significant role in the success of various consumer brands like Lays, Uncle Chips, Pantene Shampoos, and Cadbury Dairy milk etc.

**8. Branding:** The selection of a right brand-name plays an important role in the success of a product. It is an important decision whether the product should be sold according to the category it belongs to or under a brand name. A brand name distinguishes a product from others. This develops a liking towards that product and it makes the sales promotion easy.

**9. Customer Support Services:** Customer support services prove effective in promoting repetitive purchases and developing brand loyalty. These services include after sales service resolution of consumer complaints, credit services, maintenance services, technical assistance and providing consumer information. These all are meant to provide maximum satisfaction to a consumer which is a key to success in the present scenario.

**10. Price Determination:** The demand of a product is directly related to its price. Usually, if the price is low, product demand is higher and vice versa. The price of a product is the amount, which is paid by the consumer in exchange of the product. Price is a significant element which influences the success and failure of a product in the market. The marketers should engage in proper analysis of the price determinant factors and pricing policy.

**11. Sales:** Under this function, the marketing department transfers the ownership of products or initiates a contract for the same. For this, the activities like determining the price and sales conditions, publication of price list, appointing salesmen etc are undertaken.

**12. Transportation:** Transportations refers to the movement of goods/products from one place to another. The function is important since it involves the collection of products from different producers and making it available to different consumer timely. It leads to the generation of 'place utility'. The marketing department employs various means of water, land and air transportation. Also, this involves making arrangements for insurance policies for goods transportation.

**13. Storage:** Generally, there is a gap between the sales and production activities. Therefore the marketing department arranges for storage of products in certain circumstances e.g. when the demand is lower than the supply of goods. Certain products like vegetables, fruits, cereals are produced only at particular time periods or seasons. Such products also need to be stored in order to make them available after the season ends. This function is meant for establishing a balance between the demand and supply of products.

**14. Financial Facilities:** The function includes making arrangements of adequate finance for activities undertaken like purchase of goods, storage, and for other expenses of the marketing department. The department makes the top management aware of its needs and obtains enough financial aid like loan, EMI, Lease etc. At times, the department itself obtains financial assistance through loans from banks and other financial institutions.

## Importance of Marketing Management

The importance of effective marketing is growing day by day. The reasons behind this is the changing consumer needs, rising supply over demand, gaps in consumer behavior and need hierarchy, varying consumer interests, etc. Effective marketing efforts can help the nation in rapid economic development by making optimum utilization of limited resources to meet the consumer needs.

Marketing is a continuous process and the activities involved are undertaken regularly like the market analysis, communication, product diversification, etc. For the convenience of study the importance of marketing management can be divided into following beneficiaries:

1. Importance for the businessmen / enterprises
2. Importance for the consumers
3. Importance for the society
4. Importance for the nation

## Importance for the Businessmen/Enterprises:

In modern times, no organization can develop without an effective marketing system. In an era of cut throat competition, the survival, development and success of a business depends upon the quality of their marketing system. The importance of marketing for a firm has been discussed as under:

**1. Survival In Competition:** In the present competitive scenario, the organization can survive only through its marketing activities. Any firm can make an effective marketing strategy and compete successfully with the other players.

**2. Basis Of Planning:** Marketing is a process which is related to the market and consumers. Therefore, it helps in gathering knowledge about consumer needs, interests, desires, etc. Due to this

reason, every organization focuses on the production of those products which are preferred by the consumers and the company makes its plans on the basis of various marketing information like market routes, competition, fashion, consumer interest, purchasing power, etc.

**3. Growth In Sales:** Marketing management helps in market and consumer analysis and through which knowledge regarding changing interests of consumers, needs and fashion can be gained. This helps in producing the goods according to the market needs and thus helps in increasing sales.

**4. More Production:** Increase in sales, results in the need for increase in production due to which the organizations are able to produce more and achieve the objectives of long term production.

**5. Distribution At Minimum Cost:** Due to an effective marketing when a firm is able to generate long term production, it ultimately results into reduced cost per unit.

**6. Increase In Profits:** An effective marketing system helps in increasing profits of an organization. When the demand increases, more production is undertaken at the minimum cost and the increasing demand is satisfied on market price. This assures an increase in profits.

**7. Helps In Attracting Middlemen:** An effective marketing system makes it easy to gain middlemen like agents, wholesalers, retailers, etc. as the middlemen prefer those producers whose marketing systems are consumer oriented and effective.

