

MARKETING

INTRODUCTION:

Marketing is an important function of management. It sets the economy revolving. It makes the economy strong and stable. Production of goods and services has no meaning unless the goods and services are exchanged for money or money's worth. This involves the movement of goods from the producers to the ultimate consumers. With the development of speedy means of transport and communication, growing multiplicity and complexity of demand and account of rising standard of living, establishment of huge joint stock companies engaged in mass production and expanding frontiers of trade and commerce, the science and art of marketing has been attracting more and more attention of all concerned businessmen, governments, public and theorists. But to different persons, the term marketing means differently. To some, it means mere selling of goods and to some others it is nothing but advertising and publicity. Some consider 'marketing' as the sum total of all direct and indirect efforts resulting in flow of goods from producers to consumers while some others view 'marketing' as a philosophy theorizing in consumer satisfaction. The concept of marketing, as a matter of fact, has been becoming broader and has a wider scope with the passage of time.

MEANING AND DEFINITION OF MARKET

The term 'market' originated from Latin word 'mercatus' having a verb 'mercury' implying 'merchandise' ware traffic', trade or 'a place where business is conducted'. For a layman, the word 'market' stands for a place where goods and persons are physically present. For him 'market' is 'market' who speaks of 'fish market', 'mutton market', 'meat market', 'vegetable market', 'fruit market', 'grain market'. It is a congregation of buyers and sellers to transact a deal.

“Market means anybody of persons who are in intimate business relations and carry on extensive transactions in any commodity”

---**Professor Jevons**

"Market includes both place and region in which buyers and sellers are in free competition with one another".

-----**Mr. Pyle**

MEANING AND DEFINITIONS OF MARKETING:

Goods and services do not move automatically from the producers to the users. There is a definite mechanism that brings about exchange of goods and services against money or money's worth for the mutual benefit—namely, satisfaction to the consumers and surplus to the producers and manufacturers. Marketing is the belt that connects the two major wheels of any economy namely, producers and consumers. Marketing is the creation of utilities as goods and services get value addition by the time they reach the consumers. That is why; in economic jargon "marketing" refers to "all the activities involved in the creation of place, time, possession and awareness utilities".

According to **"Professor Glasser** "Marketing in a free economy is the skill of selecting and fulfilling consumer desires so as to maximize the profitability per unit of capital employed in the enterprise".

"Marketing is the business process by which products are matched with market and through which transfers of ownership are effected".
—**Professors Cundiff and Still**

"Marketing is getting and keeping the customer".
—**Theodore Levit**

ROLE OF MARKETING

Any economy developed or developing is a market oriented economy. In an economic system production and consumption are the two wheels which are made to move by the best of marketing allowing flow of goods and services from producers to consumers and flow of money from consumers back to producers. By its very nature, a market oriented economy is a dynamic economy characterized by the steady growth of markets and their expansion. In such an economy, it is the basic function of marketing system to transform the benefits of productive efficiency in terms of higher levels of living via distribution. If the levels of living are low in any country, it can be attributed directly to the least developed marketing system. According to Professor Peter Drucker—the management Guru, the neglect of marketing is one of the main factors which keeps an economy underdeveloped. He argues "Marketing by itself might go far towards changing the entire economic tone of the existing system without any change in the methods of production and distribution of population or income". The need for the market grows out of the division of labor,

mass and specialized production which calls for the existence of mass markets in which the entire output can be put in or pushed out at a reasonable margin of profit. To reach the far-flung markets of the world, marketing services are inevitable.

Marketing is important not only to a producer of goods and services, but also for customers, to government and to society at large. As observed by Paul Mazur, "marketing is the delivery of a standard of living to society."

UNIT-I
BLUE PRINT OF UNIT-I \Rightarrow **EQ-2 , SQ-2**
SECTION – A

I. Answer the following questions.

5 x 10 = 50 marks

1.a. What is marketing? Explain the importance of marketing.

Definitions:- Philip Kotler defined marketing as, “satisfying needs and wants through an exchange process”.

The importance of marketing can be further highlighted from its various benefits listed below:

1. **Marketing widens the market.** Marketing draws out the hidden wants of consumers, creates new demand, locates the untapped areas and finds out the possibilities of selling new products. It thus enlarges the market and enables the producers to increase production and earn more profits.

2. **Marketing facilitates exchanges in the ownership and possession of goods and services.** It creates time, place and possession utilities for the goods and services. It is helpful to both producers and consumers. Producers come to know about the specific needs and preferences of the people and the customers about the products that manufacturers can offer.

3. **Marketing helps in optimal utilization of resources.** As the marketing efforts widen the area of market, the producers can utilize their resources, otherwise remaining partly utilized, to the maximum. This optimum use of resources reduces the total cost per unit.

4. Marketing accelerates other activities. Because of marketing so many other activities such as banking, transport, insurance, warehousing, etc. get a boost as they are needed more to help in the marketing process.

5. Marketing increases the national income. National income is the sum total of goods and services that a nation possesses. The net effect of all marketing efforts is a rise in production of existing industries, investment in new industrial units and provision of more services. The nation becomes richer with the increase in its national income and there is a rise in per capita income. The economy rises from underdeveloped stage to developing stage and then marches towards a developed economy.

6. Marketing raises the standard of living. With the provision of more items of necessities, comforts and luxuries, cheaper as well as costly and with more services and amenities at its disposal, the community enjoys a higher standard of living. Even the poorer sections of society find many more things within their reach because of lowering of costs of commodities and services. Paul Mazur says "marketing is the delivery of a standard of living to society." Prof. Malcom Mc Nair added further that "marketing is the creation and delivery of standard of living to society."

7. Marketing provides gainful employment opportunities. Marketing creates a climate for more production and services. It also results in more social overhead as more roads, more warehousing facilities, more transport and communication, more banks, more training and technical institutions, more manpower is needed for the same and the avenues of employment increase. Moreover, marketing is a complex mechanism involving a number of functions and sub-functions which call for different specialized personnel for employment. It is estimated that 30 to 40 percent of total population is engaged in direct or indirect marketing activities.

8. Marketing stabilizes the economic conditions. Marketing not only sets the economy revolving but also provides steady and stable economic conditions where all are happy. It bridges the gap between producer and consumers. It is a connecting belt between the two wheels of the economy of a nation, i.e., the production and the consumption. Marketing by

9. Marketing acts as a basis for making decisions. An entrepreneur is confronted with many problems as to what, how, when, how much and for whom to produce? In the past, there were

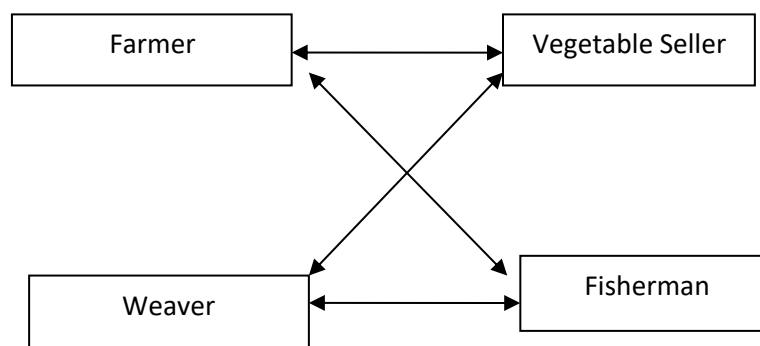
lesser problems on account of local markets and direct link between the producers and consumers. But in modern times, marketing has become very complex and tedious. It has emerged as a new specialized activity along with production. As a result, producers are largely dependent upon marketing mechanism to decide what, how, when and how much to produce.

10. Marketing provides maximum satisfaction of human wants. It serves as an effective link between the business and the society, removes hindrances of knowledge, educates people, cultivates their minds, lures them to buy the best and thus enables ultimately to get maximum satisfaction.

1.a. Explain the different alternative concepts of Marketing.

Ans:- The concept of marketing is not the new one it is as old as mankind. The difference is that the people accepted this concept as management discipline on with the industrial revolution.

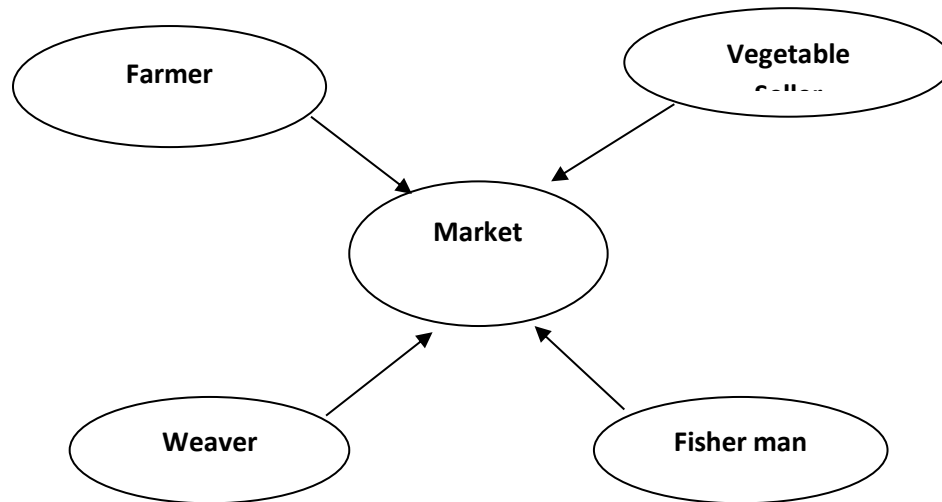
1. Barter System: This was the pre-industrial revolution era when people used to exchange products for their daily use. At those times, whole economy was characterized by agriculturists-cum-handicraft people. Both parties were fulfilling their needs by exchanging goods of their own e.g. agriculturist people bartered the wheat , corn, cotton or milk etc. for acquiring utensils, cloths, hand tools and furniture etc. and vice-versa.



2. Value concept:

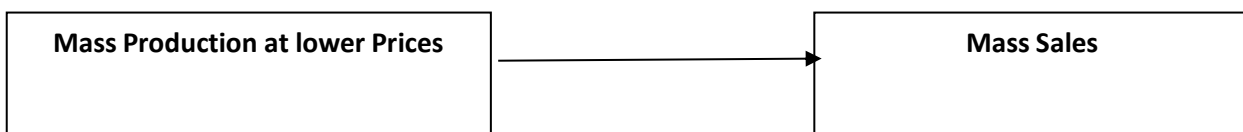
After the barter system, this stage had evolved which, the concept of money and market had introduced. All the agriculturist an handicrafts people had started exchanging their goods with the

exchange of money. Coins were introduced in the market for the facilitation of exchange process. But people were not thinking in the terms of marketing, they were just fulfilling their own needs.



