UNIT I
INTRODUCTION

1. What is marketing? Explain the nature of marketing.

Ans. Marketing is that process a business which is related to satisfying human wants by the exchange of goods and services.
It is a total system of business activities designed to plan, price, promote and distribute want satisfying goods and services to present and potential customers.
According to Philip Kotler, the term 'marketing' is a social and managerial process by which individual groups obtain what they need and want through creating, offering and freely exchanging product and services of value with others.

Nature of Marketing
The Nature of Marketing (or Modern marketing) may be studied under the following points:

(i)Human activity: Originally, the term marketing is a human activity under which human needs are satisfied by human efforts. It's a human action for human satisfaction.

(ii)Consumer-oriented: A business exist to satisfy human needs, hence business must find out what the desire of customer (or consumer) and thereby produce goods & services as per the needs of the customer. Thus, only those goods should be produce that satisfy consumer needs and at a reasonable profit to the manufacturer (or producer).

(iii)Art as well as science: In the technological arena, marketing is the art and science of choosing target markets and satisfying customers through creating, delivering, and communicating superior customer value. It is a technique of making the goods available at right time, right place, into right hands, right quality, in the right form and at right price.

(iv)Exchange Process: All marketing activities revolve around commercial exchange process. The exchange process implies transactions between buyer and seller. It also involves exchange of technology, exchange of information and exchange of ideas.

(v)Starts and ends with customers: Marketing is consumer oriented and it is crucial to know what the actual demand of consumer is. This is possible only when required information related to the goods and services is collected from the customer. Thus, it is the starting of marketing and the marketing end as soon as those goods and services reach into the safe hands of the customer.

(vi) Creation of Utilities: Marketing creates four components of utilities viz. time, place, possession and form. The form utility refers to the product or service a company offers to their customers. The place utility refers to the availability of a product or service in a location i.e. Easier for customers. By time utility, a company can ensure that products and services are available when customers need them. The possession utility gives customers ownership of a product or service and enables them to derive benefits in their own business.

(vi)Goal oriented: Marketing seeks to achieve benefits for both buyers and sellers by satisfying human needs. The ultimate goal of marketing is to generate profits through the satisfaction of the customer.

(vii)Guiding element of business: Modern Marketing is the heart of industrial activity that tells what, when, how to produce. It is capable of guiding and controlling business.

(viii)System of Interacting Business Activities: Marketing is the system through which a business enterprise, institution or organization interacts with the customers with the objective to earn profit, satisfy customers and manage relationship. It is the performance of business activities that direct the flow of goods and services from producer to consumer or user.

(ix)Marketing is a dynamic process series of interrelated functions: Marketing is a complex, continuous and interrelated process. It involves continuous planning, implementation and control.

2. Explain the scope of marketing.

Ans. Marketing being a part of social science is highly dynamic and complex in nature. The rapid changes in various sectors have brought great changes in the concept of marketing. Traditionally, marketing was concerned with buying and selling of goods and services only but now its scope has widened and it encompasses a range of activities from consumer satisfaction to consumer delight and management of customer relationship.

The scope (subject matter) of marketing is as follows:

(i)Products and Services: Products and Service are the basic element of marketing. If there is no product there is no marketing. It is concerned with the nature and type of products, product quality and design, product planning and development, product decisions relating to branding, labelling, packaging, trademarks etc.

(ii)Marketing Research: Though products and services were the starting point under traditional marketing, modern marketing starts with an analysis of the various aspects of market and related areas. It includes an analysis of nature and types of customers, size of market, customer attitude, buyer behaviour etc. An in-depth analysis of customers and markets is a prerequisite for every marketer to have a successful marketing.

(iii)Channel of Distribution: The pathway through which the goods move from producer to consumer is the channel of distribution. It includes a number of intermediaries like wholesaler, retailers, jobbers etc. Channels by moving the goods help in transferring the ownership of goods from seller to buyer.

(iv)Physical Distribution: The physical movement of the goods from producer to consumer is physical distribution. It includes transportation, warehousing, inventory control and management, order processing etc.

(v)Promotional Decisions: Howsoever good a product is, it has no value if it is not properly promoted. Promotion has the basic objective of informing the market about product availability and creating a demand for it. Different promotional tools are there like advertising, sales promotion, personal selling, publicity, public relations etc.

(vi) Pricing Decisions: This is the only element of marketing which generates revenue for the firm. Pricing is concerned with pricing policies and strategies, price determination, discounts, commissions etc.

