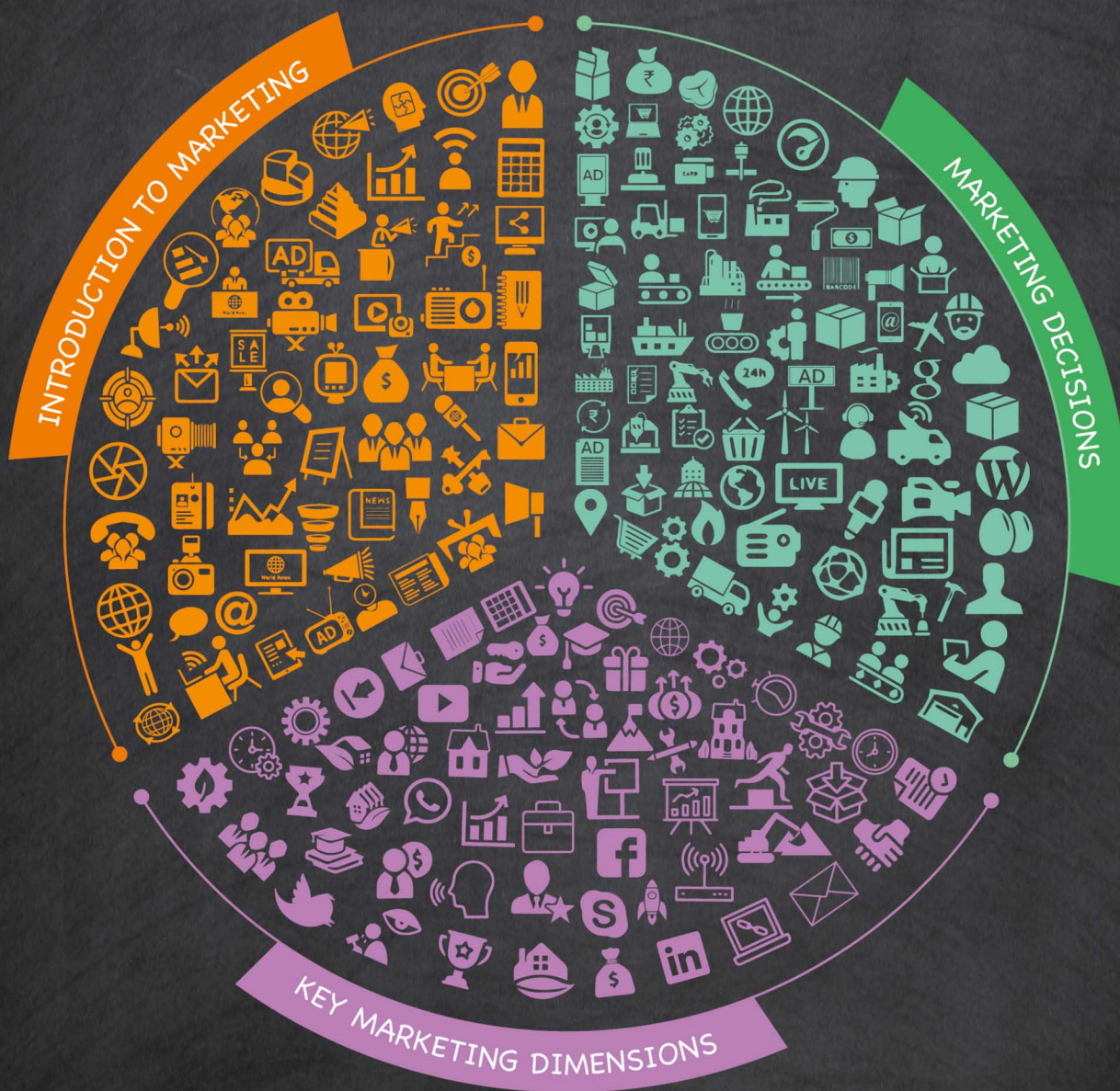




SMART NOTES

T. Y. B. Com

Commerce - Marketing (Sem - V)



SMART NOTES

Commerce (Marketing)

T.Y.B.Com. Sem-V

Mumbai University

AS PER THE REVISED SYLLABUS:2018-2019

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PREFACE

This book based upon Commerce (Marketing) is carefully curated to facilitate learning and instil conceptual understanding within students. This treasure trove of knowledge fosters robust conceptual clarity and inspires confidence within the nimble mind of students.