3. Production concept:

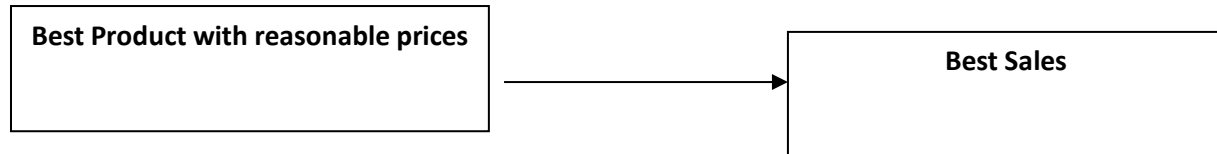
This stage came into existence with the emergence of industrial revolution and gave birth to the actual marketing concept. This concept had introduced the new business system of mass production and more profits with lowering costs. The concept also implies that consumer will definitely buy the low priced products which are available in the market because they don't have many choices as very few players were in the market.



4. Product concept:

This stage came into existence with the emergence of more players in the market. With more sellers, consumers started getting more choices at varying prices and quality. The concept

implies that consumer will buy only that product or service which will be of better quality and features at reasonable price.



5. Sales Concept:

As the buyer markets had started increasing, the concept of product improvement got failed. Because with the emergence of more sellers, consumers started getting more products with varying and similar features at same prices. Then, marketers realized that offering the good featured product is not enough, consumers will not pick the products automatically rather companies have to push their products for sales. So they started introducing more promotional efforts like personal selling, heavy discounts, advertisements and other promotional activities.



6. Marketing Concept:

Up to this stage, there was no emphasis on consumer's wants and desires. No company bothered what their consumers actually want. This concept plus the consumer at both the beginning and end of the business process. Organizations started realizing that business process starts with the needs and wants of the consumers and ends with the satisfaction of those needs.



7. Societal marketing concept: The Societal Marketing Concept is related to the welfare of the society. This concept was “born” as a discipline in the 1970s. Most of the companies has started using this concept as the main function of concept.

1.a.Explain the business environment factors which influence Marketing activities

Ans:- Marketing Environment:-

All the marketing activities are planned and implemented in the world of living persons, concrete locations and things, natural, physical and financial resources and so on, and the sum total of all these factors and forces is known as marketing environment.

Marketing environment mainly is influenced by the forces outside the organizations and is composed of two sets of enrollment

I. Micro-environment

II. Macro-environment

I. Micro-environment:

The micro environment comprised of all the factors and forces exists in the company's immediate environment that directly affects the performance of marketing activities.

1. Suppliers:-

Supplies are the organizations or persons who provide inputs like raw materials and other resources to the company for producing goods or services. A company needs to build good relationships and trust with these suppliers.

2. Buyers or consumers:

This group constitutes the customers and consumers of the company, who are the main forces behind the existence of the organization. Without customers, there would be no business or marketing. So, consumer satisfaction is main factor in marketing environment.

3. Marketing intermediaries:-

Marketing intermediaries are the various firms' goods/ services from the production centre to the end users for consumption. These firms or people aid the company in generating awareness, promoting, selling and distributing its products to the final consumers.

4. Financial institutions:-

Funds are the life blood of every organization and these financial institutions comprised of all the firms who generate these funds for the actual exception of marketing activities. It comprises of various banks, loans providers, credit companies, insurance companies and various stock exchanges etc., which directly or indirectly raise or affect the flow of funds of an organization.

5. Marketing service agencies:-

These are the various services providers which comprises of various research firms, media agencies various advertising forms and other marketing consultancy forms. Every firm needs to maintain healthy relationships with these agencies as these are solely responsible for enhancing and diminishing the sales volume and customer satisfaction.

II. Macro- Environment:

It denotes all external forces, which have indirect impact on the marketing activities of firms and are uncontrollable in nature.

As these forces are uncontrollable in nature, but the success of every company depends upon the extent of adaptability of its functions to this macro environment.

1. Economic environment:-

The economic environment is a blend of various economic factors, such as economic conditions, total employment, income, influence and interest rates etc. These factors influence the spending patterns of individual customers and organizations.

2. Demographic environment:-

The demographic environment includes the study of human populations in terms of age structures, size, education, location, sex, race, occupation, and other statistical information. Every country produces some basic demographic statistics, which are readily available to the marketing analyst.

3. Political and legal environment:-

Legal and political environment is very important in marketing activities. It includes all laws and regulations, government agencies, and lobbying groups that influence or regulate the functioning of a firm and whole economy. It provides a framework within which the business and all its functions have to operate. The existence of every organization depends upon the success with which it can face the various challenges constructed out of political and legal environment.

4. Technological environment:-

Technology can be defined as some innovative technique for performing or accomplishing a particular task like conversion of inputs into outputs in more convenient and better way with more quality. Technological environment helps to uplift the standard

of living of consumers. Changes in technological environment have had most of the striking affects on business and marketing activities- these effects can be positive or negative.

5. Socio-cultural environment:-

This is the most prominent macro environment for deciding about marketing activities as there is the maximum influence of social cultural environment on the personality, general behavior and on purchase decisions of people. Socio-cultural environment is related to the social and cultural practices, beliefs and traditions within a particular society of a region or country such as family, religion, marriage, education, values and ethics etc.

6. Competitive environment:-

Competition generally refers to the rivalry among businesses for gaining consumers; and competitiveness is essentially the ability of a firm, sector or economy to compete against other firms, sectors or economies. The time has gone when there were single or minimum companies in the market for serving a particular need of the consumers. Now, there are hundreds of companies available in the markets who are vying against each other.

SECTION-II

UNIT-I -INTRODUCTION → SQ-2

SECTION – B

II. Answer any FIVE of the following questions.

4 x 5= 20 marks

6.a. State the features of Marketing.

Ans:-The Main features of Marketing are as follows.

1. Customers Orientation: The business is moving from the marketing concept the customer concept. Now firms are basically interest in collected the information of the person regarding their can capture a large market share and increase profits by creating by creating a loyalty among customer relationship.

2. Customer satisfaction:- Marketing is customer and competition oriented and focuses to the satisfaction of customers need . If starts with the needs of customers and ends with the satisfaction of those needs. If they are not satisfied they shift to some other brand hence satisfaction of consumer needs is soul of marketing.

3. Need – based marketing Strategy: - The main basic concept underlying marketing is that of human needs. Need are basic human requirements like sleep, food, clothing, security and survival etc. Outstanding marketing companies go to meant lengths to learn about and understand their consumer needs, wants and demands.

4. Profit Maximization:- Profit maximization is the ultimate goal of marketing and it is required for survival of the firm . Marketing is one of the functional aspects which can generate profit through satisfaction of customer needs by providing the products according to the customer needs in an innovative manner.

5. Long term customer relationship:- The most important tool a available to the business firm these days is to make customers happy with relationship marketing . Relationship Marketing is the Process of attaching, Maintaining and enhancing relationship with key parties customer, supplier and distribution in order to earn and reties their business and honor their long term preferences.

6. Technology Oriented:- Technology being at the center of all change, firms needs to use it to make their products customer friendly and responding to the customer's needs in an innovative manner.

7. Universally application:- Marketing is universally applicable to small, medium and large organization. It is universally applicable to national, international, multi- national , Global markets. It is practiced by everyone by a student professional by profit and non- profit organizations.

6.a. What are the objectives of Marketing

And:- Objectives of Marketing Management

Marketing Management is concerned with those activities, which are necessary to determine & satisfy the needs of customers, and obtains the motive of business. Thus, we can state few objectives of Marketing Management:

Customer Generation: - The basic aim of the marketing is to generate the customers for the goods & services of firm and hence increase the sales. Various promotional activities such as free distribution of samples, discounts etc can help in attracting new customers.

It Promotes Product Awareness: The main purpose of marketing management is getting the product noticed easily: because as marketers try to manufacture a product or service according to the needs and demands of the customers.

Need Satisfaction:- Modern marketing is related to the satisfaction of needs of customers. It starts with the demand and needs of customers & ends with the satisfaction of those needs. If they are not satisfied, they shift to some other brand.

Increase Sales:- Whatever a company's sales are in the market, the whole credit goes to marketing techniques and practices. Everything what a company is selling is a result of good marketing efforts which mainly includes marketing research, advertisements and other promotional techniques.

Marketing Mix:- To meet the requirements of different customers and to maximize the profits, all the 7 P's (Place, Price, Product, Promotion, People, Process and Physical Evidence) should be in coordination. And the coordination among all these elements is not possible without proper marketing.

Profit Maximization:- Profit is the one which is required for survival of the firm and marketing is the one which can generate profit through satisfaction of customer needs by providing the products according to the customer needs.

Goodwill Generation:- Goodwill Generation is the main objective of the firm and marketing department provides quality products to the customer at reasonable price and hence create an impression on the minds of the Customers by initiating image building exercise such as advertisements, publicity, sales promotion and publications. Finally this goodwill will increase sales.

Increase in Standard of Living:- Marketing Management raises the people's standard of living by giving them good quality products and services at reasonable prices.

6.a. Write about product mix?

And:-Product mix is the most important element of marketing mix, which involves planning, developing and producing right kind of product.

1. Product Policies: Product policies are the general guidelines set up by an organization in making the decisions regarding the product. These are the policies on which the marketing of product depends so as to reap the benefits in the form of profits.

2. Product Branding: A brand includes a name, logo, slogan, and/or design scheme associated with a product or service. A brand identifies the product for a buyer. A brand is a symbolic embodiment of all the information connected to the product and serves to create associations and

expectations around it. Brands are a means of differentiating one's products and services from those of its competitors.

3. Brand Positioning: Positioning is how a product appears in relation to other products in the market. Positioning simply refers to how a product or services is viewed in the minds of prospects and customers relative to other products or services available in that segment.