**8. Creation Of Goodwill:** When consumers get quality products meeting their need at minimum costs, they become satisfied. This results in an increasing number of satisfied consumers in the



market and which eventually incases the goodwill of the organization. Advertisement and sales promotion also help in increasing the goodwill of an organization.

**9.Development And Expansion:** Marketing management is helpful in activities of product diversification and new product development. Organisations can add new products according to its existing structure, and also expand its current capacity. Therefore, the increase in the production capacity, the possibilities of development increase.

**10. Fulfillment Of Social Responsibility:** In an effective marketing system, all the activities are undertaken considering the satisfaction of consumer as the basis. Therefore, modern marketing also helps in the fulfillment of social objectives and responsibilities.

**11.success In International Trade:** An effective marketing system helps in gathering information regarding the needs, traditions, and competitive conditions etc. of the foreign markets. This helps in producing goods of required colour, design, shapes, etc. and which in turn helps in gaining success in international trade.

### **Importance for the Consumers**

An effective marketing system also benefits the consumers. It protects the consumer interests. The consumer gets benefits in the following manners:

#### **1. Availability Of Cheaper And Quality Goods:**

A good marketing plan results in reduced production and marketing costs. A competitive scenario forces the businessmen to make products available at competitive prices. Thus, products are made available to the consumers at competitive prices.

#### **2. Fulfillment Of Needs:** An effective marketing

system is consumer oriented, where consumer needs, interests, etc. are of prime importance. With the help of marketing research, the changing pattern of consumer needs, interest and fashion can be traced out, and production of new products is possible. Thus the consumer needs are satisfied by making available a wide variety of new and substitute products.

**3. Increase In Knowledge:** Advertisement, sales promotion, etc help in providing information to the consumer regarding different aspects of the products. In this way, marketing is helpful in educating customers and making them aware.

#### **4. Appropriate Use/ Proper Utilization of Money:**

In the present scenario, consumers are very much aware and well informed to compare different products and their colours, design, quality, and prices etc. and takes purchase decisions according to their needs, interests and budget. They can make a comparative analysis of products simply by the information that they receive from advertisements at their homes. This helps them in utilizing their money economically and also it increases their purchasing power.

**5.increase In Living Standard:** Marketing management helps in increasing the living standard of consumers by making available several products of utility & convenience and entertainment & luxury.

**6. After Sales Services :** Marketing benefits the consumer by making available to them various after sales services like home delivery, instructions for use, exchange of goods, installation, repair at free of cost, etc.

**7. Awareness About Market Information:** An effective marketing system is based on a strong

communication system and thus the consumers keep getting information related to the market. Advertisements, sales personnel and sales promotion help consumers to obtain information regarding the products as well as the alternatives available from time to time.

**8. Availability Of Products At Right Time:** Today consumers are made the products available, when and where they need. Various products and services can be availed by the consumers 24 x 7.

**9. Availability Of Products At Right Place:** An effective marketing system has helped to consumers to draw the products at their doorstep. Not just in the urban areas, most of the products are being made available in rural areas as well. Every consumer is able to get most of the products from very convenient places.

**10. Consumer Satisfaction:** The main objective of marketing management is consumer satisfaction. By making available the desired products at right time, at right price, at right place in adequate quantity, thus marketing provide satisfaction to the consumers.

**11. Comfort And Convenience:** It is because of an effective marketing effort that the companies provide their consumers means of comfort, entertainment and luxury, which increase the work capacity, efficiency, living standard and overall satisfaction of consumers.

### **Importance for the Society**

The entire society gets benefit from an effective marketing system, which has discussed as under:

**1. Availability Of Products At Cheaper Or Economical Prices:** The masses are able to get products and services at reasonable prices and thus

the society is benefited at large.

**2. Increase In Employment:** The broad scope of marketing activities like distribution, advertisement, sales promotion, packaging, market research, etc. leads to increase in employment opportunities. Apart from this, marketing also promotes some indirect activities like transport, communication, banking, insurance, storage, capital market, etc. which increases employment opportunities at large.

**3. Freedom From Malpractices:** Due to an effective marketing management system like branding and packaging, authorized distribution centers reduces the malpractices like adulteration, hoarding, misleading advertisements, black marketing etc.