T.Y.B.Com is the final stride of student's graduation course. During this critical time, our Smart Notes not only help you to prepare for your final examinations but also equip you on a parallel ground to strengthen your foundation and lay the cornerstone of a bright future. Smart Notes comprehensively cover the entire syllabus and answer all the questions that stand a probable chance of being asked in the University Examinations. The book is rife with real life examples and sections such as Something Interesting as well as QR Codes for advertisements. We sincerely hope that this book helps you to comprehend the subject effortlessly and efficiently.

The journey to create a complete book is strewn with triumphs, failures and near misses. If you think we've nearly missed something or want to applaud us for our triumphs, we'd love to hear from you.

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**SYLLABUS**

Sy.No.	Modules / Units
1.	Introduction to Marketing <ul style="list-style-type: none">• Marketing – Concept, Features, Importance, Functions, Evolution, Strategic v/s Traditional Marketing• Marketing Research – Concept, Features, Process Marketing Information System – Concept, Components Data Mining – Concept, Importance• Consumer Behaviour – Concept, Factors influencing Consumer Behaviour Market Segmentation – Concept, Benefits, Bases of market segmentation Customer Relationship Management – Concept, Techniques Market Targeting – Concept, Five patterns of Target market Selection
2.	Marketing Decisions I <ul style="list-style-type: none">• Marketing Mix – Concept Product – Product Decision Areas Product Life Cycle – Concept, Managing stages of PLC Branding – Concept, Components Brand Equity – Concept, Factors influencing Brand Equity• Packaging – Concept, Essentials of a good package Product Positioning – Concept, Strategies of Product Positioning Service Positioning – Importance & Challenges• Pricing – Concept, Objectives, Factors influencing Pricing, Pricing Strategies
3.	Marketing Decisions <ul style="list-style-type: none">• Physical Distribution – Concept, Factors influencing Physical Distribution, Marketing Channels (Traditional & Contemporary Channels) Supply Chain Management – Concept, Components of SCM• Promotion – Concept, Importance, Elements of Promotion Mix Integrated Marketing Communication (IMC) – Concept, Scope, Importance• Sales Management – Concept, Components, Emerging trends in selling Personal Selling – Concept, Process of personal selling, Skill Sets required for Effective Selling
4.	Key Marketing Dimensions <ul style="list-style-type: none">• Marketing Ethics : Concept, Unethical practices in marketing, General role of consumer organizations Competitive Strategies for Market Leader, Market Challenger, Market Follower and Market Nicher• Rural Marketing – Concept, Features of Indian Rural Market, Strategies for Effective Rural Marketing Digital Marketing – Concept, trends in Digital Marketing Green Marketing – Concept, Importance• Challenges faced by Marketing Managers in 21st Century Careers in Marketing – Skill sets required for effective marketing Factors contributing to Success of brands in India with suitable examples Reasons for failure of brands in India with suitable examples



PAPER PATTERN

Maximum Marks : 100

Duration : 03 Hrs

Question No	Particulars	Marks
Q - 1	Objective Questions : Multiple choice / True or False / Match the columns / Fill in the blanks A. Sub Questions to be asked 12 and to be answered any 10 B. Sub Questions to be asked 12 and to be answered any 10	20 Marks
Q - 2	Full Length Practical Question OR	15 Marks
Q- 2	Full Length Practical Question	15 Marks
Q-3	Full Length Practical Question OR	15 Marks
Q-3	Full Length Practical Question	15 Marks
Q-4	Full Length Practical Question OR	15 Marks
Q-4	Full Length Practical Question	15 Marks
Q-5	Full Length Practical Question OR	15 marks
Q-5	Full Length Practical Question	15 Marks
Q-6	A) Theory questions B) Theory questions OR Short Notes To be asked 06. To be answered 04	10 Marks 10 Marks 20 Marks

Note : Practical questions of 15 marks may be divided into two sub questions of 7/8 or 10/5 Marks.



