

## CBSE CLASS 12 BUSINESS STUDIES

### CHAPTER – 11

### MARKETING

### REVISION NOTES



#### MEANING OF MARKET

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

#### MARKETING

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

**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 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 given features 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 and the 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 to obtain the desired product or service from someone, offering the same by giving something in return. For E.g. money is the mode of exchange used to buy/ sell a product or 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 can be Marketed?**

1. Physical product
2. Services
3. Ideas
4. Person
5. Palace
6. Experience
7. Properties
8. Events
9. Information

## 10. Organisation

### **Marketer**

- Marketer refers to any person who takes more efforts in identifying the needs of the consumers, offer the product / service and persuade them to buy the product in the process of exchange.
- Sellers as marketer are the providers of satisfaction. They makes available products/services and offers them to customers with an intention of satisfying customer needs and wants.
- They can be divided into:
  - a. Goods marketers (such as Hindustan Lever)
  - b. Services marketers (such as Indian Airlines)
  - c. Others marketing experiences (such as Walt Disney) or places (like tourist destinations).
- Marketing activities are the activities carried on by the marketers to facilitate exchange of goods and services between the producers and the consumers.

### **MARKETING MANAGEMENT**

Marketing management means management of the marketing functions. It is the process of organizing, directing and controlling the activities related to marketing of goods and services to satisfy customers' needs & achieve organizational goals.

“Marketing management as the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer of management.”

**Philip Kotler**

#### **The process of management of marketing involves:**

- a. Choosing a target market
- b. Demand creation by producing products as per the customers' requirements and interests.
- c. Create, develop and communicate superior values to the customers: To provide superior value products/ services to prospective customers and they communicate these values to other prospective buyers and persuade them to buy the product/ service.

## MARKETING AND SELLING

**Marketing:** It refers to a large set of activities of which selling is just one part. A marketer before making the sale does a lot of other activities such as planning the type, design of the product, fixing the price and selecting the distribution channels and choosing the right promotional mix for the target market.

**Selling:** refers to the sale of goods or service through publicity, promotion and salesmanship. The title of the product is transferred from seller to buyer. The main purpose of selling is to convert product into cash.

## DIFFERENCE BETWEEN MARKETING

Basis	Marketing	Selling
Scope	It is a wide term consisting of a number of activities such as identification of customer needs, product development, fixing of price, distribution and promotion and selling.	It is only a part of process of marketing.
Focus	Achieving maximum satisfaction of the customers needs and wants.	Transfer of the title from seller to consumer.
Aim	Profits through customer satisfaction.	Profits through maximising sales volume.
Emphasis	Bending the customer according to the product.	To develop the products as per the customer needs.
Start and end Activities	It start before a product is produced.	It starts after a product is developed.
Strategies	Involves efforts like product, promotion pricing and physical distribution.	Involves efforts like Promotion and persuasion

## MARKETING MANAGEMENT PHILOSOPHIES

**Marketing concept/ philosophies** 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.

### 1. Production concept:

In the earlier days of the industrial revolution, the number of producers were limited, so the industrialists believed that, the consumers are only interested in easily and extensively available goods at an affordable price.

## **2. Product concept:**

- With passage of time, the supply improve and the customers started favouring the products that were superior in performance, quality and features.
- Thus, product improvement became the key to profit maximization of a firm.

## **3. Selling concept:**

- Increase in scale of production led to competition among the sellers. Product quality and availability alone did not ensure survival, as a large number of firms were selling similar products.
- The consumers on their own will not buy any products unless the enterprise take aggressive sales and promotional activities.

## **4. Marketing concept :**

- Marketing begins with finding what the consumers want and thus satisfy consumers and make profits.
- Customer satisfaction is the precondition for realizing the firm's goals and objectives.

## **5. Social marketing concept:**

- Under this concept customer satisfaction is supplemented by social welfare.
- A company that adopts the societal concept has to balance the company's profits, consumer satisfaction and society's interests.

## **Differences in the Marketing Management Philosophies**

<b>Philosophies/ Basis</b>	<b>Production concept</b>	<b>Product concept</b>	<b>Selling concept</b>	<b>Marketing concept</b>	<b>Societal concept</b>
Starting Point	Factory	Factory	Factory	Market	Market, Society
Main focus	Quantity of product	Quality, performance,	Existing product	Customer needs	Customer needs and

		features of product			society's well being
Means	Availability and affordability of product	Product improvements	Selling and promoting	Integrated marketing	Integrated marketing
Ends	Profits through volume of production	Profits through product quality	Profits through sales volume	Profits through customer satisfaction	Profits through customer satisfaction and social welfare

## **FUNCTIONS OF MARKETING**

### **1. Gathering And Analyzing Market Information:**

- Systematic accumulation of facts and analysis of information.
- Analysing the strengths, weakness, opportunities, and threats of a business environment.
- Identifying customer needs and wants, identifying buying motives, choice of a brand name, packaging and media used for promotion etc.
- Data is available from primary as well as secondary sources.

