PG & RESEARCH DEPARTMENT OF COMMERCE (SF-Men)

JAMAL MOHAMED COLLEGE (Autonomous)

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CORE IV

Title of the Course : MARKETING

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UNIT – I
MARKETING

MEANING of MARKETING

Marketing is currently defined by the American Marketing Association (AMA) as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large".

DEFINITION of MARKETING

Marketing as "**a human activity directed at satisfying needs and wants through exchangeprocess".** Philip Kotler

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

FEATURES or COMPONENTS OF MARKETING

1. Needs and Wants:

- The process of marketing helps consumers in obtaining what they need and want.
- A need is a state of deprivation or a feeling of being deprived of something.
- Needs are basic to human beings and do not pertain to a particular product.

2. Creating a Market Offering:

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

3. Customer Value:

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

4. Exchange Mechanism:

- The process of marketing works through the exchange mechanism.
- Exchange refers to the process through which two or more parties come together toobtain the desired product or service from someone, offering the same by givingsomething

in return. For E.g. money is the mode of exchange used to buy/ sell a productor a service.

- Conditions to be satisfied for exchange:

    a. At least two parties

    b. offering something of value to the other

    c. communication

    d. Freedom to accept or reject offer

    e. Parties willingness to enter into a transaction

WHAT IS MARKET?

The term 'market' originated from Latin word 'marcatus' having a verb 'mercari' implying 'merchandise' 'ware traffic' or 'a place where business is conducted'.

CLASSIFICATION/ TYPES OF MARKETS

A. On the Basis of Area:

1. Local Markets confine to locality mostly dealing in perishable and semi-perishable goods like fish, flowers, vegetables, eggs, milk, and others.

2. Regional Market covers a wider area may be a district, a state or inter-state dealing in durables both consumer and non durables and industrial products, including agricultural produce.

3. National Markets the area covered are national boundaries dealing in durable and non-durable consumer goods, industrial goods, metals, forest products, agricultural produce.

4. World or International Market, the movement of goods is widespread throughout the world, making it as a single market. It should be noted that due to the latest technologies in transport, storage and packaging, even the most perishable goods are sold all over the world, not that only durables.

B. On the basis of Time:

1. Short-period markets are for highly perishable goods of all kinds

2.long-period markets are for durable goods of different varieties may be produced or manufactured.

C. On the basis of Transactions:

i). spot market, once the transaction takes place, the delivery takes place,

ii). **future markets,** transactions are finalized pending delivery and payment for future dates..

D. On the basis of Regulation:

1. regulated market is one in which business dealings take place as per set rules and regulations regarding, quality, price, source changes and so on.

2.unregulated market is a free market where there are no rules and regulations; even if they are there, they are amended as per the requirements of parties of exchange.

E. On the Basis of Volume of Business:

1.Wholesale markets are featured by large volume business and wholesalers.

2. Retail markets are those where quantity bought and sold is on small-scale. The dealers are retailers who buy from wholesalers and sell back to consumers.

F. On the basis of Nature of Goods:

1.Commodity markets deal in favour of material, produce, manufactured goods may be consumer and industrial and bullion market dealing precious metals.

2.Capital market is a market for finance.

These markets can be subdivided into 'money' market dealing in lending, and borrowing of money; 'Securities' market or 'stock' market dealing in buying and selling of shares and debentures and 'foreign exchange' market where it is a forex market dealing buying and selling of foreign currencies may be hard or soft.

G. On the basis of Nature of Competition:

1.perfect market is one which is characterized by:

(a) Large number of buyers and sellers

(b) Prevalence of single lowest price for products those are 'homogeneous'

(c) The perfect knowledge on the part of buyers and sellers

2. imperfect market which is featured by:

(a) Products may be similar but not identical

(b) Different prices for a class of goods

(c) Existence of physical and psychological barriers on movement of goods

(d) No perfect knowledge of products and other dimensions on the part of buyers and sellers.