(vii) Environmental Analysis: An analysis of the environment in which the business is to be carried out is the first step for any organisation. The various macro and micro factors should be studied beforehand only to develop an understanding of the strength, weaknesses, opportunities and threats, for an organisation.
This will help not only in the formulation of the corporate strategy but marketing strategy as well. It includes the study of economic environment, geographical environment, political and legal

environment, social and cultural environment, natural and technological environment etc. in the country and outside.

(viii)Feedback from Customers: For successful marketing of goods it is essential that the marketer obtains the required feedback from customers. A proper feedback mechanism should be developed so that reasons for failure or less satisfaction may be identified and improvements in the products be made.

(ix)Responsibility towards the Society: Business and society are interrelated and interdependent. A business cannot exist in vacuum. It derives its much needed inputs from society and therefore owes a responsibility towards the society. These social activities are a part of marketing as the units have to protect and pro0.mote the interest of the society. A marketer to be socially responsive owes responsibility towards employees, consumer, shareholder etc.

3. Explain the importance of marketing.

Ans. Marketing is the heart of any business organisation. Marketing aims at satisfying the needs of customers to provide quality products and services and ultimately raise their standard of living. Importance of marketing can be explained as under:

A. Importance of Marketing to Consumer/Society:

(i)Increase in the standard of living: Modern society is divided into three classes (1) Rich Class (2) Middle Class and (3) Poor class. Standard of living of society is mainly depends on purchasing power of these classes. Better standard of living needs fulfilment of various wants, which is possible with the help of marketing. Hence, it can be stated that standard of living is a gift of marketing. In simple words, marketing improves the standard of living of society.

(ii)Employment opportunities: Marketing is a prominent instrument of employment. This process includes various activities such as buying, selling warehousing, transportation, grading, finance, risk undertaking, etc., which provides employment to the number of persons. Thus marketing generates sufficient scope for employment to thousands of people and improve their income levels.

(iii)Economic stability: Marketing plays a vital role, in the economic stability of a country. Economic growth depends on economic stability. Economic stability depends on balance between production and consumption, i.e. demand and supply. To maintain balance in production
and consumption marketing is necessary. Marketing maintains this balance and stabilizes the economy.

(iv) Creates utility: Marketing is an economic activity. It creates ownership, place and time utility in goods and services. Marketing creates demand. Various activities of marketing create utility.
E.g. Exchange of goods offered ownership, time utility and place utility is created due to warehousing and transportation. Thus, marketing provides value to the goods and services. It also provides goods at the right time at right place and at reasonable price**.**

(v)Satisfaction of human wants: Marketing plays a significant role in the distribution of goods and services to the consumer satisfaction of their wants. It is the activity which transfers goods and service from the place of consumption to satisfy the needs of society. Thus, marketing has great importance in providing goods necessary to fulfil human needs.

B. Importance of Marketing to the Business:

(i)Gain income: Organizational profits depend on its income, while the future of organization depends on its profit. Organizations can earn the profit through various activities. Marketing provides 'Market' to goods and services. The function of marketing develops wants and fulfils the same. Organizations can spend on production and marketing through the income earned.

(ii)Marketing information: Modern economics is dynamic in nature. There are tremendous and rapid changes in likes, dislikes, price and demand. An entrepreneur has to take decisions according to changed environment. Entrepreneurs have to search new products, new customers, new market, and new process of production and so on. Producer can collect all this information from various marketing sources and can introduce changes in their production, and can survive in the competition.

(iii) Source and channel of new ideas: Marketing is a significant and complex aspect of the modern dynamic economy. Dynamic changes constantly occur in the field of marketing, which is very essential for providing sources and channels of new ideas and guiding policies.

(iv)Decision making: Producers produce goods and services. He has to take major decision like what to produce? Where to produce? How much to produce? All these decisions directly affect the profit. These decisions are major and hence are difficult to take. Marketing helps producers to take the proper decisions, at the right time. Hence, “Success” of business and proper decisions are interdependent, which is possible due to marketing.

4. Discuss the stages in the evolution of marketing in details.

Ans. Marketing has changed over the centuries, decades and years. The production centred system systematically changed into relationship era of today and over the period; the specializations have emerged such as sales versus marketing and advertising versus retailing. The overall evolution of marketing has given rise to the concept of business development. Marketing has taken the modern shape after going through various stages since last the end of 19th century. The Production oriented practice of marketing prior to the twentieth century was conservative and hidebound by rules-of-thumb and lack of information. Science & technology developments and specially the development of information technology have now changed the way people live, the way people do business and the way people sell and purchase. Following is a short summary of the various stages of evolution of marketing.