### **2. Marketing planning :**

- To develop an appropriate marketing plan so that the marketing objectives can be achieved.
- It should specify the action programs to achieve these objectives .
- E.g if a marketer tries to achieve a bigger market share in the country in the next three years, then his marketing plan should include various important aspects like plan for increasing level of production, promotion of products etc.

### **3. Product designing and development:**

- Involves decisions regarding the product to be manufactured and its attributes such as its quality considerations, packaging, models and variations to be introduced etc.
- A good design can improve performance of a product and also give it a competitive advantage in the market.
- Anticipate customer needs and develop new products or improve existing products to satisfy their needs.



#### 4. Standardization and grading:

- Standardisation refers to producing goods of predetermined specifications, which helps in achieving uniformity and consistency in the output E.g. ISI Mark etc.
- Grading is the process of classification of products into different groups, based on some of its important characteristics such as quality, size, etc.

#### 5. Packaging and labeling:

- Packaging refers to designing and developing a package for a product.
- It protects the products from damage, risks of spoilage, breakage and leakage. It also makes buying convenient for customers and serves as a promotional tool.
- Labeling refers to designing a label to be put on the package. It may vary from a simple tag to complex graphics. For e.g. colgate, lays etc.



#### 6. Branding

- It helps in differentiation of the product, builds customer loyalty and promote its sale.
- Important decision area is branding strategy, whether each product will have a separate brand name or the same brand name to be used for all products.



### 7. Customer Support Services:

- Customer support services are very effective in increasing sales from the prospective customers and developing brand loyalty for a product.
- It aims at providing maximum satisfaction to the customer and building brand loyalty.
- Eg. sales services, handling customer complaints and adjustments, procuring credit services, maintenance services, technical services and consumer information.

### 8. Pricing of Product:

- Price of product refers to the amount of money customers have to pay to obtain a product.
- It is an important factor in the success/ failure of a product.
- Demand for a product/ service is related to its price, so price should be fixed after analysing all the factors determining the price of the product.

### 9. Promotion:

- Promotion of products and services involves informing the customers about the firm's product, its features, etc. and persuading them to buy the products.
- Methods of promotion are advertising, Personal Selling, Publicity and Sales Promotion.

### 10. Physical Distribution:

- The two major decision areas under this function are
  - (a) Decision regarding channels of distribution or the marketing intermediaries to be used e.g. wholesalers, retailers
  - (b) Physical movement of the product from where the place of production to the place of consumption.

### **11. Transportation:**

- Transportation means physical movement of goods from one place to the other.
- Various factors like nature of the product, cost, location of target market etc. should be considered in choosing the mode of transport.

### **12. Storage or Warehousing:**

- To maintain smooth flow of products in the market, there is a need for proper storage of the products.
- Storage and warehousing is used to protect against unavoidable delays in delivery or to meet out contingencies in the demand.

## **MARKETING MIX**

- A large number of factors affect the marketing decisions they are 'Non-controllable factors and Controllable factors'.
- Controllable factors are those factors, which can be influenced at the level of the firm.
- Certain factors which affect the decision but are not controllable at the firm's level are called environmental variables.
- To be successful, a firm needs to take sound decisions after analysing controllable factors while keeping the environmental factors in mind.
- The set of marketing tools that a firm uses to pursue its marketing objectives in the target market is described as **Marketing Mix**.
- Success of a market offer depend upon how well these ingredients are mixed to create superior value for customers, simultaneously achieve their sales, and profit objective.