4. Product Packaging: A package is a container in which a product is offered for sale. Therefore, packaging may be defined as an act of planning, designing, and preparing the package for the products.

5. Product labeling: A label may be defined as any printed statement of symbol, a piece of paper, cloth, metal, or other material attached with container article, on which printed information concerning the product, address, etc displayed.

6. After-sale services and warranty: Success of every organization does decided by only superior products.

7.a.Explain the scope of Marketing.

Ans:- Scope of Marketing:- The concept of marketing is not only used by companies; rather we all use this one form or the other, We, the normal people, daily see marketing in capturing the attention of customers the abundance of advertisements displayed on walls, on bulletin boards. in Magazines and newspapers, in shopping malls, at the sides of highways. daily Flashes TV through cell phones and various web sites etc.

These days the scope of marketing does not lie up to companies producing physical goods and who are operating for the purpose of earning profits.

Even government of India has started using marketing principles for propagating non-profit causes like female feticide, child care, family planning, preventing child labor, immunization of children against dreaded diseases like tetanus, typhoid, polio, cholera etc, prevention of deadly diseases like plague, AIDS, swine flu etc and abolition of child marriages and dowry. Exhibit 1.1 is also showing such an effort of government. Various educational campaign aimed at correcting attitudes of people has been launched. We can see these campaigns at doordarshan and other television channels every day.

The scope of marketing is also affecting the individuals. Even a student uses these techniques. A student after getting required qualification paves the way for his career through these strategies. He usually goes to the market for selling his skills, knowledge, talent and experience. Professionals in today's competitive marketplace use to sell their services through these marketing efforts. Various professionals like engineers, lawyers, architect, dentists and other doctors have started to use radio, television, magazines and newspaper advertisements to market their services.

7.a.Explain the Societal Marketing Concept

Ans:- Societal Marketing Concept:-The Societal Marketing Concept is related to the welfare of the society. It may also be called humanistic or ecological marketing. The societal marketing concept holds that the organization task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors, in way competitors. Seeks to influence social behaviors not to benefit the marketer, but to benefit the target audience and the general society. It is basically satisfying needs & wants of customers keeping in view the well being of the society.

Consider the case:- The Liquor industry offers mostly but unhealthy drinks. These are injurious to health, can damage liver, put normal human being out of senses. Thus in satisfying human needs, the industry may be hurting consumer health. The company uses only vegetable based materials for its products. It is also against Animal testing, supports community trade, activate self esteem, defend Human Right, and overall protection of the planet. Thus it is completely following the concept of societal Marketing.

7. a. Distinguish between Market and Marketing.

Ans:- Market and Marketing

For most of the people, both terms- market and marketing are the mysterious terms. They take both as one or the same thing and use these interchangeably. But the fact is both the terms are totally different. Market is a place, a system or any such mechanism through which different parties interact with each other for completing a transaction. According to Pyle, "Market includes both place and region in which buyers and sellers are in free competition with one another." Whereas, marketing is the combination of all activities required for the free flow of goods from the point of production to the point of consumption. Clear difference between both lies in following points.

Market	Marketing
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It is a system or mechanism which facilitates the interaction of parties	It covers all the activities which ultimately fulfills the purpose of this interaction
Narrow in scope	Wider in scope
It is a part of marketing	It is a full fledge discipline
It is a full fledge discipline	It covers place, price, product, promotion, people, process and physical evidence
The main aim is to bring buyers and customers together	The main aim is to satisfy the customer
Market is more dynamic. Every time it changes with some changes in type of buyers and sellers, price, promotion and time etc.	It is static as compared to market. All strategies and policies once framed, never changed overnight.

UNIT-II

CONSUMER BEHAVIOUR AND MARKET SEGMENTATION

BLUE PRINT OF UNIT-II⇒EQ-2, SQ-2

2.a. Define the consumer behavior. Explain the decision process of consumers.

Ans:- Introduction : Consumers behavior is to do with the activities of individuals in obtaining using the goods and services . It encompasses decision making process that proceeds and determines

purchases. In other words, the whole behavior of a person while making purchases may be termed as “consumer behavior.”

Definition:- Consumer behavior has been defined as “ The process where by individuals decide whether , what, when, where, how and from whom to purchase goods and services.”

“The Behavior that consumers display in searching for purchasing using evaluating and disposing of products and services that they expect will satisfy their needs.”

~~Lion G.S.Chiffman and L.L.Kanuk

Stages of buying process:- The buying process is composed of a number of stages and influenced by individuals psychological frame work composed of the individuals personality, motivations, perceptions and attitudes. The various stages of the buying process are as under.

1.Need recognition:- The buying process starts with need recognition need recognition is the awareness of the want are desire are consumption problem without whose satisfaction the consumer feels restless and tension charged. That is or she feels that a desire or want either

2.a. Explain the theories of Buyers Behavior.

Ans:- A marketing manager to achieve success in his marketing efforts, must understand the customers behavior. so, that he can create, maintain or increase the demand for company's product. he should therefore understand different behavior theories. so, that the may identify buying motives of the consumers. the influence of all sciences on buyer behavior has promoted marketing experts to proposed certain theories for explaining buyer's behavior. broadly they include the economic theory, the learning theory, the psychology theory and sociology theory.

1. The economic theory:-

According to the economic theory of buyer behavior, the buyer is a relation man and his buying decision are totally governed by the accept of utility. if he has a certain amount of purchasing power, a set of needs to be met and a set of products to choose from he will allocate the amount over the set of products in a very rational manner with the intentions of maximizing the utility or benefit.

2. The learning theory:-

According to the learning theory which takes its cue from the "pavlovian" "stimulus response theory" , buyers behavior can be influenced by manipulating the driver's, stimulus and response of the buyer. The theory resets on man's ability at learning forgetting and discriminating.

3. Psychology theory:-

According to this theory, the individual consumers have a complex set of deep seated motives. Which drive him towards certain buying decisions.

4. Sociological theory:-

According to the sociological theory the individual buyers are influenced by society his buying decision or not totally governed by utility was a desire to emulate follow and fit in with his immediate environment. and several of his buying decisions may be governed by societal compulsions.

2.a. Explain the Psychological factors which influence consumer Behavior.

Ans:- Psychological factors of consumers are very individualistic in nature as these are the factors make all persons different from others. Marketers need to conduct appropriate research for understanding these factors as these can't be verbalized and visualized easily. These factors include

1. Perception
2. Motives
3. Learning
4. Attitude
5. Exposure

1. Perception:

Perception is the process of attaining awareness or understanding through sensory mechanism. It is the means of receiving, collecting, and interpreting the information with the mind or senses, Through this process a consumer assigns a meaning to the collected and observed information. we all are continuously receiving messages from the environment through our five organs viz., eyes, ears, nose, mouth and skin. the different sights, sounds, smells, taste and sensations that all people feel are known as stimuli. different persons perceives the same information in different manner as each person recognize, selects, organizes and interprets these stimuli in this own individual manner based on this own needs, values and expectations and this is known as perception.

2. Motives:-

Motive is a goal or unsatisfied need of a person that directs this behavior to satisfy that particular need. These motives are different in case very individual. When consumer makes a purchase in case of every individual something, there lies some motive behind that

purchase. Different persons may buy something for satisfying different motives. for instance, one may buy a simple car just for the sake of convenience as he wants some vehicle. One may purchase some luxury car because it is more comfortable and reliable. Other may purchase some diesel car because it is more economical. One would like to purchase BMW or Audi for the sake of status symbol or show off. So, different persons have different motives for purchasing a car.

3. Learning:-

Learning may be defined as the change in one's behavior occurring as a result of some experience (this experience may be just Mere observation, or purchase decision or an actual consumption experience). it involves a change in our memory or behavior for long-term. This phase focuses firstly on what consumer actually knows about the product or services and then focuses on this actual behavior. The learning is not always knowledge based.

4. Attitudes:-

An Attitude is a person's behavior or feeling towards a product. Consumer's attitude consists of three components: beliefs affects and behavior. These components are viewed mutually as they are highly independent and collectively symbolize forces that influence how the consumer reacts to a particular object.

5. Exposure:-

Occurs when the senses notice some in external cue from the environment when we come in contact with something. Concerning with marketing strategies also, we are all exposed to a plethora of advertisements daily. This because the starting point of the perception. But people are likely to perceive things they need or desire. The stronger the need, the greater the tendency to ignore all unrelated stimuli, which are not of the interest of consumers. Hence "selective perceptions" occurs when the consumer selects.

SECTION-II

UNIT-III -INTRODUCTION \Rightarrow SQ-1

SECTION – B

8.a. Explain the Limitation of Market Segmentation

Ans:- Limitation of Market Segmentation:-

1. Complex markets require more than one segmentation variable to segment the market. For Example, dividing the market solely on demography may be insufficient. Further study on psychographic variables, etc. may be required.
2. Some of the variable like lifestyle, personality are hard to identify and analyze. The segment should be identifiable and measureable in terms of size, purchasing power, etc. The target customers and the non- customers should be clearly defined for proper analysis. There should be data for doing meaningful analysis.
3. The segmentation process may be time consuming based on the many segmentation variables in the markets.
4. Opportunities identified may require additional resources in the organization. The organization may not have the capabilities in term of capital investment, skilled staff, ect.
5. Segment should be reached by the marketing mix variables. The segment should respond uniquely to the marketing program designed for that segment. Each segment differs from the other; hence the marketing efforts are designed differently for each of the segment. If the response is not unique the marketers need to carry out the market research again or align the segment with the other segment.

8.a. Explain demographic factors of the Market Segmentation

Ans:- Marketers typically combine several variables to create a demographic profile of a target market. A demographic profile (often shortened to a “demographic”) is a term used in marketing and broadcasting to describe a demographic grouping or a market segment. Common demographic variables to consider for global and domestic marketing purposes include the following:

- Age: Age bands, such as 18–24, 25–34, etc., are great predictors of interest in some types of products. For example, few teenagers wish to purchase denture cream.

- Social class: Social-class bands such as wealthy, middle, and lower classes. The rich, for instance, may want different products than middle and lower classes, and may be willing to pay more.
- Gender: Males and females have different physical attributes that require different hygiene and clothing products. They also tend to have distinctive male/female mindsets and roles in the family and household decision making.
- Religious affiliations: Religion is linked to individual values as well as holiday celebrations, often tied to consumer preferences and spending patterns.
- Income brackets: Indicating level of wealth, disposable income, and quality of life.
- Education: Level of education is often tied to consumer preferences, as well as income.
- Geography: Area of residence, urban vs. rural, and population density can all be important inputs into marketing strategy and decisions about where and how to target advertising and other elements of the promotion mix.