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SMART REVISION

Module 1 - Introduction to Marketing

1.1

Marketing



MARKETING

According to American Marketing Association, "Marketing is 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."

Features of Marketing

SMART CODE:

Blue & Green SPECIFIC ACID

1. Assists the process of **b**rand building
2. Aids in achieving organizational **g**oals
3. Contributes to **s**ocial welfare
4. Systematic **p**rocess
5. Facilitates business **e**xpansion
6. Builds **c**orporate image
7. **I**nter-linked with other marketing functions
8. Aids in **f**acing competition
9. Enables **i**dentification of target market
10. **C**onsumer centric process
11. Influenced by market **a**tmosphere
12. **C**ontinuous process
13. **I**ncludes ideas, goods and services
14. **D**ynamic function

Evolution of Marketing Concept

1. Exchange Concept
2. Production Concept
3. Product Concept
4. Selling Concept
5. Marketing Concept
6. Societal Concept
7. Relationship Marketing Concept
8. Holistic Concept

Importance of Marketing

SMART CODE: SEARCH OF C³EO

1. Benefits **s**takeholders
2. Facilitates **e**xpansion and growth
3. Creates brand **a**wareness
4. **R**educes risks
5. **C**onsumer satisfaction
6. **H**igher efficiency
7. Goal **o**riented process
8. Aids in **f**acing competition
9. **C**ost effective process
10. **C**reates brand loyalty
11. Builds **c**ompany reputation
12. Benefits of **e**conomies of scale
13. **O**ptimum resource allocation

Functions of Marketing

SMART CODE: MISADAPT P³C

1. **M**arketing Research (MR)
2. Marketing **I**nformation System (MIS)
3. **S**ales promotion schemes
4. **A**dvertisement strategy
5. **D**eveloping product design
6. **A**fter-sales-services
7. Branding, **P**ackaging and Labeling
8. **T**est marketing
9. **P**ricing decisions
10. **P**ersonal selling
11. **P**hysical distribution
12. **C**ustomer Relationship Management (CRM)



ii STRATEGIC MARKETING MANAGEMENT

Strategic marketing management means developing step-by-step process to achieve overall objectives of the organization.

Steps / Key Elements of Strategic Marketing Management

1. Identifying organizational goals
2. Market Research (MR)
3. Identifying target consumers
4. Budget planning
5. Identifying marketing objectives
6. Developing marketing strategy
7. Implementation of marketing strategy
8. Evaluation of marketing strategy
9. Customer Relationship Management (CRM)

Traditional Marketing v/s Strategic Marketing Management

Traditional Marketing	Strategic Marketing Management
<i>The focus is on profit maximization.</i>	<i>Along with profit, focus is on creation of goodwill, consumer satisfaction, consumer loyalty, etc.</i>
<i>Efforts are not devoted to building healthy relations with customers.</i>	<i>It is customer oriented and recognizes the importance of building healthy customer relations.</i>
<i>Product pricing is based on production, distribution cost and profit margin.</i>	<i>Consumer requirements, prices set by competitors, income levels are also considered.</i>
<i>Market Research and Development is not given much importance.</i>	<i>Product planning, pricing structure, target market etc. are decided on the basis of research.</i>
<i>It concentrates more on already established patterns and practices.</i>	<i>It focuses on innovation to deliver new and better quality products.</i>
<i>The marketing managers usually consider short-term time frame.</i>	<i>The marketing managers consider long-term organizational objectives.</i>

Page no. **iii** to **xvi** are purposely left blank.