## **ELEMENTS OF MARKETING MIX**

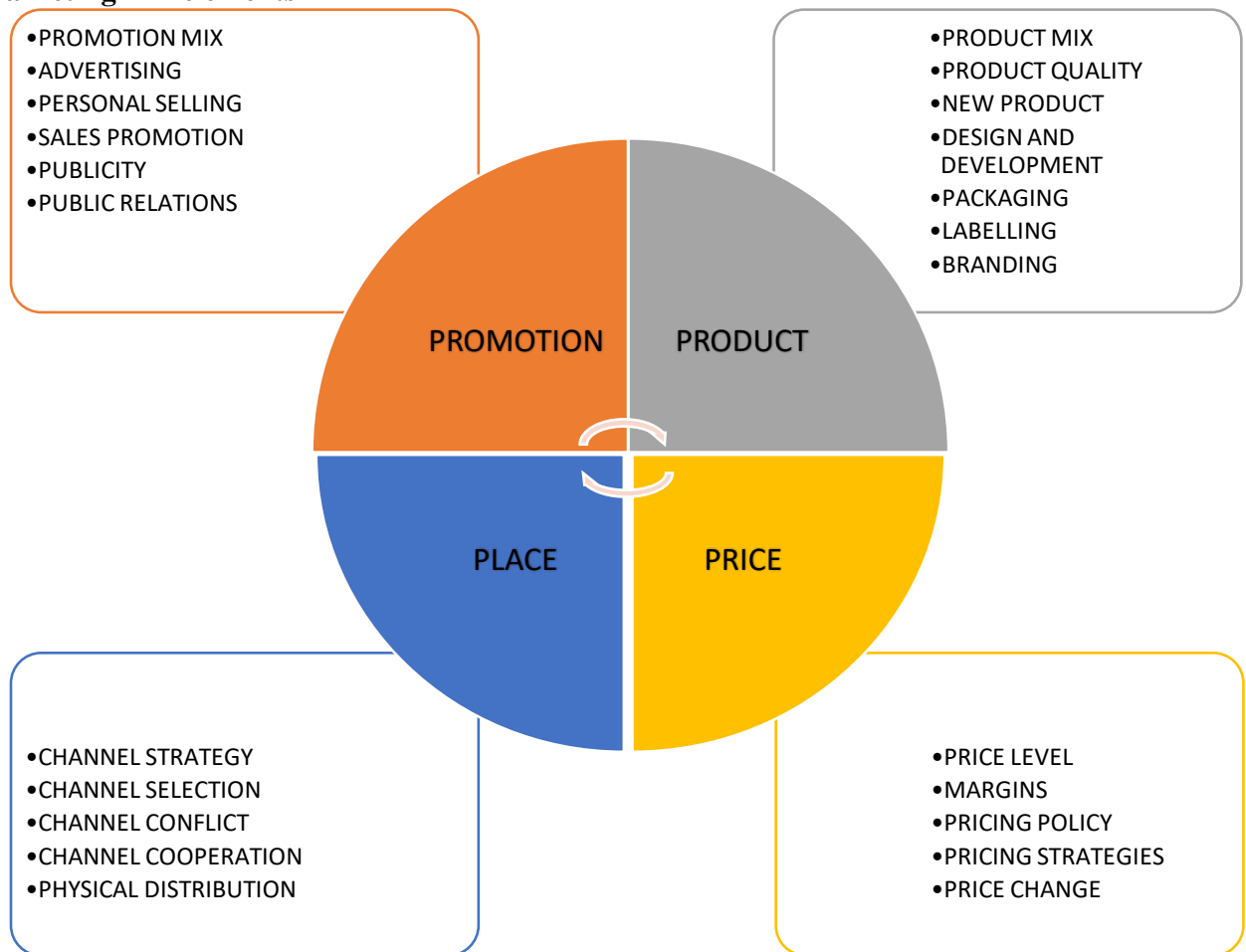
The marketing mix consists of four main elements

- A. Product
- B. Price
- C. Place/Physical Distribution
- D. Promotion

These elements are more popularly known 4 P's of the marketing.

- 1. Product:** Product means goods or services or ‘anything of value’, which is offered to the market for sale. E.g. colgate, Dove etc.
- 2. Price :** is the amount of money a customer has to pay in order to obtain a product/ service.
- 3. Place :** Physical distribution of products ie. Making the product available to the customers at the point of sale.
- 4. Promotion:** Informing the customers about the products and persuading them to buy the same