(i) Production Orientation Era: The prevailing attitude and approach of the production orientation era was -“consumers favour products that are available and highly affordable”. The mantra for marketing success was to “Improve production and distribution”. The rule was “availability and affordability is what the customer wants”. The era was marked by narrow product-lines; pricing system based on the costs of production and distribution, limited research, primary aim of the packaging was to protect the product, minimum promotion. Advertising meant, “Promoting products with a lesser quality”.

(ii)Product Orientation Era: The attitude changed slowly and approach shifted from production to product and from the quantity to quality. The prevailing attitude of this period was that consumers favour products that offer the most quality, performance and innovative features and the mantra for marketers was ‘A good product will sell itself’, so does not need promotion.

(iii)Sales Orientation Era: The increased competition and variety of choices / options available to customers changed the marketing approach and now the attitude was “Consumers will buy products only if the company promotes/ sells these products”. This era indicates rise of advertising and the mantra for marketers was “Creative advertising and selling will overcome consumers’ resistance and convince them to buy”.

(iv)Marketing Orientation Era: The shift from production to product and from product to customers later manifested in the Marketing Era which focused on the “needs and wants of the customers” and the mantra of marketers was” ‘The consumer is king! Find a need and fill it’. The approach is shifted to delivering satisfaction better than competitors are.

(v)Relationship Marketing Orientation Era: This is the modern approach of marketing. Today’s marketer focuses on needs/ wants of target markets and aims at delivering superior value. The mantra of a successful marketer is ‘Long-term relationships with customers and other partners lead to successes

The following sentences summarize the above evolution of marketing.

1. Production era: ‘Cut costs. Profits will take care of themselves’
2. Product era: ‘A good product will sell itself’
3. Sales era: ‘Selling is laying the bait for the customer’
4. Marketing era: ‘The customer is King!’
5. Relationship marketing era: ‘Relationship with customers determine our firm’s future’

5. Distinguish between Selling and Marketing.

Ans. Generally people consider marketing and selling as synonymous of each other but actually these two are different concepts. Selling is just a part of marketing activities. Following are the points of distinction between selling and marketing:

Basis	Selling	Marketing
1.Focus	Selling focuses on the need of seller.	Marketing focuses on the need of the customer.
2.Objective	Main objective of selling is to maximise the profit and sale.	Main objective of marketing is to earning optimum profit with customer satisfaction.
3.Scope	Scope of selling is limited to exchange of goods or services for some considerations.	Scope of marketing is very wide. It includes activities like creation of demand, designing of product according to demand, using promotional technique and after sale survey to find out customer satisfaction.
4.Start and end	Selling starts after production and ends with the sale of product.	Marketing starts much more before production and continues even after sale.
5.Efforts	Seller uses promotional techniques and some manipulative tactics also to increase the sale.	Marketer uses integrated market strategies to capture big share in the market.
6.Supremacy	Producer is considered king pin of market.	Consumer is considered king pin of market.
7. Approach	It involves fragmented approach to sell all that is produced by hook or by crook.	It involves integrated approach to identify and satisfy customer’s approach.
8.Demand	It assumes demand for the products.	Demand is created by producing product according to need of customer.

6. What is Marketing Mix? Briefly explain the elements of marketing mix.

Ans.: Marketing mix is the set of controllable variables that a firm can use to influence the buyers response within and given marketing environment.
The environmental influences are uncontrollable elements whereas the ingredients of marketing mix are controllable factors. The combination of these ingredients constitutes the marketing mix.

Elements of marketing Mix:
The elements of marketing mix can be classified into four categories. These elements are popularly known as four P's of the marketing. These are:
(i)Product.
(ii)Price
(iii)Place
(iv) Promotion.

(i)Product: Product is the thing possessing a bundle of utilities. It covers the physical attributes, the packages, branding, labeling, warranties and services accompanying the product. Product is evolved in consultation of marketing manager. It must match with customer needs and expectations.

(**ii)Price:** It covers pricing objectives and pricing policies. Price is the monetary value of a product. It also includes discounts, allowances and terms of credit. Price is an effective means of competition. It can also act as a device of promotion.

(iii)Place: This ingredient of marketing mix is related to decision that are taken in order to make the product available to the customers. It covers:
(a) Channels of distribution including all middlemen and facilitating agencies involved in getting the possession and the title of products to consumer and
(b) Physical distribution which is concerned with transporting, warehousing, storing and handling of products.

