



## SYLLABUS

### Class – B.Com. V Sem.

#### Subject – Principle of Marketing

<b>Unit-I</b>	Marketing: Introduction, Nature and Scope of marketing, importance of marketing, marketing concept: Traditional and modern, selling vs. marketing, marketing mix, marketing environment.
<b>Unit-II</b>	Consumer behavior and marketing segmentation: Nature, scope and significance of consumer behavior, Market segmentation concept and importance. Bases for market segmentation.
<b>Unit-III</b>	Product: Concept of product, consumer and industrial goods; product planning and development, packaging role and functions, brand name and trade mark; after sales service; product life cycle concept.
<b>Unit-IV</b>	Price: Importance of price in the marketing mix, factors affecting price of a product/service, Discounts and rebates. Distribution channels and physical distribution: Distribution channels-concept and role; types of distribution channel; factors affecting choice of a distribution channel; retailer and wholesaler; physical distribution of goods; transportation, warehousing.
<b>Unit-V</b>	Sales promotion: Methods of promotion; optimum promotion mix; advertising media-their relative merits and limitations; characteristics of an effective advertisement; personal selling; selling as a career; qualities of a successful sales person, functions of salesman.



UNIT-I

A market is one of the many varieties of systems, institutions, procedures, social relations and infrastructures whereby parties engage in exchange. While parties may exchange goods and services by barter, most markets rely on sellers offering their goods or services (including labor) in exchange for money from buyers. It can be said that a market is the process by which the prices of goods and services are established.

DEFINITION OF MARKETING

Product-oriented Definition- Marketing may be narrowly defined as a process by which goods and services are exchanged and the value determined in terms of money prices.

Customer-oriented Definition - According to Cardiff and Still. "Marketing is the business process by which products are matched with the markets and through which transfers of ownership are effected."

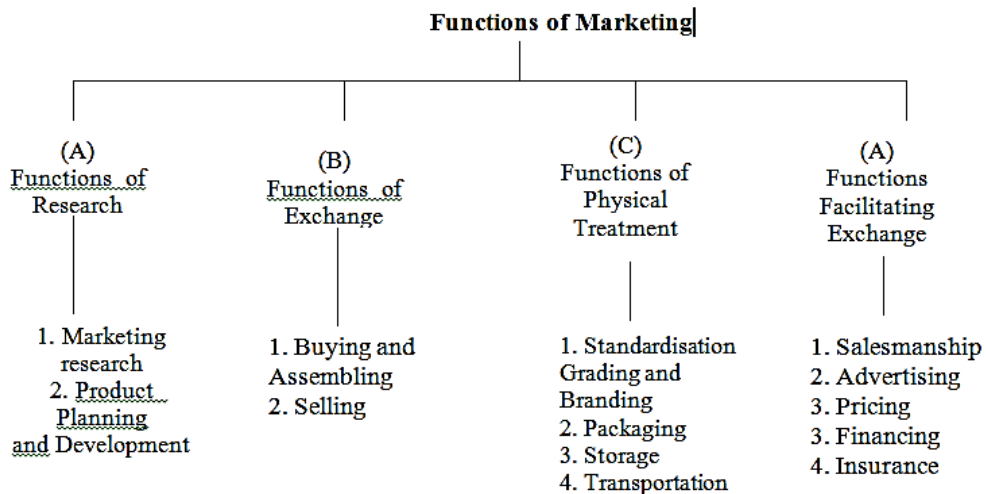
System-Oriented Definition - William J. Stanton has given a system oriented definition of marketing. "Marketing is a total system of interacting business activities designed to plan, price, promote and distribute wants satisfying products to target markets to achieve organisational objectives.

Kotler's Definition- Kotler has defined marketing as a social and managerial process by which individuals and groups obtain what need and want through creating, offering and exchanging products of value with others.

NATURE OF MARKETING

1. Marketing is Customer-focused.
2. Marketing must Deliver Value.
 
$$\text{Customer Value} = \frac{\text{Benefits}}{\text{Cost}}$$
3. Marketing is Business.
4. Marketing is Surrounded by Customer Needs.
5. Marketing is a Part of Total Environment.
6. Marketing Systems Affect Company Strategy.
7. Marketing as a Discipline.
8. Marketing Creates Mutually-beneficial Relationships.

SCOPE AND FUNCTIONS OF MARKETING



The business by selling want satisfying goods and services to the customers. In order to achieve this purpose, the Marketing Manager performs the following functions:

- |  |                              |
|--|------------------------------|
| (i) Marketing research.                | (iii) Buying and assembling. |
| (ii) Product planning and development. | (iv) Selling                 |



(v) Standardisation, grading and branding.	(ix) Salesmanship
(vi) Packaging.	(x) Advertising
(vii) Storage	(xi) Pricing
(viii) Transportation	(xii) Financing
	(xiii) Insurance

Making management is an important operative function (as distinct from managerial function) of management. It performs all managerial functions in the field of marketing. It is responsible for planning, organising, directing and controlling the marketing activities.

### OBJECTIVE OF MARKETING MANAGEMENT

A business aims at earning reasonable long-term profits by satisfying the needs of customers.

1. To create customers for the business.
2. To satisfy the needs of the customers.
3. to determine marketing-mix that will satisfy the needs of the customers.
4. To generate adequate profits for the business.
5. To earn goodwill for the business.
6. To raise standard of living of the people.