### Marketing mix elements



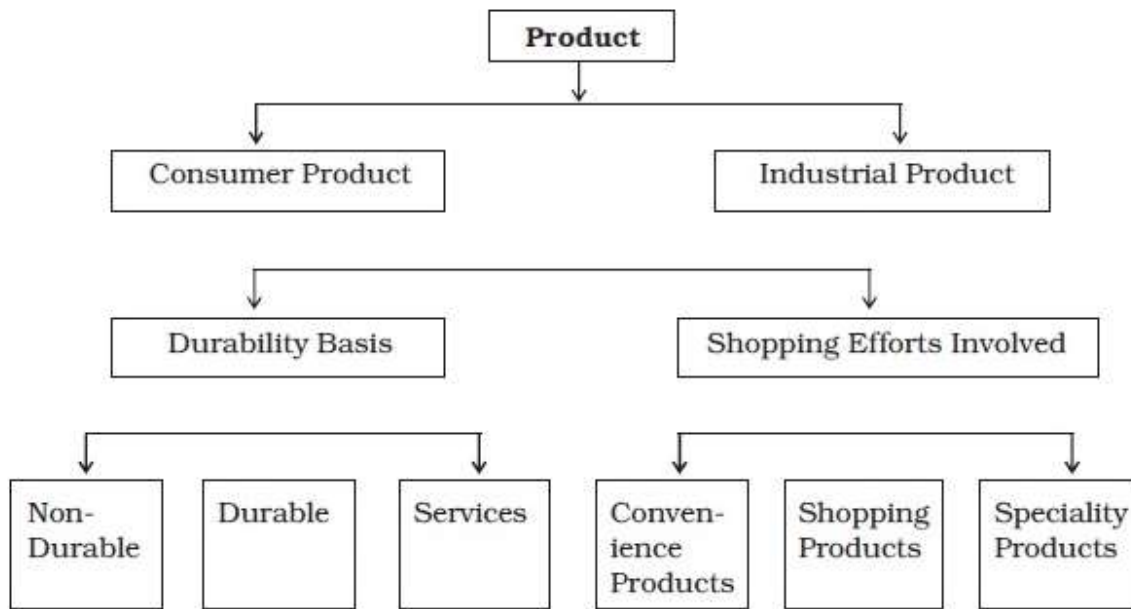
## I. PRODUCT

From the customer’s point of view, a product is a bundle of utilities, which is purchased because of its capability to provide satisfaction of certain need.

## CLASSIFICATION OF PRODUCTS

Products can be classified into two categories:

- (i) Consumers 'products,
- (ii) Industrial products.



**Classification of Product**

### A. Shopping Efforts Involved

On the basis of the time and effort of the buyers.

**1. Convenience Products:** Those consumer products, which are purchased frequently, for immediate use are referred to as convenience goods. Medicines, newspaper, stationery items, toothpaste. etc.

**2. Shopping Products:** Shopping products are those goods, in which buyers devote considerable time, to compare the quality, price, style, suitability, etc., at several stores, before making final purchase. E.g. electronic goods, vehicles etc.

**3. Specialty Products:** Specialty products are those goods which have certain special features because of which people make special efforts in their purchase. E.g. art work, antiques etc.

## B. Durability of Products

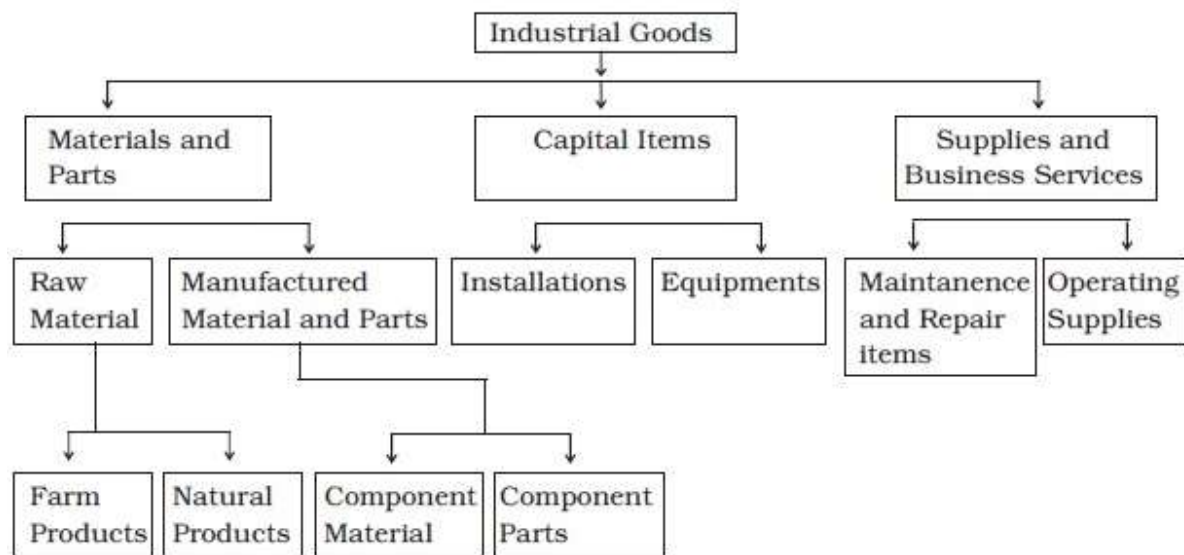
**1. Non-durable Products:** The consumer products, which are consumed in a short span of time. E.g. milk, soap, stationary etc.

**2. Durable Products:** Those tangible products which normally survive many uses, for e.g. refrigerator, radio, bicycle etc.

**3. Services:** Services are intangible, it means those activities, benefits or satisfactions, which are offered for sale, e.g., dry cleaning, watch repairs, hair cutting, postal services, services offered by a doctor etc.

## INDUSTRIAL PRODUCTS

Industrial products are those products, which are used as inputs in the production process.



**Classification of Industrial Goods**

Characteristics	Classification
<ul style="list-style-type: none"> <li>• Number of Buyers</li> <li>• Channel Levels</li> <li>• Geographic Concentration</li> <li>• Derived Demand</li> <li>• Role of Technical Considerations</li> <li>• Reciprocal Buying</li> <li>• Leasing Out</li> </ul>	<ul style="list-style-type: none"> <li>• Materials and Parts: goods that enter the manufacture's products completely.</li> <li>• Capital Items: production of finished goods, E.g. installations and equipments.</li> <li>• Supplies and Business Services: short lasting goods and services that facilitate developing or managing the finished product. For e.g. repairs and maintenance.</li> </ul>

## **BRANDING:**

Branding is creating a corporate brand identity for consumer, and getting that brand identity imprinted on the minds of consumer, and this requires brand positioning and brand management.