To see complete chapter buy **Target Notes** or **Target E-Notes**

1.1 MARKETING

1.1 Learning Outcome

- Marketing: Concept, Features, Importance, Functions, Evolution
- Strategic Marketing Management: Concept, Steps / key elements, Strategic v/s Traditional Marketing

MARKETING : BACKGROUND

- In today's global scenario, firms face cut-throat competition. At the same time, consumers have become the utmost important aspect of any business. Hence, it is important for all organizations to keep their customers happy by fulfilling their needs and requirements.

You may like to know:

Gandhiji in one of his speeches in South Africa in 1890 said: "A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption of our work. He is the purpose of it. He is not an outsider of our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us the opportunity to do so."

- It is important to note that, a business organization with satisfied consumers will be able to survive and grow in the long-term. Marketing is one of the business functions which enable the firms to create demand for their products.
- Marketing also aids business organizations to carry out market research, to identify target consumers, to analyze the requirements of customers, to ensure customer satisfaction & maintain customer relationship, to create & maintain brand image, to create brand loyalty, to facilitate business expansion, etc.

Something Interesting:

Marketing Strategy by AMUL

- AMUL is the most popular and loved brand in India. It produces various products such as butter, cheese, ice-creams, chocolates, paneer and so on.
- Dr. Verghese Kurien wanted to establish Anand Milk Union



Limited (AMUL) as the popular brand of India. AMUL's advertisement campaign with the song 'AMUL doodh peeta hai India' helped to promote it as the brand of India-

- AMUL has effectively replaced other butter brands in the market. We don't ask for butter anymore, it's always 'AMUL butter dena'. The tag line - 'AMUL butter, Asli butter' also helped to make the brand popular.
- AMUL also expanded its market by replacing ghee in many cases. Its ad campaign promoting 'butter par bhaji, butter dosa, butter chole puri, butter paratha' has helped AMUL in replacing ghee/ home-made butter.
- As a new marketing strategy, AMUL started to design its advertisements based on the current affairs. For instance, When BJP won elections in 2014, AMUL came up with advertise slogan saying: "Accha din-ner aaya hai! AMUL in all cabinets!"

AMUL AD:



DEFINITIONS OF MARKETING

- According to American Marketing Association, "Marketing is 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."
- According to Chartered Institute of Marketing, "Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably."
- According to Philip Kotler, "Marketing is about identifying and meeting human and social needs." One of the shortest definitions of marketing is "meeting needs profitably."
- According to Kotler, "Marketing management is the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer value."

"Good companies will meet needs; Great companies will create markets" : Philip Kotler



Q.1. What are the features of marketing?

A. According to American Marketing Association, "Marketing is 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."

The features of marketing are as follows:

SMART CODE : Blue & Green SPECIFIC ACID

1. **B**RAND BUILDING

Marketing serves as the link between the organization and its consumers. The promotional techniques used by the organization influence the perception of consumers.

Something Interesting :

ICICI bank promotes itself as a customer friendly bank. The tag line of ICICI is "Hum Hai Na" (ICICI Bank - Hum Hain Na Ad)



Marketing aids organizations to analyze the requirements of consumers and to ensure customer satisfaction. If the needs of consumers are effectively satisfied, it creates loyalty for the brand. Marketing also aids in building customer relationship.

2. **O**RGANIZATIONAL **G**OALS

Marketing aids business organizations in attaining their various goals such as profit maximization, creation of goodwill, building brand loyalty, increasing market share, etc.

Something Interesting :

In order to promote loyalty, stores like Shoppers Stop, lifestyle, etc. have started assigning loyalty points to customers on each purchase. These points can be utilized later for availing higher discounts. It helped these stores to build brand loyalty.