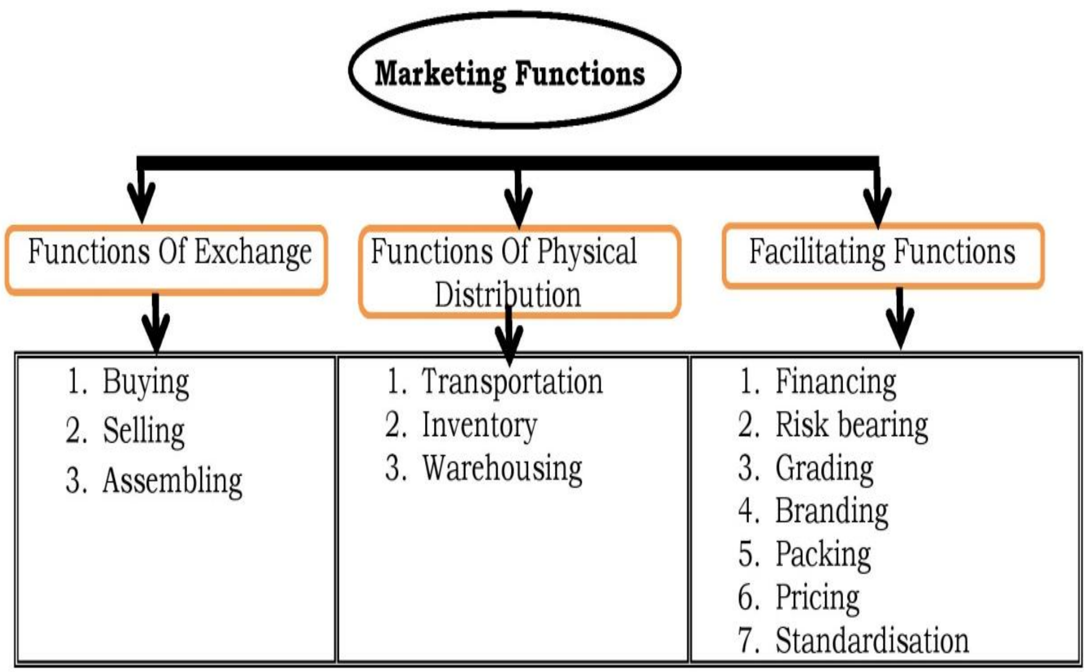
H. On the basis of Demand and Supply:

Based on demand and supply conditions or hold of buyers and sellers, there can be seller's and buyer's markets.

1. A seller's market is one where sellers are in driver's seat and the buyers are at the receiving end.

2. A buyer's market is one where buyers are in commanding position. That is, supply is exceeding the demand for the goods.

FUNCTIONS OF MARKETING



i) Functions of Exchange:

a) Buying. Buying is another side of exchange if selling is one side. It is carried out by all marketers-the manufacturer, the wholesaler and the retailer. In a formal exchange, buyer has to negotiate the terms of price, payment, delivery etc. and secure transfer of title in his favour through a contract of purchase. The primary purpose of buying is to assemble goods upon demand, for resale or use in production or personal consumption. Buying for own consumption are the ultimate consumers and further marketing activities stop here. Buying for resale is exclusively the purchase made by wholesaler & retailer. At the time of purchasing of goods of resale, the following points must be taken into consideration

b) Selling is transferring a product to the buyer in exchange of something. Buyer generates demand for the seller.

c) Assembling is a process of collecting goods from different places and putting it together at central place or its further movement to the factory ro the consumers.

ii) Functions of physical distribution

a) Transport or the movement of the product between places i.e. from the production consumption is one of the most important marketing services. Transport is important, n because it is essential to the operation of the marketing system, but also because it accounts i very substantial part of the total marketing cost.

b) warehousing It is the facility to store goods and known as warehouse. 'Ware' means 'article" and "house" here means building or a room for storing goods. The facilities for storage can be made available by establishing various types of warehouses. In the distribution of goods warehouses render a very important service to the manufacturer, wholesaler and shippers.

c) Inventory refers to all the items, goods, merchandise, and materials held by a business for selling in the market to earn a profit.