**4. Establishment Of Social Values:** The modern approach of marketing is based on consumer satisfaction. The businessmen consider consumer as the central point of their activities.

### **Importance for the Nation**

The entire nation gets benefit from an effective marketing system, which has discussed as under:

**1. Optimum Utilization Of National Resources:** Marketing management leads to creation of time, place, ownership, form and knowledge, utility of products. Due to this the natural and capital resources are properly distributed and utilized.

**2. Protection/ Safety From Recession:** Marketing helps to maintain a balance between demand and supply. By creation of demand it saves the country from economic recession, unemployment, poverty, etc.

**3. Increase In National Production:** Marketing management promotes demand for products and services in society, which leads to increase in

production activities that's resemble in GDP.

**4. Increase In Export:** With the help of international market research, marketing management helps to enter in foreign markets. Also, by improvement in quality and cost effectiveness, it helps to get entry and establish the product in export market. In this way, marketing management helps to earn foreign currency.

**5. Government Income:** An effective marketing system results in increased production, sales and profits. Therefore it increases the direct and indirect taxes income of Govt.

**6. Development Of Agriculture And Allied Industries:** Mass production needs large industries. Large industries promote agriculture and other allied industries. This leads to integrated development of the Nation.

Thus, it can be conclude that marketing management contributes to the development of each section of society. It's not only useful for businessmen who indulge in the business activities and earn profit, but the consumer, society and Nation also get benefits.

### Important Points

Marketing management is a important part of the business management. It refers to the planning, organizing, directing and controlling of those activities which makes the exchange of goods and services easy between the sellers and consumers. Marketing management focuses on obtaining desired results from the market.

**Functions of Marketing:** (1) Market analysis, (2) marketing planning, (3) marketing

communication, (4) product design and development, (5) market segmentation, (6) standardization and grading, (7) packaging and labeling, (8) branding, (9) customer support services, (10) price determination, (11) sales, (12) transportation, (13) financial arrangement, (14) risk taking.

**Importance of Marketing Management:** **(A) For Businessman:** (i)Survival in competition, (ii)Basis of planning, (iii)More sales, (iv)More production, (v)Distribution at minimum cost, (vi)Increase in profits, (vii)Helps in attracting middlemen, (viii) Creation of goodwill, (ix)Development and expansion, (x) Fulfillment of social responsibility, (xi)Success in international trade. **(B) for the Consumers:** (i) Availability of cheaper and quality goods, (ii) Fulfillment of needs, (iii) Increase in knowledge, (iv) Appropriate use/proper utilization of money, (v) Increase in living standard, (vi)After sales services, (vii)Awareness about market information, (viii)Availability of products at right time, (ix) Availability of products at right place, (x)Consumer satisfaction, (xi)Comfort and convenience. **(C) For the Society:** (i) Availability of products at cheaper or economical prices, (ii)Increase in employment, (iii)Freedom from malpractices, (iv) Establishment of social values. **(D) For the Nation:** (i)Optimum utilization of national resources, (ii) safety from recession, (iii) Increase in national production , (iv) Increase in export, (v) Government revenue, (vi) Development of agriculture and allied industries.

## EXERCISE

### Very Short Questions:

1. What do you mean by marketing management?
2. Give names of any two functions of marketing management.
3. Which are the customer support services?
4. Give any two importance of marketing management for Businessmen.
5. Give any two importance of marketing management for Consumer.
6. Give any two importance of marketing management for Society.
7. Give any two importance of marketing management for Nation.
8. How does the knowledge of consumer increase through marketing management?

### Short Answers Questions:

1. Discuss four functions of marketing management.
2. Explain following function of marketing management:-  
(i) Market Analysis  
(ii) Marketing Planning  
(iii) Marketing Communication
3. Explain the following function of marketing management :-  
(i) Packaging and Labeling  
(ii) Storage

(iii) Transportation

4. Discuss the importance of marketing management under four heads 'For Businessmen'.
5. Discuss the importance of marketing management 'For Consumers'.
6. Discuss the importance of marketing management 'For Nation'.
7. Discuss the importance of Marketing Management 'For Society'.
8. Explain the four points of process of marketing.

### Essay Type Questions:

1. Throw light on the meaning and importance of Marketing Management.
2. Explain in detail the functions of Marketing Management.
3. Explain the functional process of Marketing Management.