Jeff Bezos

The process used to create a distinct identity of a product. It is the process of using a name, term, symbol or design individually or in some combination to identify a product.

Brand : Name, term, sign, design or some combination of the above used to identify the products of the seller and to differentiate them from those of competitors.

Advantages to the Marketers	Advantages to the Customers	Characteristics of Good Brand Name
<ul style="list-style-type: none"> <li>• <b>Enables Marking Product Differentiation:</b> It helps in distinguishing its product from that of its competitors.</li> <li>• <b>Helps in Advertising and Display Programmes</b></li> <li>• <b>Differential Pricing:</b> It helps a firm to charge different price for its products.</li> <li>• <b>Ease in Introduction of New Product</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Helps in Product Identification:</b> helps the customers in identifying the products</li> <li>• <b>Ensures Quality :</b> Ensures quality of product</li> <li>• <b>Status Symbol:</b> brands become status symbols because of their quality Eg: Benz cars</li> </ul>	<ul style="list-style-type: none"> <li>• Short, easy to pronounce, spell, recognise and remember</li> <li>• Suggest the product's <b>benefits and qualities</b></li> <li>• <b>Distinctive</b> from other products</li> <li>• <b>Adaptable</b> to packing or labelling requirements, to different advertising media and to different languages.</li> <li>• <b>Versatile</b> to accommodate new products.</li> <li>• Registered and protected <b>legally</b></li> </ul>

## PACKAGING

Packaging: An act of designing and developing the container or wrapper of a product. Good packaging often helps in selling the product so it is called a silent salesman.

### Levels of Packaging

**1. Primary Package:** refers to the product's immediate container/ covering e.g. toffee in a wrapper, a match box, a wrapper of soap etc.

**2. Secondary Package:** refers to additional layers of protection that are kept till the product is ready for use e.g. a Colgate toothpaste usually comes in a red cardboard box.

**3. Transportation Package:** refers to further packaging components necessary for storage, identification and transportation e.g. package of toffees are put into cardboard boxes for storing at a manufacturer's warehouse and for transportation.

### Functions of Packaging

- **Product Identification:** Packaging helps in identification of the product.
- **Product Protection:** The main function of the packing is to provide protection.
- **Facilitating Use of the product:** It provides convenience in carriage, stocking and in consumption.
- **Product Promotion:** Packaging simplifies the work of sales promotion.

- **Rising Standards of Health And Sanitation:** It is believed that, there is minimum adulteration in packed goods
- **Self-Service Outlets:** A product can be promoted by good and attractive packaging.
- **Innovational Opportunities:** Innovation in the area of packaging has increased the shelf life of the products.e.g. tetra packs for milk.
- **Product differentiation:** Colour, size, material etc of packaging makes a difference in perception of customers about the quality of the product.

## LABELLING

Labelling means putting identification marks on the package. Label is a carrier of information & provides information like - name of the product, name of the manufacturer, contents of the product, expiry and manufacturing date, general information for use, weight etc.

### Labels perform following functions:

**1. Identify the product:** It helps the customers to identify the product from different types of product available. For e.g. We can easily identify a Cadbury chocolate from the various chocolates by purple color of its label.

**2. Describe the product and specify its contents:** The manufacturer give all information related to the contents of the product etc.

**3. Grading of products:** With the help of label, products can be graded in to different categories based on quality, nature etc. for example: Brook Bond Red Label, Brook Bond Yellow Label, Green Label etc.

**4. Helps in promotion of products:** Attractive and colorful labels excite the customers and induce them to buy the products. For example: 40% extra free, mentioned on detergent, buy 2 get one free etc.

**5. Providing information required by law:** There is a legal compulsion to print batch no. contents, max retail price, weight/volume on all the products and statutory warning on the packet of cigarettes, "Smoking is injurious to health": In case of hazard or poisonous material appropriate safety warnings should be put.

## II. PRICING

### Meaning of Price:

Sum of the values that consumers exchange for the benefit of having or using the product. Price may therefore be defined as the amount of money paid by a buyer (or received by a seller) in consideration of the purchase of a product or a service

### FACTORS DETERMINING PRICE DETERMINATION:

#### 1. Pricing Objectives

- The objective of the marketing firm is to maximize profits. Pricing objective can be determined in the short run and in the long run.
- If the firm decides to maximise profits in the **short run**, it would charge maximum price for its products. But if it is to maximise its total profit in the long run, it would opt for a lower per unit price so that it can capture larger share of the market and earn greater profits through increased sales.