8a. Distinguish between customers and consumers.

Ans:- Consumer Vs Customer

Consumer and customer are used interchangeably by the people, but there is slight difference in both terms. Consumer is one who engages in all activities such as selection, securing, using and disposing the products or services to satisfy his or her needs or wants. In older times consumers were just related with the goods & services having monetary value. But with passage of time the concept has broadened and even the goods & services provided by non-profit organizations are also included in the definition of consumers. The main idea for including such goods & services was that consumers pass through the same decision process. Customer is one who frequently purchases something from a shop or store, but not for his own usage, rather for his family, relatives, and friends etc. The person who buys the product and consumes it himself or herself is a consumer. Consumer is broader in scope than customer. For example, a father buying a Volkswagen Jetta car for his son on his 21st birthday. Father is a customer here as he will not be using it. Whereas, son is a consumer though not buying himself but will be using it.

9.a. Explain the Social factors which influence consumer behavior

Ans:- Social factors determine the social status and role of the people within society, which

influences their preferences, tastes and interests. These social factors include:

- **Family:** Family is the strongest influential group of consumer behavior. This group includes parents, grandparents, spouse and children, which always drives the behavior of individual. From grandparents and parents, an individual acquires an orientation towards religion, culture, economics, and sense of personal ambition, self-worth, and love. Then next comes spouse and children, who exert a more direct influence on everyday buying behavior. Marketers are always more interested in knowing that who is directing all the decisions of the family, so that they can formulate and develop all strategies focusing on that person only. In some cases like investment, husband plays the dominant role, whereas in household items, wife is the dominating personality. But decisions for the welfare of children are taken jointly. Now with changing environment, women are not confined to only household items, rather with their earning ability they are becoming main buyers of technological products also. e.g. Now a day's worn and children mostly decide which LCD or mobile to be bought even for father or husband
- **Reference Groups:** These are the various groups of people with whom consumer interacts formally or informally and learn attitude, beliefs, values, behavior and ethics. Influence of these groups on individual depends upon the frequency of interaction. Primary reference group has strong influence on consumer behavior as compared to secondary group as it consists of family members, close friends, close relatives and neighbors etc with whom he or she interacts on daily basis. Other reference group is the secondary group which consists of persons in the society with whom consumer doesn't has the close relation or bindings such as some formal friends and colleagues, any religious or social groups etc. This group also includes some persons or personalities with whom consumer doesn't directly interact but still got influenced from their personality, style and behavior. For instance, sports persons and bollywood people etc.

9.a.What are the Advantages of market segmentation

Ans:- **ADVANTAGES OF MARKET SEGMENTATION**

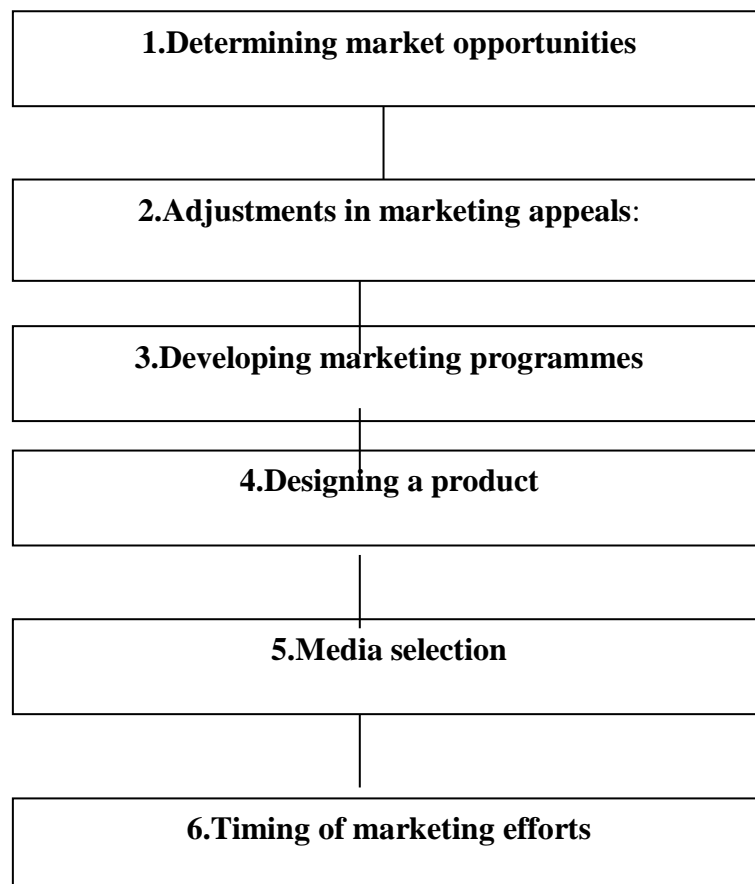
Advantages of Market Segmentation can be summarized as follows:

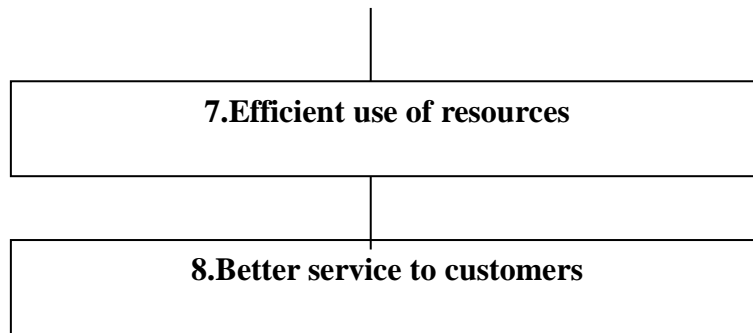
1.Determining market opportunities: Market segmentation enables to identify market opportunities. The marketer can study the needs of each segment in the light of current offerings by the competitors. From such study, the marketer can find out the current satisfaction of customers.

2.Adjustments in marketing appeals: Sellers can make best possible adjustments of their product and marketing appeals. Instead of one marketing programme aimed to draw in all potential buy-ers, sellers can create separate marketing programmes designed to satisfy the needs of different customers. Proper advertising and sales promotional appeals can be made depending on the target audience.

3.Developing marketing programmes: Companies can develop marketing programmes and budgets based on a clearer idea of the response characteristics of specific market segments. They can budget funds to different segments depending on their buying response.

4.Designing a product: Market segmentation helps in designing products that really match the demands of the target audience. Products with high market potential can be designed and directed to meet the satisfaction of the target market. Better service to customers





5. Media selection: It helps in selection of advertising media more intelligently and in allocating funds to various media. The funds are allocated to various media depending on the target audience, impact of the media, competitor advertising, and so on.

6. Timing of marketing efforts: It helps in setting the timings of the promotional efforts so that more emphasis is placed during those periods when response is likely to be at its peak. For instance, consumer goods can be heavily advertised to Christians during Christmas season and to Hindus during Diwali time.

7. Efficient use of resources: By tailoring marketing programme to individual market segments, management can do a better marketing job and make more efficient use of the marketing resources.

8. Better service to customers: Market segmentation enables a company to concentrate its marketing efforts in a particular market area, thereby, providing a better service to the target customers. Proper marketing segmentation can facilitate customer satisfaction.

9.a. Discuss about selecting Segments.

Ans:- As a result of evaluating different segments, the company hopes to find one or more market segments worth entering. The company must decide which and how many segments to serve. This is the problem of target market selection. A target market consists of a set of buyers sharing common needs or characteristics that the company decides to serve. The company can consider five patterns of target market selection.

1. Single segment concentration: In the simplest case, the company selects a single segment. This company may have limited funds and may want to operate only in one segment, it might be a

segment with no competitor, and it might be a segment that is a logical launching pad for further segment expansion.

2. Selective specialization: Here a firm selects a number of segments, each of which is attractive and matches the firm's objectives and resources. This strategy of 'multi-segment coverage' has the advantage over 'single-segment coverage' in terms of diversifying the firm's risk i.e. even if one segment becomes unattractive, the firm can continue to earn money in other segments.

3. Product specialization: Here the firm concentrates on marketing a certain product that it sells to several segments. Through this strategy, the firm builds a strong reputation in the specific product area.

4. Market specialization: Here the firm concentrates on serving many needs of a particular customer group. The firm gains a strong reputation for specializing in serving this customer group and becomes a channel agent for all new products that this customer group could feasibly use.

5. Full market coverage: Here the firm attempts to serve all customer groups with all the products that they might need. Only large firms can undertake a full market coverage strategy. e.g. Philips (Electronics), HLL (Consumer nondurables).

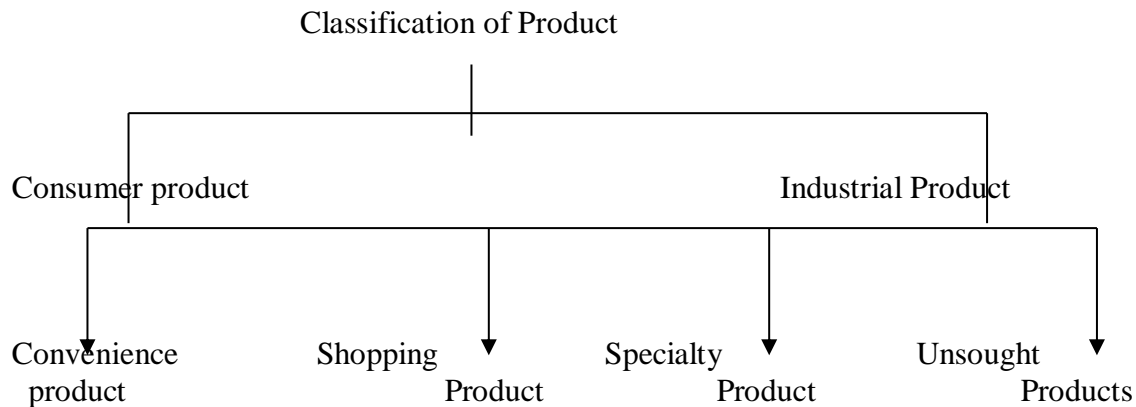
Large firms going in for whole market can do so in two broad ways through undifferentiated marketing or differentiated marketing.