3. **S**OCIAL WELFARE

Marketing aids business organizations to identify and satisfy the needs/wants of consumers. It also enables the organizations to understand their responsibility towards society. It is important to strike a balance between consumer needs, organizational objectives and public interest. For instance, a publisher can use recycled and eco-friendly papers while



publishing books. It will help him to meet customer needs while at the same time protect environment.

4. SYSTEMATIC PROCESS

Marketing is a systematic process which involves identification, assessment and fulfilment of customer needs and wants through right kind of products or services. It involves market research on customer requirements, production of goods to meet those requirements, fixing the appropriate price and distributing the good in areas where it is needed.

5. BUSINESS EXPANSION

The process of marketing aligns the business activities along the needs of customers and thereby, improves the performance of business organizations. It facilitates business expansion by enabling firms to improve their market share.

6. BUILD CORPORATE IMAGE

Marketing helps business organizations to build positive corporate image in the minds of stakeholders. The confidence and trust among its suppliers, distributors and customers help them to survive and grow over time.

7. INTER - LINKAGES

Marketing is inter-linked with other management functions such as planning, organizing, financing, etc. The various departments such as human resource, production, account & finance, etc need to be integrated to achieve the organizational goals.

8. FACING COMPETITION

The competition has increased immensely in today's globalized world. The process of marketing helps firms to face this heightened competition. It enables firms to identify, understand and satisfy needs of customers. The consumers are attracted to the brand that caters to their specific needs.

Something Interesting :

Parle-G is a brand which sells quality biscuits at very low prices, starting at Rs. 2. only. It is very affordable even for poor population. This has ensured that other brands in the glucose biscuits segment have not affected the market share of Parle-G.



Marketing also enables firms to come up with innovative products, design attractive promotional campaigns and improve customer relationship etc. in order to gain edge over competitors.

9. I DENTIFICATION OF TARGET MARKET

Markets have widened and so has the scope of marketing. It is impossible for single organization to satisfy the needs and wants of every customer. Hence, each firm identifies or defines its target market. The needs and wants of consumers in the target market are identified accordingly. It enables organization to satisfy specific needs of target audience by designing suitable products. The firms also determine their marketing strategy as per the target market. For instance, cold drink companies like Pepsico target youth population. Hence, Ranbir Kapoor, P.V. Sindhu are part of their advertisements.

10. C ONSUMER CENTRIC

Consumers prefer brands that understand their needs and give them priority. The organizations have realized the fact that consumer is the king in the market. Hence, they concentrate on effectively identifying customer requirements and satisfying them. For instance, banks have introduced facilities such as mobile banking and internet banking. It enables customers to avail banking facilities without need to visit the bank branch in person. When product performance matches with consumer expectations, the consumers are satisfied. Moreover, organizations have also started providing additional value-added facilities which help in attracting more consumers.

11. MARKET A TMOSPHERE

The process of marketing is influenced by various aspects of market atmosphere such as customer preferences / income / demographic characteristics, strategies of competitors, government policies, international market environment and, so on. It is essential to consider all these aspects to devise effective marketing strategy.

12. C ONTINUOUS PROCESS

The process of marketing involves every step in the process of satisfying customer needs, right from initial market research to obtaining customer feedback and providing



after-sales-service after the sale of product or service.

13. INCLUDES IDEAS, GOODS AND SERVICES

Marketing enables firms to design and sell goods (For instance, consumer durables) as well as services (For instance, services of banking & insurance companies). It also enables government or development organizations to market ideas such as cleanliness, health, etc. through promotional campaigns using mass media.

14. DYNAMIC FUNCTION

Marketing mainly intends to fulfil the needs and wants of customers. The consumers' requirements change constantly and hence, marketing techniques also change in accordance with those needs/wants. Moreover, marketing is also influenced by technological advancement, innovations, political changes, competition and so on. All these factors undergo large changes over time. Hence, marketing is said to be a dynamic function.

Q.2. What is the importance of marketing?