#### 2. Product cost:

- Price cover all costs and aim to earn a fair return over and above cost.
- It includes the costs of producing, distributing and selling the product.
- Costs sets the floor price that is the minimum price at which the product may be sold.

- Price should recover Total costs (Fixed costs/overheads + Variable costs+ Semi-variable costs) in the long run, but in certain circumstances (introduction of a new product or due to entry into a new market) product price may not cover all the costs for a short while.

### **3. Utility and demand:**

- Utility provided by the product and the demand for the product set the upper limit of price that a buyer would be willing to pay for a product.
- Buyers would be ready to pay to till the point, where the utility of the demand is more than or equal to the utility derived from it.
- Law of demand states that consumers purchase more at a lesser price.
- Elasticity of demand is the responsiveness of demand to change in prices of a product. Demand is elastic if a small change in price results in a large change in quantity demanded.
- If demand is inelastic, firm can fix higher prices.

### **4. Extent of Competition in Market:**

Prices of competitors and their anticipated actions need to be considered before fixing prices.

### **5. Government Policies:**

In public interest, the government can intervene regulates the price of the products.

### **6. Marketing Methods Used:**

Price fixation process is also affected by other elements of marketing such as distribution system, sales promotion efforts, the type of packaging, product differentiation, credit facility etc.

## **III. PHYSICAL DISTRIBUTION**

- A set of decisions needs to be taken to make the product available to customers for purchase and consumption.
- The marketer needs to make sure that the product is available at the right quantity, at the right time and at the right place.
- Channels of Distribution are set of firms and individuals that take title, or assist in transferring title, to particular goods or services as it moves from the producers to the consumers.

- Choice of appropriate channel of distribution is a very important marketing decision, which affects the performance of an organisation. Whether the firm, adopt a direct marketing channels or long channels involving a no. of intermediaries is a strategic decision.

### **Components of physical distribution:**

**1. Order Processing:** Provide accurate & speedy order processing in the absence of which orders would reach late or in wrong quantity. As a result it will lead to customer dissatisfaction, with the danger of loss of business and goodwill.

**2. Transportation:** It make the product available at the point of sale by transporting goods from the manufacturers to the consumers.

**3. Inventory control:** Important decision in respect of inventory is deciding about the level of inventory. Additional demand can be met in less time and the need for inventory will be low.

**4. Ware housing:** Warehousing refers to the act of storing and assorting products in order to create time utility in them. It is required to fill the gap between the time when the product is produced & time when it is distributed for consumption.

### **Functions of Distribution Channels**

**1. Sorting:** Middlemen procure supplies of goods from a variety of sources, which is often not of the same features.

**2. Accumulation:** accumulation of goods into larger homogeneous stocks, which help in maintaining continuous flow of supply.

**3. Allocation:** breaking homogenous stock into smaller, marketable lots.

**4. Assorting:** assortment of products for resale.

**5. Product Promotion:** Middlemen participate in certain activities such as demonstrations, special displays etc.

**6. Negotiation:** Manufacturers, intermediaries and customers negotiate the price, quality and other matters.

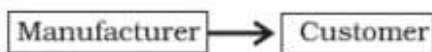
**7. Risk Taking:** merchant middlemen take title of the goods and thereby assume risks on account of price and demand fluctuations, spoilage, destruction, etc.

## CHANNELS OF DISTRIBUTION

- Includes a series of firms, individuals, merchants and functionaries who form a network, which helps in the transfer of title to a product from the producer to the end consumer.
- The intermediaries help to cover a large geographical area and bring efficiency in distribution, including transportation, storage and negotiation. And they also bring convenience to customers as they make various items available at one store and also serve as authentic source of market information as they are in direct contact with the customer.

### TYPES OF CHANNELS:

#### (i) Direct Channel (zero level)

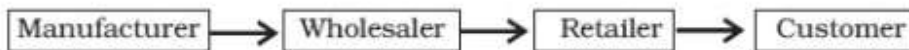


#### Indirect Channel

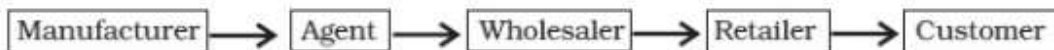
#### (ii) One level Channel



#### (iii) Two level Channel



#### (iv) Three level Channel



### *Types of Channels*

#### **Direct Channel ( Zero Level)**

A direct relationship is established between the manufacturer and the customer.

Manufacturer-Customer. Eg. mail order, internet, door to door selling.

#### **Indirect Channel**

When a producer employs one or more intermediary to move goods from the point of production to the point of sale, the distribution network is called indirect.

### **1. Manufacturer-Retailer-Customer (One Level Channel).**

In this one intermediary i.e., retailers is used between the manufacturers and the customers. Usually used for specialty goods like expensive watches, appliances, Cars( Maruti Udyog) etc.

### **2. Manufacture-wholesaler-Retailer-customer (Two Level Channel):**

This channel is mainly used for the distribution of consumer goods. Usually used for consumer goods like soaps , salt etc.