UNIT-III
BLUE PRINT OF UNIT-III \Rightarrow EQ-2, SQ-1
SECTION – A

3.a. Write about Classification of product.

Ans:- Definition:- A product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. Thus a product may be physical good, person, organization, place or idea.

Classification of product:-



1. Convenience Products: These products are usually low priced, and they are found in many local shops. Consumer's buy them frequently while buying they don't compare them and they buy immediately.

eg. Soaps, dress, pen etc.,

2. Shopping products: In shopping products, they are usually compared before buying them on the basis of style, price, quality and suitability. Its purchase is not very much frequently. A lot of time is spent while gathering the information about the product before making any buying decision.

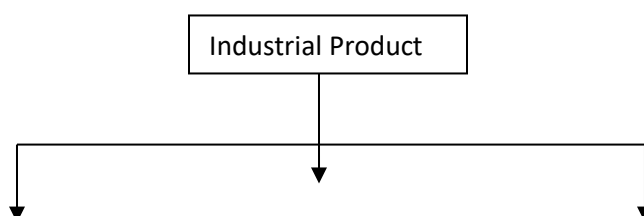
e.g. Clothing, major appliances, any service related to airlines etc.

3. Specialty products: These type of product have unique characteristics or a special identification related to the Brand for which consumers are willing to make a special purchase decision.

e.g. Expensive watches, jewelers etc.

4. Unsought Products: These products are known to consumers or if they know about the product they don't think of buying these products.

e.g. Blood donations, life insurance etc.



Material parts

Capital items

Supplies and Services

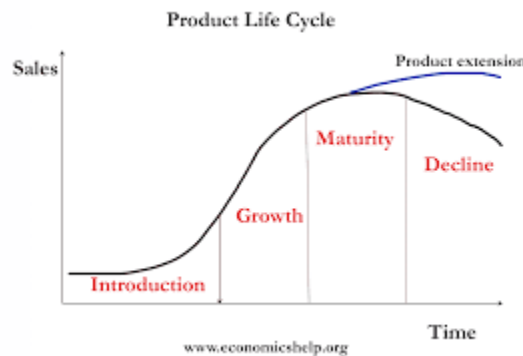
1. Capital items: These are those products which aid the buyers production or operations, where accessory equipments as well as installation consist of factories, offices etc. and finally accessory equipment includes fax machines, disks, chairs etc.

2. Suppliers: A the finished product, and operations e.g. Supplies are usually and they are further divided into

(a) Maintenance

(b) Repair items

(c) Operating items (electricity)



supply doesn't become part of but it does expedite production pens, pencils, paints etc. sold through numerous outlets purchased routinely. They are three parts:

items (cleaners)

(replacement parts)

Products can also be classified according to tangibility:

1.Non-durable Goods: These are goods, which does not last for a long period and easily finish or deteriorate in short span of time e.g. ghee, wheat, rice, fruits and vegetables etc.

2.Durable Goods: These are goods, which are long lasting and have full durability spread along the years e.g. car , refrigerator etc.

3.Services: Services are intangible activities, which are offered for sales such as haircut, repair ect.

3.a. What is product Life Cycle? Explain the stages of Product Life Cycle?

Ans:- Definitions:

“The product life cycle is an attempt to recognize distinct stages in the sales history of the product”
-Philip Kotler.

Different stages of product life cycle:

- i. Innovation or Introduction
- ii. Growth
- iii. Maturity
- iv. Saturation
- v. Decline and
- vi. Obsolescence.

Innovation or introduction:

It is the first and the most important stage in the life of a product. The product is first introduced in the market. In this stage the product is absolutely new and distinctive. This stage is characterized by slow rise in the sales and profit margin from direct competitors, high production and marketing costs, narrow product line, greater emphasis on advertising and sales promotion. High prices, limited distribution, frequent production modification and above all purchases by customers are made cautiously on a trial basis.

Growth:

After the product is introduced in the market the product enters its second stage of the life cycle called as the growth stage. In this stage, the product achieves considerable and wide spread approval in the market, the demand and sales improves very rapidly due to promotional efforts. Profits also increase at an accelerated rate. In this stage effective distribution advertising and sales promotion are considered as key factors.

Maturity:

Now the product enters its third stage i.e, maturity stage. In this stage the maturity of product is reflected in terms of its capacity face competition. The product has to face keen competition which brings pressure on prices. Though the sales of the product rise at a comparatively lower rate, profit margins however decline due to keen competition. The product.

Products can also be classified according to tangibility:

- Non-durable goods: these are goods, which does not last for a long period and easily finish or deteriorate in short span of time e.g. ghee, wheat, rice, fruits, and vegetables etc.
- Durable goods: these are goods which are long lasting and have full durability spread along the years e.g. car, refrigerator, etc.
- Services: services are intangible activities, which are offered for sales such as haircut, repair etc.

Saturation:

It is the fourth stage of the product life cycle. It is also the peak stage. In this stage the market is saturated in the product and is dominated by replacement sales. The competition is at its peak. Prices may fall and profit margins may also reduce unless the company makes substantial improvements modifications and realizes cost economies.

Decline:

Once the peak or saturated point is reached, the product inevitably enters the 5th stage. It may be displaced by some new innovation or change in consumer behavior. Sales drop severely and competition declines. At this stage, the price becomes the primary weapon or competition cost control becomes the key factor.

Obsolescence:

It is the last stage of the product life cycle. In this stage, the product loses its distinctiveness and dries out in terms of both sales and profit margins. The decline in sales is permanent and the product travels back to the core market. The product ultimately disappear from the market .at this stage, it is advisable to stop the production of the product and switch off to other products. In India, the glaring examples of products in the obsolescence stage include electric radio, gram-phones, VCR, black and white TV.

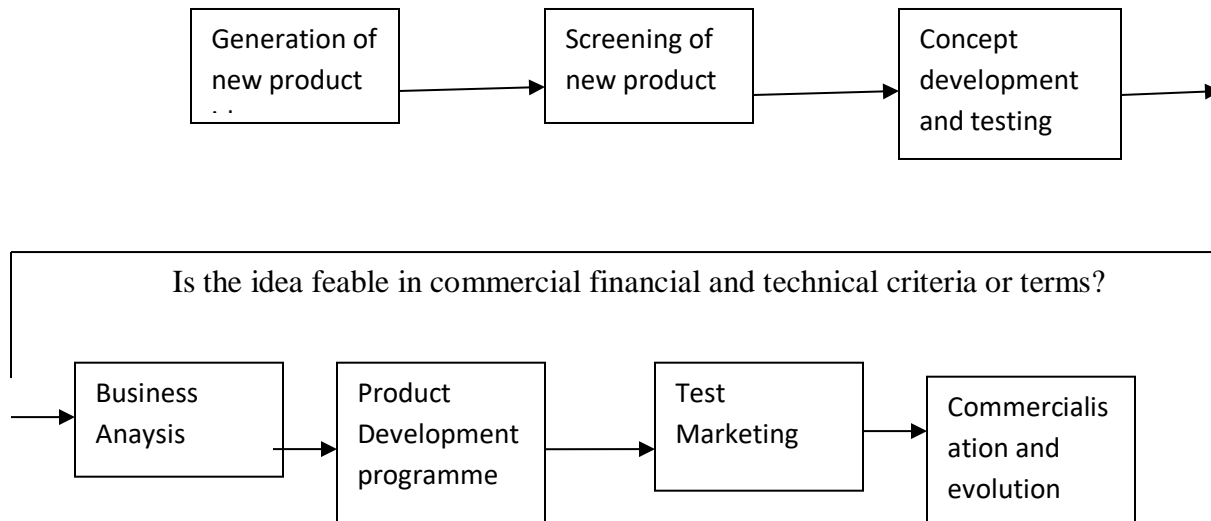
3.a. Explain briefly the steps to be followed in the Introduction of a New Product.

Ans: New product development:

New product development is one of the most important components of the most important components of product policy and product management. So far you have learnt in the previous unit about product. Its positioning in the market. A progressive firm will always be considering the introduction of a new product in order to expand its market share in order to have high profits.

The need for new product becomes very important for the progressive companies and the plan for development of new products. Following are the needs for the development of new products. They are:

- (i) New product becomes necessary for meeting the changes in demand.
- (ii) For making new profits.
- (iii) For combating environmental threats.
- (iv) To meet economic, social, political and technological threats.



1.Exploration of new ideas

The development of new product starts with the exploration of new ideas. There may be number of sources of exploring these new ideas. Some of the main sources of idea generation are.

- (i) Taking Consumers opinions and suggestions
- (ii) Taking the opinion and suggestions of retailers or salesman or distributors
- (iii) Observing the competitors products, by doing so it gives a lot of idea to innovate the firms products.
- (iv) Focusing and investing more towards Research and Development
- (v) Frequently referring the inventory journals published by Universities and Government research laboratories.
- (vi) By taking the enterprises employees innovative ideas through Brain Storming

2. Screening of ideas

At this stage, ideas collected are scrutinized. All the ideas collected may not be acceptable. Ideas which are quite inconsistent with the product policies and objectives of the firm may be dropped out rightly. There may be some other ideas which are good and consistent with company's product policies and objectives but these cannot be developed due to certain limitation.

e.g. non availability of raw materials or technology required or short of financial resources, or limited plant capacity or managerial ability. Thus due to these constraints, such ideas are also dropped.

Remaining ideas which have been found suitable and feasible should be listed in order of their importance. At this stage, the following activities are involved:

- (i) Expanding each idea into full product concept.
- (ii) Collecting facts and opinion to decide whether the product idea can be converted into a business proposition.
- (iii) Assessing each idea for potential value to the company.

The main object of this step is to scrap unsuitable ideas as quickly as possible and look out for the idea which can be developed.

3. Business Analysis:

This is a continuation of the above stage. When an idea is finally selected. A further analysis is necessary. A rough idea is studied in detailed manner. Determining its desirable market feasibility and features of the product and developing specifications and establishing a definite programme for the product. Thus for this purpose the following 3 types of estimates are necessary.