(iv)Promotion: It covers all means of marketing communication designed to persuade buyers to purchase the product. There are four main devices of promotion acting as persuasive and informational ingredients:-
(a) Personal selling.
(b) Advertising.
(c) Sales promotion.
(d) Publicity or publication.
Largely promotion deals with non-price competition.

Lately three more P's have been added to the marketing mix. They are as follows:

(v)People - The individuals involved in the sale and purchase of products or services come under people.

(vi)Process - Process includes the various mechanisms and procedures which help the product to finally reach its target market

(vii)Physical Evidence - With the help of physical evidence, a marketer tries to communicate the USP's and benefits of a product to the end users.

Four C's of Marketing Mix

Now a days, organizations treat their customers like kings. In the current scenario, the four C's has thus replaced the four P's of marketing making it a more customer oriented model. Koichi Shimizu in the year 1973 proposed a four C's classification.

(i)Commodity - (Replaces Products)
(ii)Cost - (Replaces Price) involves manufacturing cost, buying cost and selling cost.
(iii)Channel - The various channels which help the product reach the target market.
(iv)Communication - (Replaces Promotion)

Robert F. Lauterborn gave a modernized version of the four C's model in the year 1993. According to him the four C's of marketing are:
(i)Consumer
(ii)Cost
(iii)Convenience
(iv)Communication

7. What is Marketing Environment? Explain the importance of marketing environment.

Ans. Marketing Environment can be defined as the various internal and external factors that surround the business on a day to day basis and influence the marketing strategies and other operations of the firm. These factors can be divided into internal, micro, and macro marketing environmental factors of which some are within the control of the management of the firm and some of the micro factors such as government policies and technological developments amongst others that are not in the control of the company.

The company management has to plan and strategize its marketing operations depending on the factors that have the positive impact on its operations and some that affect it in a negative manner.

Importance of Marketing Environment
Every business, no matter how big or small, operates within the marketing environment. Its present and future existence, profits, image, and positioning depend on its internal and external environment. The business environment is one of the most dynamic aspects of the business. In order to operate and stay in the market for long, one has to understand and analyze the marketing environment and its components properly.

(i)Essential for Planning: An understanding of the external and internal environment is essential for planning for the future. A marketer needs to be fully aware of the current scenario, dynamism, and future predictions of the marketing environment if he wants his plans to succeed.

(ii)Understanding Customers: Thorough knowledge of the marketing environment helps marketers acknowledge and predict what the customer actually wants. In-depth analysis of the marketing environment reduces (and even removes) the noise between the marketer and customers and helps the marketer to understand consumer behaviour better.

(iii) Tap new trends: Business is known for its volatile nature as the dynamics keep on changing and developing at a very fast pace with the change in the codes and policies of the government authorities, the onset of competition from the domestic and international brands, and customers opting for the new and innovative trends in the market. It is necessary for the brand to understand, tap, and embrace the new trends that are ruling the market in order to stay relevant and consistent amidst the changing dynamics. The marketer needs to research about every aspect of the environment to create a foolproof plan.

(iv) Keep a check on threats: Giving attention to the Importance of Marketing Environment, the company is able to keep a thorough check on the factors that can have a negative impact on its business operations and act as an obstacle in its trajectory of growth and success. The brand has to keep an eye on the threatening factors such as growing competition in the market, price variations, evolving tastes of the customers, and other socio-economic factors.

(v) Understand the competition: The company is able to survive and thrive in the competitive market by keeping a detailed eye on the competitors by checking and understanding that what are the features and nature of their offerings, levels of customer service experience provided by them, marketing and promotional strategies, steps opted to retain the customers such as loyalty programs, discount offers, and more along with their pricing strategy; the company is able to plan its offering and the marketing strategies that are a notch higher than that of the competition to gain the advantage in the market.

(vi) Helps building strategy: Paying the required concentration to the Importance of Marketing Environment, helps the company to plan and build various business strategies such as deciding on the nature and unique attributes of the offerings, have competitive pricing, and working on the channel partner and distribution network amongst others along with planning the marketing strategies such as selecting the potent mix of marketing platforms such as television, radio, print, social media, outdoor hoardings, digital marketing, events, trade shows, and participation in various exhibitions amongst others.