### **3. Manufacture → Agent → Wholesaler → Retailer → Customer (Three Level Channel):**

In this case, manufactures use their own selling agents or brokers who connect them with wholesalers and then the retailer and the consumers.

## **Factors Determining Choice of Channels of Distribution**

Choice of appropriate channel of distribution is a very important marketing decision.

**1. Product Related Factors:** the nature of the product, whether it's a industrial goods or consumer goods, perishable or a nonperishable product etc. determine the channels used in the distribution.

**2. Company Characteristics:** The financial strength of the company and the degree of control it wants to hold on other channel members. Short channels are used to have greater control on intermediaries and vice versa.

**3. Competitive Factors:** Companies may imitate the channels used by its competitors.

**4. Market Factors:** Size of market and geographical concentration of potential buyers affects the channel selection.

**5. Environmental Factors:** Legal constraints and economic condition of a country. In a depressed economy marketers use shorter channels to distribution.

## **IV. PROMOTION**

- Promotion refers to the use of communication with the twin objective of informing potential customers about a product/ service and persuading them to buy it.
- Promotion is an important element of marketing mix by which marketers uses various tools of communication to encourage exchange of goods and services in the market.

- It refers a combination of promotional tools/ techniques used by an organization to induce and persuade customers to buy its products.

## PROMOTION MIX

Promotion mix refers to combination of promotional tools used by an organisation to achieve its communication objectives.

Promotion mix tools:

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



### 1. ADVERTISING

An identified sponsor can define advertising as a paid form of non- personal presentation and promotion of goods, services or ideas.

Most commonly used tool of promotion. It is an impersonal form to communication, which is paid by the marketers (sponsors) to promote goods and services. Common mediums are newspaper, magazine, television & radio.

FEATURES	MERITS	LIMITATIONS
<ul style="list-style-type: none"> <li>• <b>Paid form:</b> sponser has to bear a cost of communicating with consumers.</li> <li>• <b>Impersonality:</b> No direct face-to-face contact between the prospect and the advertiser.</li> <li>• <b>Identified sponser:</b> Advertising is done by some identified individual or company.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Mass Reach:</b> a large number of people can be reached over a vast geographical area.</li> <li>• Enhancing Customer Satisfaction and Confidence.</li> <li>• <b>Expressiveness:</b> It is one of the most forceful medium of communication.</li> <li>• <b>Economy:</b> is a very economical mode of communication because of its mass reach.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Less Forceful:</b> there is no compulsion on the prospects to pay attention to the message.</li> <li>• Lack of Feedback:</li> <li>• <b>Inflexibility:</b> It is less flexible as the message is standardised and not tailor made.</li> <li>• Low Effectiveness: It is difficult to make advertising messages heard by the target prospects.</li> </ul>

## OBJECTIONS TO ADVERTISING

Some opponents say that the expenditure on advertising is a social waste as it adds to the cost, multiplies the needs of people and undermines social values.

1. **Adds to Cost:** Advertising unnecessarily adds to the cost of product which is passed on to the buyer in the form of high prices.
2. **Undermines Social Values:** It undermines social values and promotes materialism.
3. **Confuses the Buyers:** Product of similar nature/ quality confuses the buyer.
4. **Encourages Sale of Inferior Products:** It does not distinguish between superior and inferior products.
5. **Some Advertisements are in Bad Taste:** These show something which is not approved by some people.

## 2. PERSONAL SELLING

Personal selling consists of contacting prospective buyers of product personally i.e by getting involved in a face to face interaction between seller and buyer for the purpose of sale.

## Features of the Personal Selling

1. Personal contact is established under personal selling.
2. Development of relationship with the prospective customers which are important in making sale.
3. Oral conversation.
4. Quick solution of queries.

## Merits of Personal Selling

1. Flexibility
2. Direct Feedback
3. Minimum wastage

## ROLE OF PERSONAL SELLING

Importance to Business Organisation	Importance to Customers	Importance to Society
<ul style="list-style-type: none"><li>• i) Effective Promotional Tool</li><li>• (ii) Flexible Tool</li><li>• (iii) Minimises Wastage of Efforts</li><li>• iv) Consumer Attention</li><li>• (v) Lasting Relationship</li><li>• (vi) Personal Rapport</li><li>• (vii) Role in Introduction Stage</li><li>• viii) Link with Customers</li></ul>	<ul style="list-style-type: none"><li>• (i) Help in Identifying Needs</li><li>• (ii) Latest Market Information</li><li>• (iii) Expert Advice</li><li>• (iv) Induces Customers</li></ul>	<ul style="list-style-type: none"><li>• (i) Converts Latest Demand</li><li>• (ii) Employment Opportunities</li><li>• (iii) Career Opportunities</li><li>• (iv) Mobility of Sales People</li><li>• (v) Product Standardisation</li></ul>

## 3. SALES PROMOTION

Sales Promotion refers to short term incentives or other promotional activities that seek to stimulate interest in purchasing a product.