- (i) Estimating future sales of the product under consideration
- (ii) Estimating future costs of the product, if developing as a product .for this different elements of costs are to be analyzed.
- (iii) Estimating future profits.

4. Product Development:

At this stage, the management goes ahead to produce the goods in its physical form. The idea, thus, is converted into a product that is worth – producing. Under this stage , all decisions to bring the idea to final physical form are taken. The final decision whether a product should be accepted for production on commercial scale is taken in this stage.

5. Testing the Product:

After designing the next step is testing the product in the market. The product under this stage is introduced in the whole market or in a segment of the market. If it is an industrial product, cost of testing will be much less because the users of such product are less and can be approached easily. In case it is consumer product, it will take more time for testing the product and the cost of testing will be much higher. The result of testing is then analyzed and if the product proves unsatisfactory it may be modified in the light of the opinions and suggestions of the consumer or

dealers. Testing the product in a segment of the market reduces the risk of the producer to great extent. The objectives of test marketing are

- (i) To evaluate complete market plan including advertising. Distribution sales pricing etc.
- (ii) To determine media mix, channels etc.
- (iii) To forecast sales volume

6. Commercialization of product

If the product is proved successfully in testing a decision to produce it on commercial basis may be taken.

Thus the last in the product development is the introduction or launching or marketing the product. This is also expensive. From top to bottom every one is busy in calculating for the vast moments as the product may not prove profitable for three or four years in future.

SECTION-II

UNIT-III -INTRODUCTION \Rightarrow SQ-2

SECTION – B

10.a. Explain the features of a Product.

Ans:- The features of product are as follows:

1. It is the bundle of utilities: Most obviously, product is a bundle of physical stuff. It is made of certain materials—wood, plastic, glass, stone, metal, etc., related in a particular way. Every product has its own shape, size, density, odour, taste, texture, colour, weight and host of other such physical attributes.

2. It is capable of satisfying customer needs: Products are sold with the common understanding that the seller will render associated services in case of each product. These are before and after-sale services. 'Before-sale' services are its demonstration, credit-facilities available and the 'after-sale' services are its delivery, installation, making available spare-parts, repair services to maintain the operating condition of the product and warranties expressed or implied.

3. It includes packing, color, price, brand image, manufacturer and retailer's services, which the buyer may accept as offering satisfaction of wants or needs.

4. Product mix: This points out the relationship to other products sold by the firm or made and sold by the firm. That is, a given product is the part of a set of products offered for sale by a

particular seller bears and how both the seller and the buyer consider it. A seller considers the width, depth and consistency of products offered.

5. Product life-cycle: At any point time, a product can be located in some stage of its

Existence. Through time, the industry sales of a given product follow a characteristic pattern of increasing at first slowly, then at increasing rate, then at decreasing rate and finally absolute sales begin to decline. The time required for each of these stages varies widely among the products.

6. Package and brand name : It is useful to consider package as the part of product, because, it is sometimes difficult to separate a product into 'contents' and 'package'. For instance, aerosol shaving creams, deodorants, cleansers, photograph records because, the jacket depicted the artist and his friend (female) in the nude, may enjoy a remarkable demand.

10.a.What do you mean by new product?

Ans: **New Product:-**

By its nature marketing requires new ideas. Unlike some organizational functions, where basic processes follow a fairly consistent routine (e.g., accounting), successful marketers are constantly making adjustments to their marketing efforts, New ideas are essential for responding to changing demand of the target market and due to pressure exerted by competitors. These changes are manifested in decisions in all marketing areas including the development of new products and improvement in existing ones. Introducing new products on a consistent basis is important to the future success of all organizations. Survival of the organization depends upon its capacity to create and innovate. A product is said to be the new products when any product, service or idea not presently made or marketed by the company or which the consumer may perceive as new.

New Product Development Process

Marketers often follow set procedures for bringing products to market. In the scientific area that may mean the establishment of ongoing laboratory research programs for discovering new products (e.g., medicines) while less companies may pull together resources for product development on structured timetable. 8-step process (which normally be followed) company key elements of new product development (figure 8.4). While some or not follow a deliberate step-by-step approach, the steps are use" information input and decision making that must be done to develop new products,

10.a. Explain Significance of Packaging.

Ans:- **Significance of packaging:**

Packaging is an important element in the product mix strategy as it performs following functions:

1. Promotional Tool: Packaging is an important promotional tool for products. It is only the packaging which makes it convenient for differentiating the product from its competitors. This is the element which at very first instance attracts the consumers to buy, describe the product features and make a favorable impression on the minds of consumers. Rising desire for comfort and prosperity among consumers means they are willing to pay little more for the appearance, convenience and prestige of better packaging.

2. Provide protection to product: This is the primary function of packaging to contain and protect the product. It is the package that prevents the contents or product from spoilage and keeps those fresh and clean. Through packaging, a product is protected against any theft, spoilage, leakage, spilling, contamination, and deterioration and so on.

3. Brand identification: Packaging provides help in easy identification of different brands and different products of one brand; which is the foremost requirement of every company. Due to packaging, it becomes easy to distinguish different brands and products from one another. Packaging includes sizes, color combinations, graphics, style and shapes of package; which all are different for each brand and product. These differences in all components of packages provide every brand or product a unique identity which makes very easy for consumers to identify, remember and recall the different products. For instance, Nestle maggi with its yellow color pack, aroma products with its green color packages, coca cola with red color, pepsi with blue color all provide an identity to these products and create a difference among others.

4. Provide security and easy handling: Packaging play an important role " reducing the security risks of shipment. Packages are now engineered to help reduce the risks of package pilferage. It also makes product handling easier and safe on the retail store shelves. It becomes easy to ship, store and sell the products, And finally due to its security and protection features, packages help in extending the shelf life of products.

5. More profits: Due to safe and attractive packaging, companies are earning more profits. Consumers assign relatively higher value to secure and attractive packages; and they are ready to pay more for this product attribute. Also effective packaging cuts the costs of transportation, handling and damage product, which ultimately adds up to the profits of company.

6. User convenience: Packages have all the features which add convenience in distribution, transportation, handling, display, sale, identification, opening, reclosing, use, dispensing and reuse etc to all consumers and other concerned persons.

UNIT-IV
BLUE PRINT OF UNIT-IV \Rightarrow EQ-2, SQ-1
SECTION – A

4.a. Define pricing and state its importance and objectives

Ans:- **PRICING OBJECTIVES:**

Pricing of product is very sensitive issue, both undercharging and overcharging can be dangerous to the marketer because if prices are undercharged it will not be able to cover its costs and will get into losses. Before determining the price itself, the organization must establish a pricing objective compatible with the goals for the organization and its marketing program. How important

is price to the target market? There are several "Objectives" a company may orient themselves towards in order to obtain a profitable business situation. Pricing objectives include.

1. Profit
2. Sales volume
3. Competition

I. Profit Oriented:

- **Target Return**-Assuming a standard volume operation (i.e. production and sales) target pricing is concerned with determining the necessary mark-up (on cost) per unit sold, to achieve the overall target profit goal. Target return pricing is effective as an overall performance measure of the entire product line, but for individual items within the line, certain strategic pricing strategic considerations may require the raising or lowering of the standard price.
- **Maximize Profits**-With growing consumerism, organization cannot charge a high price because it will create monopoly which is against the society. Moreover, the high profits in short run will attract many of the other organizations to produce the same product at a allow cost and as a result price control and government regulations will be introduced. If the Competitive Market is not intense you may charge the highest price and the market will bear because sometimes you may have an advantage for reasons based on : your geographic advantage, special features not available on other competitors' products, very famous brand etc..

II. Sales/Marketing Oriented:

- **Increase Sales Volume**-Many businesses measure their success in terms of overall revenues. This is often a proxy for market share. Pricing strategies with this objective in mind usually focus on setting price that maximizes the volumes sold.
- **Increase Market Share**-As an organizational goal, the achievement of a desired share of the market is generally linked to increased profitability. An offensive market share strategy involves attaining increased market share, by lowering prices in the short term. This can lead to increased sales, which in the longer term can lead to lower costs (through benefits

of scale and experience) and ultimately, to higher prices due to increased volume/market Share.

III. Competition oriented:

- **Meeting the Competition**-Marketers competing on a non-price basis simply meet competitor's price. An important point of meeting the competition is that sellers have the means of non price competition, for example branding, labeling and packaging. If the marketer has many choices, and barely have the resources to stay in the market, and then just charge the same price. But if don't have the resources to survive a price war, and the ability to claim better quality then they have to charge a higher price.
- **Non Price Competition**- Marketers who engage in non price competition do emphasize price as a competitive tool in favors of non price elements in marketing mix. They believe a firms pricing strategy in the easiest to copy and that the differential advantage achieved through superior product design, effective promotion and so on harder for rivals to match.

4 .a. What are the Internal factors that Influence Pricing.

Ans:- Pricing decision are influenced by many factors. These tors can be classified under two heads: 1. Internal Factors:

Internal factors are those factors that work from within the organization. Such factors include:

1. Organisational Factors: In the organization pricing decision happens at two levels. At the higher level management, decisions like price range and the pricing policies are decided. The actual price is then determined by the lower level management. It must be noted, however, that such actual price decisions must keep into consideration individual product strategies and the pricing policies decides by the top level market.

2. Marketing Mix: Pricing is only one element of marketing mix. All other elements hold equal importance to the success of marketing strategies of the firm.

Any shift in any of the elements has an impact on the other elements of the marketing mix. A firm must make suitable changes to all the elements of marketing mix to succeed with a change in any element, e.g. an increase in price will become acceptable only if it is coupled with adequate upgradation in the product features as well.

3. Product Differentiation: Price of the product very much depends upon the nature and characteristics of the product. A differentiated product with value added features quality, size, color, attractive packaging, different uses of product, utility etc, always forces the customers to pay more price as compared to any other product.

4. Cost of the Product: Cost and price of a product are closely related and are interdependent. The firm must decide a realistic price based on current demand, competition, buying capability, etc. The firm must also keep into consideration its cost of production as it would not want to sell below the cost of production on a long term basis.

5. Objectives of Firm: Pricing contributes its share in attainment of the objectives of the firm. The firm may have a variety of objectives including – sales revenue maximization, profit maximization, market share maximization, maximization of customer value, maintaining image and position, maintaining stable prices etc. Pricing policy must be established only after objectives of the firm have been decided and understood.