### PHILOSOPHY OF MARKETING

1. **PRODUCTION CONCEPT:** Managers of production oriented organizations concentrate on achieving high production efficiency and wide distribution coverage.
2. **PRODUCT CONCEPT:** The product concept holds that consumers will favour those products that offer the best quality, performance or innovative features.
3. **THE SELLING CONCEPT:** The selling concept holds that consumers, if left alone, will ordinarily not buy enough of the organisation's products.
4. **THE MARKETING CONCEPT:** This is a customer oriented approach which points out that the primary task of a basis of latest and accurate knowledge of market demand, the enterprise must produce and offer the products which will give the desired satisfaction and services to the customer.

It involves the following orientation →

- (a) Customer orientation.
- (B) Integrated approach.-
- (C) Marketing information system
- (D) Profitability.
- (E) Societal marketing concept

### *What is the difference between a customer and a consumer?*

The following distinction should help:

- **A customer** – purchases and pays for a product or service
- **A consumer** – is the ultimate user of the product or service; the consumer may not have paid for the product or service



## Unit – II

### Consumer Behavior and Market Segmentation

#### Consumer Behavior:

##### Meaning and scope-

Consumer behavior is the process whereby individuals decide whether, what, when, where, how and from whom to purchase goods and service.

Under the modern marketing 'Consumer' is the fulcrum; he is the life blood; he is very purpose of the business and hence the business firms have to listen consumer voices, understand his concerns. His needs have to be focused and his respect has to be earned. He has to be closely followed – what he wants..... when, where and how. The new business philosophy is that the economic and social justification of firm's existence lies in satisfaction of consumer wants. Charles G Mortimer has rightly pointed out that, 'instead of trying what is easiest for us to make, we must find out much more about what the consumer is willing to buy..... we must apply our creativeness more intelligently to people and their wants and needs rather than to products". To achieve consumer satisfactions, the marketer should know, understand consumer behaviour – their characteristics, needs, attitudes and so on.

##### Importance of Consumer Behavior –

Consumer behavior has assumed great importance in customer oriented marketing planning and management. A marketing manager must understand the social and psychological determinants of consumer behavior to enable him to plan his marketing strategy. Consumer behavior is dynamic. Therefore, it is necessary to continuously study, analyse and understand it and monitor this understanding for the marketing management so that the effective decisions be taken i In the following respect –

1. Production Policies
2. Price Polices
3. Decision regarding channels of distribution
4. Decision regarding sales promotion

##### Theories on Models in Regard to Buying Behaviors

A number of models have been developed for the study of consumer behavior. Important models are as follows :

##### I. Inherent and learned Buying Motives :

Inherent buying motives are the motives which come from basic needs of the consumer, such as – hunger, thirst, sex, comfort, safety etc. These are the motives for the satisfaction of which, a consumer makes his best efforts and if these motives are not satisfied, he feels mental tension.

Learned buying motives are acquired or learned by a consumer from the environment and education. These motives are social status, social acceptance, economic, social and political achievement, fear and security etc.

##### II. Emotional and rational Buying Motive :

This is a classical approach. According to this approach, motives are of two types- Emotional and Rational. Emotional buying motives are the motives which are affected by the feeling of heart. Where as in rational buying motives a consumer takes the decision of purchasing a product by his head and mind.

##### III. Psychological and social Buying Motives :

Social psychology assumes that buying behavior of a consumer is greatly affected by his social environment and that he is always anxious to confirm to the standard of his environment.

##### IV. Self- Image as a consumer behavior determinant:

The concept of self-image is a psychological and social feeling about oneself. A successful marketer is one, who understand self-image of his consumers and divides them on basis of their self image.



## MARKET SEGMENTATION

**According to Kotler,** “ Market Segmentation is the subdividing of a market into homogeneous sub-set of customers, where any sub-set may conceivably be selected as a market target to be achieved with distinct marketing mix.”

### FEATURES OR CHARACTERISTICS OF MARKET SEGMENTATION -

1. It consists of a group of customers who share a similar set of wants.
2. The marketer does not create the segments, but identify the segments and decide which one to target.
3. Market segmentation is the result of 'modern marketing concept' and micro marketing .
4. Varied and complex buyer behaviour is the root cause of market segmentation.
5. It is a method for achieving maximum market response from limited marketing resources by recognising differences in the response characteristics of various parts of the market.
7. It is being used as strategy of '**divide and conquer**'.
8. It enables the marketers to give better alternatives to the selection of customers and offer an appropriate marketing-mix .
9. To divide customers in homogeneous groups on the basis of their attributes and nature so that suitable marketing programmes may be prepared for each segment (group).
- 10 To find out customers' preferences, their interests and buying habits so that it may be decided whether homogeneous marketing efforts would be suitable for all customers or not.
11. To find out areas where new customers may be made while making proper marketing efforts.
12. To find out purchase potential of different customer groups.
13. To make organisation customer-oriented so that profit may be earned through customer satisfaction.
14. Market segmentation provides a basis for improved performance through correct application of selected marketing concepts and techniques.

### Importance of Market Segmentation -

1. Better Position to locate Marketing Opportunities
2. Effective Utilization of resources
3. Facing the Competition Effectively
4. Marketing Programme
5. Effective Advertising Appeals
6. Adjusted in Product
7. Enhance Marketing Efficiency

### FAVORABLE CONDITIONS FOR EFFECTIVE MARKET SEGMENTATION

The use of the concept of market segmentation will be more useful in the following conditions:

- (1) The number of potential customers of the **target** market must be measurable.
- (2) The various required information and **data about** the target market must be accessible.
- (3) There must **be consumers in** sufficient number to provide profitable **sales volume to the company**.
- (4) The prospective target segment must be accessible itself through the existing channels of distribution of the company, the advertising media and sales-force to minimise cost and unnecessary wastage of efforts.



**BASES FOR MARKET SEGMENTATION**