(vii) Innovation: The company is able to come up with the innovative line of products and services to its customers as per the modern and technological advancements, positive impact on the business with the fruitful government policies, relaxing norms on the tax procedures, and other such external factors that helps carve a distinctive identity in the marketplace amidst the tough and ever growing competition.

8. Explain the different components of Marketing Environment.

Ans. Components of Marketing Environment
The marketing environment is made up of the internal and external environment of the business. While the internal environment can be controlled, the business has very less or no control over the external environment.

Internal Environment
The internal environment of the business includes all the forces and factors inside the organisation which affect its marketing operations. These components can be grouped under the Five Ms of the business, which are:

- Men
- Money
- Machinery
- Materials
- Markets

The internal environment is under the control of the marketer and can be changed with the changing external environment. Nevertheless, the internal marketing environment is as important for the business as the external marketing environment. This environment includes the sales department, marketing department, the manufacturing unit, the human resource department, etc.

External Environment

The external environment constitutes factors and forces which are external to the business and on which the marketer has little or no control. The external environment is of two types:

Micro Environment

The micro-component of the external environment is also known as the task environment. It comprises of external forces and factors that are directly related to the business. These include suppliers, market intermediaries, customers, partners, competitors and the public

(i)Suppliers: Suppliers provide materials in order to provide the best quality of products to customers. Suppliers take a very important place in a business. Suppliers can grow the profit of a business as the raw material decides its product price. A business always needs good suppliers.

(ii) Market intermediaries: Marketing intermediaries are those who make the distribution of a product to his customers. Distribution centres, Marketing agencies, Retailers do the work of marketing intermediaries.
These intermediaries make the promotion and advertisements of a product. So the loss or profit of a business depends on these intermediaries. So a business must have good marketing intermediaries.

(iii)Partners: Partners are all the separate entities like advertising agencies, market research organisations, banking and insurance companies, transportation companies, brokers, etc. which conduct business with the organisation.

(iv)Customers: Customers also affect marketing decisions because modern marketing is based on customer's satisfaction. The customers of a company may be of five types:
(a) Ultimate consumers, (b) Industrial Consumers, (c) Intermediaries Consumers, (d) Govt. Customers, and (e) International Consumers.

(v)Competitors: Competitors are those who produce similar products like the organization and make a competition with the organization for selling their products.
It is very important for a marketer to identify his marketers. The business need to keep improving products to beat competitors and to earn more profit.
The business need to understand the status, strength, and weakness of your competitors in order to make new marketing strategies to beat them.

(vi)Public: Public is also included in the environment of the company. Public is associated with any group which has interest in any company's products and thus helps the company to achieve its objectives.

Macro Environment

The macro component of the marketing environment is also known as the broad environment. It constitutes the external factors and forces which affect the industry as a whole but don't have a direct effect on the business. The macro-environment can be divided into 6 parts.

(i)Demographic Environment: The factor demography is the study of the human population according to their size, age, gender, location, occupation, etc.
This is a very important factor to know before any marketer makes his marketing strategies. It will help him to understand their living style, what products you can sell to them to earn more profit easily.

(ii)Economic Environment: Economy is one of the most important macro factors. The purchasing power depends on the consumer's income, debt, and creditability.
Marketers must launch his products where people have sufficient money to buy it. Marketers should always look at the facts of (1) inflation (2) customer's income (3) interest rates before launching their products.

(iii)Physical Environment (Natural): The physical environment is all about natural facts like climate conditions, environmental change, atmosphere, pollution, water supply.
So the producer should make products which suit the environment and people will buy them generally. The natural facts affect deeply the marketing environment.

(iv)Technological Environment: The technological environment constitutes innovation, research and development in technology, technological alternatives, and innovation inducements also technological barriers to smooth operation. Technology is one of the biggest sources of threats and opportunities for the organisation and it is very dynamic.

(v)Political-Legal Environment: The political and legal environment consists of laws, government agencies, and pressure groups that influence an organization and individuals.
The government can make new rules and regulations and the business must comply with it. Due to government rules and regulations the tobacco industry has been banned.
Some food industries have also been affected by this. So with the changing rules and regulations, a marketer also has to change marketing tactics.

(vi)Social-Cultural Environment: The social-cultural aspect of the macro-environment is made up of the lifestyle, values, culture, prejudice and beliefs of the people. Social and cultural changes also influence the marketing environment. Our society keeps on changing. Many types of new demands are born in society and old demands die. Therefore it is necessary for the marketing organisation to frame marketing plans according to the changing demands and try to satisfy new social needs and requirements.