- A. According to American Marketing Association, "Marketing is 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."

The importance of marketing could be explained with the help of following points:

SMART CODE : SEARCH OF C³EO

1. BENEFITS TO STAKEHOLDERS

Effective marketing benefits various stakeholders of the organization such as employees (in the form of higher salaries), shareholders (in the form of higher dividends), suppliers and distributors (in the form of more business) and also government (in the form of higher tax revenue).

2. EXPANSION AND GROWTH

Effective marketing techniques attract more consumers and facilitate business expansion. The organizations offer wide range of products that cater to diverse needs of customers. For instance, Good-knight has launched various products like Good Knight Advanced Activ+, mosquito coils, mosquito



spray, etc. Innovative marketing strategies are designed to increase market share and profitability. It ultimately accelerates the growth of businesses.

3. CREATING BRAND AWARENESS

These days it is very important to gain popularity. Consumers are likely to get attracted towards the popular products. Marketing helps to create brand awareness in the market.

Something Interesting :

Cadbury has effective marketing history. The term "chocolate" and "Cadbury" are often used interchangeably. When Cadbury Silk was launched in the market, the advertisements covered the entire country with hoardings, media advertisements, etc. It helped to create awareness about this newly launched product.

4. REDUCED RISKS

Marketing reduces business risks since the organization has complete knowledge of consumers' requirements, market size & target consumers, competitors, business environment, etc due to extensive market research. Hence, organizations are already aware of their challenges and are in a position to develop their strategies accordingly.

5. CONSUMER SATISFACTION

In today's world, markets have become largely consumer oriented. When product performance matches with consumer expectations, the consumers are satisfied. Marketing not only helps in satisfying wants of consumers but also helps in increasing their satisfaction by providing additional services. It also aids in building customer relationship and creates loyalty for the brand.

Something Interesting:

ICICI bank provided Debit and credit cards with the option of customizing the card with image of the card owner's choice.

(ICICI Bank - Customized cards Ad)



6. HIGHER EFFICIENCY

Extensive market research helps the organizations in gathering



information relating to various aspects of the market. The information helps them in taking informed decisions, generating demand, increasing sales and thereby, profits of the company. The profits earned can further be reinvested to improve the marketing strategies, conduct research and development, etc.

7. GOAL ORIENTED

Marketing is a systematic, continuous and goal-oriented process. It helps in attaining organizational goals such as profit maximization, creation of goodwill, building brand loyalty, increasing market share, etc.

8. FACE COMPETITION

There is cut-throat competition in the market on account of large number of organizations. Moreover, substitute products are now easily available (E.g. Pepsi and Coca-Cola). Appropriate marketing strategy helps organizations in gaining edge over the competitors. Marketing also enables firms to come up with innovative products, design attractive promotional campaigns and improve customer relationship etc. in order to stand the immense competitive pressure.

9. COST EFFECTIVE

Although marketing involves large amount of expenses, it is actually deemed to be an investment. Market research, advertisement & promotion helps in attracting consumers. Marketing by way of hoardings, radio advertisements, using social media, etc. influence the customer choices and help to increase the sales.

10. CREATING BRAND LOYALTY

Marketing aids organizations to analyze the requirements of consumers and to ensure customer satisfaction. If the needs of consumers are effectively satisfied, it creates loyalty for the brand. It means consumers repetitively purchase the product and also recommend it to others.

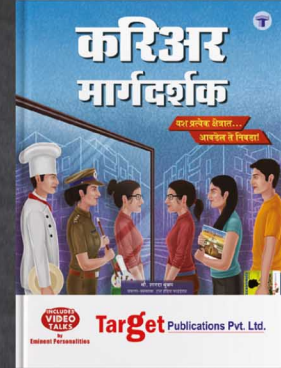
11. COMPANY REPUTATION

Marketing serves as the link between the organization and its consumers. Effective marketing process enables organizations to build positive corporate image and gain reputation in the market.



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