4.a. Discuss the various Pricing methods

Ans:- **Pricing Methods:** Price being most important element of marketing mix needs proper care while fixing. While fixing price many external and internal factors such as customer demand schedule, cost function and competitor's price need to be studied. Most companies cannot afford to sell at prices below cost for long periods. The price should be low enough to attract customers but high enough to bring reasonable profits to the company. A company might be tempted to maximize profits by charging higher prices, but the customers may not consider the products worth of the higher prices being charged and may not buy at all.

I. Cost oriented pricing

- **Full cost pricing:** To fix the price various costs such as variable and fixed are to be added along with profit margins. This price is true for one volume of sales/output. But if sales/output goes down, fixed cost per unit goes up so price should go up. Therefore, there is an increase in price as sales estimates are made before a price is set which is illogical. It focuses internal costs rather than customer's ability or willingness to pay. The overhead cost calculation may be a problematic situation for multiproduct firm.
- **Direct cost pricing:** Another cost based approach is direct cost pricing. In this method a required level of profit necessary for sustainability of firm is added to the direct cost and

hence price is obtained. The price calculated may not cover the full cost and organization may incur in losses. The strategy is valid if there is idle capacity as margin is covering some part of fixed costs. It is useful for services in periods of low demand as they cannot be stored.

- **Target return pricing:** In this method the main aim of the firm is to fix a target rate of return on investment (ROI) that it would be able to yield during the particular time frame. The investment usually includes the cost of development (Research & Development New product development, manufacturing etc.,) and commercialization. The target return is set by company after studying the market conditions. This return on investment is also known as expected profits for the company.

II. Competitive based Pricing

- **Going rate pricing:** This pricing does menus pricing does not pay much attention to cost & revenue but the main focus is competitor's prices. This mostly prevails in markets where there is perfect competition (i.e. there is no product differentiation). Mostly in this type, the price is fixed by the market leader and other companies bigger or smaller follow the same price for example, Nokia, a leading brand of mobile phones fixes the price and rest companies follow the same price. This is not an attractive proposition for marketers.
- **Bid pricing:** In this method either sealed or open bid price is submitted by the supplier to the buyer. The buyer may fix a particular date by which the bid should reach there. The buyer evaluates these quotations based on product specification and ability of the supplier to deliver the goods within the stipulated time frame.

III. Market oriented pricing

Price should lie in synchronization with marketing strategy of the company, so as to link price with positioning, strategic objectives, promotions, and distribution and product benefits. Pricing decision is dependent upon other earlier decisions in the marketing planning process. For new products, price will depend upon positioning strategy and for existing products price will be affected by strategic objectives.

- **Pricing new products:** There may be many markets available for the new products. Choice of target market would have an impact on price that could be changed by marketer from buyer. For laptops different target markets include software engineers, manager (M.B.A),

students, and general public. If software engineers were targeted price could be higher. For manager price would be lower or equivalent. But for students price changed would be on lower side and it would be still lower for general public.

SECTION-II

UNIT-IV -INTRODUCTION SQ-1

SECTION – B

11.a. Discuss about skimming pricing

Ans:- Price Skimming: Price skimming strategy involves setting a very high price for the product which buyers are willing to pay. The main aim of setting high prices is to skim the crème of the market and enormous amounts of profits may be made. The high price tends to attract new competitors into the market, and the price inevitably falls due to increased supply. It is a policy aimed at consumers who are concerned more about quality or status than about price. For instance, Omega, a Swiss watch company launched its product in India through high and jewelers showroom and with starting range of watch not less than * 40000/- whereas, Titan high end watches are priced at \$ 35000/-. This exhorting high price is charged because of brand Omega's status in the world, as they show them best as no one other

This strategy is well suited for pricing the new products, because it is easier for business to lower a high price than to raise a low price.

Omega, the leader in the prestige watch market uses such advertisement to differentiate its high priced watch from the competition.

11. a. Write about penetration Pricing

Ans:- Penetration pricing. The price charged for products and services, is so artificially low in order to gain market share. The main aim is rapid penetrations mass market based on long term period, Penetration pricing is sometimes used by organization to gain a large market share quickly for a new product. This policy is less flexible than price skimming because it is more difficult to raise a penetration price than to lower the high price,

The strategy is mainly successful when

- Customers are not loyal and can switch to other brand easily
- Large and growing market
- Firm uses it as an entry strategy

- Strong price a quality relationship is missing

For instance, Videocon is using this approach by bringing out fully loaded mobile phones at much cheaper rates than market leader Nokia in order to maximize its share in mobile market. The major drawback of this strategy is that it initiates a price war within the industry, which could in turn, prove fatal to all firms.

By advertising that Videocon is for intelligent people by paying less get extra features", Videocon attempts to penetrate the mobile market with lower prices.

11.a.Distinguish between Skimming and penetration Pricing?

Ans:- **Price Skimming:** Price skimming strategy involves setting a very high price for the product which buyers are willing to pay. The main aim of setting high prices is to skim the crème of the market and enormous amounts of profits may be made. The high price tends to attract new competitors into the market, and the price inevitably falls due to increased supply. It is a policy aimed at consumers who are concerned more about quality or status than about price. For instance, Omega, a Swiss watch company launched its product in India through high and jewelers showroom and with starting range of watch not less than * 40000/- whereas, Titan high end watches are priced at \$ 35000/-. This exhorting high price is charged because of brand Omega's status in the world, as they show them best as no one other

This strategy is well suited for pricing the new products, because it is easier for business to lower a high price than to raise a low price.

Omega, the leader in the prestige watch market uses such advertisement to differentiate its high priced watch from the competition.

Penetration pricing. The price charged for products and services, is so artificially low in order to gain market share. The main aim is rapid penetrations mass market based on long term period, Penetration pricing is sometimes used by organization to gain a large market share quickly for a new product. This policy is less flexible than price skimming because it is more difficult to raise a penetration price than to lower the high price,

The strategy is mainly successful when

- Customers are not loyal and can switch to other brand easily
- Large and growing market
- Firm uses it as an entry strategy
- Strong price a quality relationship is missing

For instance, Videocon is using this approach by bringing out fully loaded mobile phones at much cheaper rates than market leader Nokia in order to maximize its share in mobile market. The major drawback of this strategy is that it initiates a price war within the industry, which could in turn, prove fatal to all firms.

By advertising that Videocon is for intelligent people by paying less get extra features", Videocon attempts to penetrate the mobile market with lower prices.

UNIT-IV
BLUE PRINT OF UNIT-IV \Rightarrow EQ-2, SQ-1
SECTION – A

5.a. What is Promotion Mix? Explain different types of Promotion Mix.

Ans:- According to Philip Kotler, "Promotion compasses all the tools in the marketing mix whose major role in persuasive communication".

Types OF PROMOTION

1.Advertising: Advertising refers to the activity of attracting public attention to a product or business, as by paid announcements in the print, broadcast or electronic media. Advertising is a

powerful communication tool directed towards specific target customers in order to carry the messages regarding a particular product, service or ideas, meaningfully and persuasively with a view to achieve certain specific objectives such as, to establish brand loyalty, expansion of the existing markets, increased sales volume etc.

2. Personal Selling: Personal selling has been defined by the American Marketing Association as, “Oral presentation in conversation with one or more prospective purchaser for the purpose of making sales”.

3. Public Relations: Public relations are the management function which evaluates public attitudes, identifies the policies and procedures of an organization with the public interest and an organization with the public interest and executes a programme of action and communication to earn public cum understanding and acceptance.

4. Sales Promotion: Sales promotion is an exercise in information persuasion and influence. Sales promotion is a part of promotional mix. Sales promotion refers to the activities which supplement and co-ordinate personal selling and advertising to attract customers to buy a product. Sales promotion methods include displays, demonstrations, expositions, exhibitions and other non-recurrent selling efforts which aim at impelling spot buying action by prospective customers.

PROMOTION MIX

Promotion mix which covers advertising, personal selling, sales promotion, publicity relations, exhibition and demonstration used in promotion. Largely it deals with non-price competition. The elements of Promotion mix are as follows:

- Sales promotion
- Advertising
- Sales force
- Public relation
- Direct mail

The main purpose of every commercial organization is to promote sales because it is the only way to commercialize the product. Any activity towards sales-promotion may be called Promotional Activities. Such promotional activities are advertising sales promotion and personal selling which generally constitute the promotional mix, within the marketing mix. Advertising and sales promotion are indirect and non personal methods, while personal selling is direct and personal method of sales promotion.

5.a.What is advertising? Explain the objectives of advertising.

Ans:- Meaning of Advertising

Advertising refers to the activity of attracting public attention to a product or business, as by paid announcements in the print, broadcast or electronic media.

Definition of Advertising

“Advertising is any paid form of non-personal communication of ideas, goods or services by business firms identified in the advertising message intended to lead to a sale immediately or eventually”

- American Marketing Association (AMA)

OBJECTIVES of ADVERTISING

How to determine advertising objectives?

According to Kotler and Keller, an advertising objective is, “a specific communication task and achievement level to be accomplished with a specific audience in a specific period of time”. The advertising objectives are necessary for the routine operations of a business. The advertiser needs to set goals. It is a great way to create and monitor progress.

Steps to determine

Advertising Objectives

Step 1: Identify the Marketing Plan

Step 2: Realistic Expectations

Step 3: Understand the Market

Step 4: Plan to Reach Customers

Step 5: Plan the Budget

Step 6: Test the Objectives

Step 7: Implementation

The steps to determine advertising objectives:

Step 1: Identify the Marketing Plan

The advertiser needs to relate advertising strategies and tactics to marketing plans. Spending on advertising without any written is often a waste of precious resources.

Step 2: Realistic Expectations

The advertiser needs to have realistic expectations. The advertiser needs to reach many people through advertisements. It is better to start with small objectives and then creates larger objectives.

Step 3: Understand the Market

The advertiser needs to know the following:

- 1 Who are the target audience for a product?
- 2.What are the wants of target audience?
3. How to reach the target audience?
4. What is the type of advertising media?
5. What is the frequency of advertising?