Merits of Sales Promotion	Limitations Of Sales Promotion	Commonly used Sales Promotion Activities
<ul style="list-style-type: none"> <li>•<b>Attention Value:</b> Attract attention of people through the usage of incentives.</li> <li>•<b>Useful In New Product Launch:</b> Sales promotion tools induce people to break away from their regular buying behavior and try new products.</li> <li>•<b>Synergy in Total Promotional Efforts:</b> Sales promotion activities add to the overall effectiveness of the promotional efforts of a firm.</li> </ul>	<ul style="list-style-type: none"> <li>•<b>Reflects Crisis:</b> A firm that frequently relies on sales promotion activities may give the impression that it is unable to manage its sales and there are no takers for its products.</li> <li>•<b>Spoils Product Image:</b> Consumers may feel that the products are not of good quality or are not appropriately priced.</li> </ul>	<ul style="list-style-type: none"> <li>•<b>Product Combination:</b> Offering another product as gift along with the purchase of a product.</li> <li>•<b>Rebate:</b> Offering products at special prices</li> <li>•<b>Instant draws and assigned gift:</b> Scratch a card and instantly win a prize with the purchase of a TV, Tea, Refrigerator etc.</li> <li>•<b>Lucky Draw:</b> lucky draw coupon for free petrol on purchase of certain quantity etc.</li> <li>•<b>Usable Benefit:</b> 'Purchase goods worth Rs 3000 and get a holiday package worth Rs 3000 free etc.</li> <li>•<b>Full finance @ 0%:</b> Many marketers of consumer durables such as Electronic goods, automobiles etc. offer easy financing schemes such as '24 easy instalments etc.</li> <li>•<b>Contests:</b> Conducting competitive events involving application of skills or luck etc.</li> <li>•<b>Quantity Gift:</b> Offering extra quantity of the product e.g., Buy three and get one free.</li> <li>•<b>Refunds:</b> Refunding a part of price paid by customer on production of some proof of purchase.</li> <li>•<b>Discount:</b> Offering products at less than list price.</li> <li>•<b>Sampling:</b> Offer of free samples of the product to potential customers. Generally used at the time of introduction of a product.</li> </ul>

#### 4. PUBLICITY:

Publicity generally takes place when favourable news is presented in the mass media about a product or service. For example, if a manufacturer achieves a breakthrough by developing a car

engine and if this news is covered by television or radio or newspapers in the form of a news item.

**Features of publicity are:**

- I. Publicity is an unpaid form of Communication
- II. No identified sponsor

## **5. PUBLIC RELATIONS**

Public relations covers a wide range of tactics and is usually involved in providing information to independent media sources in the hope of gaining favorable coverage. It also involves a mix of promoting specific products, services and events and promoting the overall brand of an organization, which is an ongoing tact.

**Role of Public Relations:**

**1. Press Relations:** A press release is an announcement of an event, performance, or other newsworthy item that is issued to the press by a public relations professional of an organization. It is written in the form of a positive story with an attractive heading so that the media quickly grasp and circulates the message.

**2. Product publicity:** The company tries to draw attention to new products by arranging sports and cultural events like news conferences, seminars and exhibitions etc.

**3. Corporate Communication:** The image of the organisation is promoted with the help of newsletters, annual reports, brochures etc.

**4. Lobbying:** The organisation maintain cordial relations with government officials and ministers in charge of corporate affairs, industry, finance in respect to policies relating to business and the economy.

**5. Counselling:** public relations department advises the management on general issues which affect the public and the position the company.

**Maintaining good public relations also helps in achieving the following marketing objectives:**

- (a) Building awareness
- (b) Building credibility
- (c) Stimulates sales force

(d) Lowers promotion costs

### **DIFFERENCE BETWEEN ADVERTISING AND PERSONAL SELLING**

ADVERTISING	PERSONAL SELLING
<ul style="list-style-type: none"><li>• Impersonal form of communication</li><li>• Transmission of standardised messages</li><li>• Inflexible</li><li>• Mass reach</li><li>• Cost per person reached is very low.</li><li>• Cover the market in a short time.</li><li>• Makes use of mass media</li><li>• Lacks direct feedback</li><li>• Useful in creating and building interest</li><li>• Target market is mainly consumers</li></ul>	<ul style="list-style-type: none"><li>• Personal form of communication</li><li>• Non standardised messages</li><li>• Flexible</li><li>• limited reach</li><li>• Cost per person is quite high</li><li>• Efforts take a lot of time to cover the entire market.</li><li>• Makes use of sales staff.</li><li>• Direct and immediate feed back</li><li>• Plays important role at the awareness stage</li><li>• Target market is industrial buyers.</li></ul>