iii) Facilitate Functions

a) Financing: Finance is the most fundamental aspect for any merchandise transactions. Funds are required to hold the stocks and to meet the cost of marketing. Finance is needed for production as well as for marketing a self-blood of industry. Generally, there is a gap of period between the purchase of raw materials and the production of finished goods. It means that the manufacturer who invests in raw materials has to wait till the consumers pay for the finished goods.

b) Risk-bearing: In marketing, there arise numerous risks-damages to goods, physical loss, changes in economic values of goods, mismanagement, credit losses etc. These are more or less inherent in the marketing process. These are losses-on account of fire, flood, deterioration, bad debts etc. On all these occasions, an intelligent businessman reduces the possibility of risks.

C) Standardisation: Standardisation is related with the division of commodities into distinct groups. Standard is used in providing certain basic qualities to the goods for their use. Standard is a specification. It is a 'norm', 'grade' or 'category'. Standards are fixed on physical characteristics of products. The standardised products possess uniform characteristics. For example, shape, size etc.

d) Grading : It refers to the process of dividing products into classes made up of units possessing similar characteristics. It involves division of products into classes, lots or groups in accordance with predetermined grades of quality. Grading helps in fixing and securing remunerative prices for the products.

e) Packaging: The wrapping material around a consumer item that serves to contain, identify, describe, protect, display, promote and otherwise make the product marketable and keep it clean.

f) Pricing is a process of fixing the value that a manufacturer will receive in the exchange of services and goods.

MARKETING MIX - MEANING

Marketing mix is the policy adopted by the manufacturers to get success in the field of marketing. Those days, when goods were matched with the market, have gone. The modern market concept emphasises the importance of the consumer's preference. Manufacturers take various policies to get success in the market and the marketing mix is one of the important policies.

DEFINITION MARKETING MIX

According to ***Borden***, "The marketing mix refers to the appointment of efforts, the combination, the designing and the integration of the elements of marketing into a programme or mix which, on the basis of an appraisal of the market forces will best achieve an enterprise at a given time". According to Stanton, "Marketing mix is the term used to describe the combination of the four inputs which constitute the core of a company's marketing system the product, the price structure, the promotional activities and the distribution system."

ELEMENTS OF MARKETING MIX

The term marketing mix is used to describe a combination of four elements-the product, price, physical distribution and promotion. These are popularly known as "Four Ps."These four elements or sub-mixes should be taken as instruments, by the management, when formulating marketing plans. As such, marketing manager should have a thorough knowledge about the four Ps. The marketing mix will have to be changed at the change of marketing conditions like economical, political, social etc. Marketing mix is developed to satisfy the anticipated needs of the identified markets. A brief description of **the four elements of marketing mix (Four Ps) is:**

1. **Product**
2. **Price**
3. **Promotion**
4. **Physical Distribution / Place**

1. Product: The product itself is the first element. Products must satisfy consumer needs. The management must, first decide the products to be produced, by knowing the needs of theconsumers. The product mix combines the physical product, product services, brand and packages. The marketing authority has to decide the quality, type of goods or services which are offered for sale. A firm may offer a single product (manufacturer) or several products (seller). Not only the production of right goods but also their shape, design, style, brand, package etc., are of importance. The marketing authority has to take a number of decisions as to product additions, product deletions, product modifications, on the basis of marketing information.

2. Price: The second element to effect the volume of sales is the price. The marked or announced amount of money asked from a buyer is known as basic price-value placed on a product. Basic price alterations may be made by the manufacturer in order to attract the buyers. This may be in the form of discount, allowances etc. Apart from this, the terms of credit, liberal dealings will also boost sales.

3. Promotion: The product may be made known to the consumers. Firms must undertake promotion work-advertising, publicity, personal selling etc., which are the major activities. And thus the public may be informed of the products and be persuaded by the customers. Promotion is the persuasive communication about the products, by the manufacturer to the public.

4. Distribution (Place): Physical distribution is the delivery of products at the right time and at the right place. The distribution mix is the combination of decisions relating to marketing channels, storage facility, inventory control, location, transportation warehousing etc.