Step 4: Plan to Reach Customers

- 1.The plan to reach customers includes:
2. The number of customers they want to reach.
3. The sales target
4. The frequency of advertising,

Step 5: Plan the Budget

The advertiser needs to take appropriate decisions for making budget. The advertiser needs to plan the expenditure of advertising campaign for the year. The advertiser needs to decide where and how that money will be spent,

Step 6: Test the Objectives

The advertiser should conduct test campaigns. It helps to know the feasibility of advertising objectives. The test campaign can be conducted through online, face to face interviews etc. This data is useful to finalize the objectives.

Step 7: Implementation

The proper implementation is the key for success. The advertiser needs to advertise the proper message to customers and prospective customers.

5.a. Explain various types of distribution channels.

Ans:- Meaning of Channels of Distribution

Channel of Distribution refers to the chain of businesses or intermediaries through which a good or service passes until it reaches the end consumer. A distribution channel can include wholesalers, retailers, distributors and even the internet.

Definitions of Channels of Distribution

According to Philip Kotler, “Every producer seeks to link together the set of marketing intermediaries called the marketing Channel also Trade Channel or Channel of Distribution”. “Any sequence of institutions from the producer to the consumer including one or any number of middlemen is called Channel of Distribution”.

- Mc Carthy

Like in most marketing decisions lot of research and thought must go into determining how to carry out distribution activities in a way that meets organization's objectives. The marketer must consider many factors when establishing a distribution system. Some factors are directly related to marketing decisions while others are affected by relationships that exist with members of the channel.

The key factors to consider when designing a distribution strategy are grouped into two main categories: marketing decision issues and channel relationship issues. In turn, each of these categories involves various topics of concern to marketer.

1) Marketing Decision Issues

Distribution strategy can be shaped by how decisions are made in other marketing areas.

• Product Issues

The nature of the product often dictates the distribution options available especially if the product requires special handling. For instance, companies selling delicate or fragile products, such as flowers, look for shipping arrangements that are different than those sought of companies selling extremely tough or durable products.

• Promotional Issues

Besides issues related to physical handling of products, distribution decisions are affected by the type of promotional activities needed to sell the product to customers.

• Pricing Issues

The desired price at which a marketer seeks to sell their product can impact how they choose to distribute. The inclusion of resellers in a marketer's distribution strategy may affect a product's pricing since each member of the channel seeks to make a profit for their contribution to the sale of the product

2) Target Market Issues

A distribution system is only effective if customers can obtain the product. Consequently, a key decision in setting up a channel arrangement is for the marketer to choose the approach that reaches customers in the most effective way possible. The most important decision with regard to reaching the target market is to determine the level of distribution coverage needed to effectively meet customer's needs. Distribution coverage is measured in terms of the intensity by which the product is made available. For the most part, distribution coverage decisions are of most concern to consumer products companies, though there are many industrial products that also must decide how much coverage to give their products.

3) Channel Relationship Issues

A good distribution strategy takes into account not only marketing decisions, but also considers how relationships within the channel of distribution can impact the marketer's product.

SECTION-II

UNIT-V -INTRODUCTION **SO-1**

SECTION – B

12.a. What is sales promotion? Explain the methods of sales promotion.

Ans: According to William J. Stanton, “Sales promotion is an exercise in information and influence.

According to Philip Kotler, “Promotion encompasses all the tools in the marketing mix whose major role in persuasive communication”.

Sales Promotion Methods:-

The various of sales promotion is numerous and may be grouped as follows:

- a. Consumer Sales Promotions
- b. Trade Promotions
- c. Sales Force Promotions.

Tools or Devices of sales promotion:

a. Consumer Sales Promotions

- 1. Samples
- 2. Coupons
- 3. Premium or Bonus Offer
- 4. Money Refund

5. Price off Offer
6. Contents or Sweepstakes
7. Bonus Stamps
8. Buy- back Allowance
9. Demonstration

b. Trade Promotions:

1. Buying Allowance
2. Buy-back Allowance
3. Store Demonstrations
4. Displayed and Offer Advertising Allowance
5. Advertising Materials
6. Special Contests
7. Dealer Premium

c. Sales Force Promotions:-

1. Bonus
2. Contests
3. Meetings, Conventions and Conferences

12.a.What are the Characteristics of Publicity?

Ans:- BASIC CHARACTERISTICS OF PUBLICITY

Irrespective of the means used to carry the information, publicity has certain important features of its own. These are :

1. The Message has a High Degree of Credibility. The publicity message has greater degree of credibility than advertising because it appears to the reader or the listener to have been written independently by a media person rather than by an advertiser. Due to this enhanced credibility, it can be argued that it is more persuasive than a similar message used in an advertisement.

2. No Direct Media Cost. As space or time in the media does not have to be bought there is no direct media cost. However, this is not to say that it is free of cost. Someone write the news release, take part in the interview or organize the news-conference. This be organized internally by a press personnel or the publicity department, or extremely ha? Public-relations agency.

3. No Control over Publication. Unlike advertising, there is no guarantee that the new items will be published. This decision is taken out of the control of the organization and in the hands of an editor. A key factor in this decision is whether the item is judged to be newsworthy; newsworthy items include where a company does something first such a new product or research break through, new employees or company expansions, sponsorships, and the like. Equally, there is no guarantee that the content of the new release will be published in the way that news supplier had intended or that the publicity will occur when the company wants it to.

12.a. Write about Direct marketing?

Ans:- DIRECT MARKETING

Direct marketing involves the business attempting to locate, contact, offer, and make incentive-based information available to consumers. Direct marketing is often distinguished by aggressive tactics that attempt to reach new customers usually by means of unsolicited direct communications. But it can also reach out to existing or past customers. A key factor in direct marketing is a "call to action." That is, direct marketing campaigns should offer an incentive or enticing message to get consumers to respond (act).

Features of Direct Marketing

Direct Marketing is subscriber database driven marketing, targeting at the segments, the marketer is positioning his/her product or services through appropriate and relevant messages. Direct Marketing is characterized by the following:

1. Customer or Subscriber or Prospect databases that make targeting possible.
2. A view of customers as assets with life time value.
3. Ongoing relationships and affinity with customers.
4. Data based market segmentation.
5. Research and Experimentation (testing).
6. Benefit oriented direct response advertising.
7. Measurement of results and accountability for costs.
8. Interactivity
9. Multi-media promotion
10. Multi- channel distribution

13.a. Write about online Marketing.

Ans:- Online Marketing (E Marketing) is the use of information technology in the processes of creating, communicating and delivering value to customers and managing customer relations. E Marketing is the fusion of IT with traditional marketing

"Marketing has changed. Traditional advertising does not work, brochure-like websites do not work, the web has given people ultimate freedom of choice and of goods. When there are no monopolies and constrictions, interrupting people's lives is not effective marketing anymore." -

-Damien Mulley

- ***Global reach and access to varying demographics.*** A website can reach anyone anywhere in the world who has access to the internet, you are only a search or a click of a button away from any internet user. This allows you to compete globally and test new markets you may not be able to reach through traditional channels.
- ***Can be more cost effective than traditional marketing techniques.*** Traditional techniques such as television, press and radio would broadcast a message in a particular timeslot on the assumption that the correct target audience was being attentive. Expensive surveys post campaign would give the marketer the evidence of campaign traction alongside the obvious changes in revenue. E-Marketing allows you to track the results and instantly see where wastage has occurred and learn quickly which marketing channels deliver best to market.
- ***website is a 24/7 shopping destination.*** With a website and an online shopping engine it is working even when your shop or office is closed. The website also allows you to communicate with customers about your product lines in depth so they can be fully educated on your product benefits even before meeting your staff face to face.
- ***Website content can be entertaining and interactive.*** Unlike the printed word or television, there is possibility of opening up two-way communication with your customer. This can occur as simply as an instant email response to customers and as complex as a regularly updated blog or micro-blog
- ***Information and ability to purchase in the one place.*** It can be more cost-effective to update and re-skin your online shop front than re-paint or re-house your real life company shop fronts and the same goes for creating international versions.

13.a.Discuss about Global Marketing

Ans:- GLOBAL MARKETING

International marketing means marketing of goods and services beyond national boundaries. In the words of professor Hess and Eateora, “International marketing is performance of business activities that direct the flow of goods and services to the consumers or users in more than one nation.” Professor V. Terpstra has opined that “international marketing is the performance of one or more of these activities – market intelligence, product development, pricing, distribution and promotion across national boundaries, at its most it involves the performance of all those functions in many countries.

13.a. Explain physical Distribution process.

Ans:- PHYSICAL OSTRIBUTON PROCESS

The distribution process begins when a supplier receives an order from a customer. The customer is not too concerned with the design of the supplier's distributive system, nor in any supply problems. In practical terms, the customer is only concerned with the efficiency of the supplier's distribution. That is, the likelihood of receiving goods at the time requested. Customers make production plans based on the lead-time agreed when the order was placed. Customers now expect that the quotation will be adhered to and a late delivery is no longer acceptable in most purchasing situations. Physical Distribution process consists of the following elements:

1. Order Processing

Order processing is the first of the four stages in the logistical process. The efficiency of order processing has a direct effect on lead times. Orders are received from the sales team through the sales department. Many companies establish regular supply routes that remain relatively stable over a period of time providing that the supplier performs satisfactorily.

2. Inventory

Inventory, or stock management, is a critical area of PDM because stock levels have a direct effect on levels of service and customer satisfaction. The optimum stock level is a function of the type of market in which the company operates. Few companies can say that they never run out of stock, but if stock-outs happen regularly then market share will be lost to more efficient competitors. Techniques for determining optimum stock levels are illustrated later in this chapter. The key lies in ascertaining the re-order point.

3. Warehousing

Marketing texts tend to pay more attention to warehousing. This is mainly because of the relatively longer distances involved in distributing in India, where it can sometimes take days to reach

customers by the most efficient road or rail routes. The logistics of warehousing can, therefore, be correspondingly more complicated in India than in the UK. However, the principles remain the same and indeed the European Union should be viewed as a large 'home market'. Currently, many companies function adequately with their own on-site warehouses from where goods are dispatched direct to customers.

4. Transportation

Transportation usually represents the greatest distribution cost. It is usually easy to calculate because it can be related directly to weight or numbers of units. Costs must be carefully controlled through the mode of transport selected amongst alternatives and these must be constantly reviewed. During the past 50 years, road transport has become the dominant transportation mode in India. It has the advantage of speed coupled with door-to-door delivery.