

# Marketing Management and Human Resource Management

As per new B Com CBCS syllabus 2017 for CU  
SECOND EDITION

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# Preface to the Second Edition

On the basis of the positive feedback received on the book, we have attempted to make discussions crisper and simpler for students. Chapters have been structured and designed more as per the requirement of the course structure in Calcutta University. Discussion of topics have been made simpler to aid students prepare for exams better. Additional MCQs have also been added in every chapter to benefit students while preparing for the examination.

## New to this Edition

- Includes additional MCQs in both the modules
- Comes with simpler and crisp content

## Pedagogical Features

- Completely meets the requirements of Calcutta University B.Com course on *Marketing Management and Human Resource Management*
- Numerous boxed items have been included in the chapters to help students understand the practical aspects of both the functions
- Newer techniques of promotion including social, online, and green marketing have been discussed in detail
- Job evaluation, performance appraisal, and training methods have been discussed at length
- Provides exhaustive end-chapter exercises including MCQs that follow the university question paper pattern

## Structure and Coverage

The book has been divided into two modules and 10 chapters. Module I is on Marketing Management and Module II on Human Resource Management.

### Module I: Marketing Management

Chapter 1, *Introduction*, discusses the nature, scope and importance of marketing; marketing mix; and marketing environment.

Chapter 2, *Consumer Behaviour and Market Segmentation*, covers Consumer Behaviour—nature and importance, factors influencing consumer buying behaviour; Market Segmentation—concept, importance and bases; product differentiation vs market segmentation.

Chapter 3, *Product*, provides knowledge about product categories and levels; product mix and its evaluation; branding, packaging levels, and labelling of products; after-sales service; new product development; and the complete product life cycle.

Chapter 4, *Pricing, Distribution Channels, and Physical Distribution*, consists of topics on market structure; factors affecting pricing decisions; the four Cs of pricing; different types of costs; pricing methods; pricing strategy; marketing channels and factors affecting channel levels; and logistics and physical distribution of products.

Chapter 5, *Promotion and Recent Developments in Marketing*, covers communication models; marketing mix concept; promotion strategies and its working; green marketing; social marketing; services marketing; direct marketing; and rural marketing.

## **Module 2: Human Resource Management**

Chapter 6, *Human Resource Management*, includes discussion on nature and scope of HRM; functions and importance of HRM.

Chapter 7, *Human Resource Planning*, provides information on needs and features of HRP; factors affecting HRP; and importance of HRP.

Chapter 8, *Recruitment and Selection*, converses various aspects including differentiation of recruitment and selection.

Chapter 9, *Training and Development*, highlights the utmost needs of training and discusses various methods of training.

Chapter 10, *Job Evaluation and Performance Appraisal*, elucidates job analysis; job description; job specification; and performance and potential appraisal.

We thank the faculty and students who have used this book and provided us with their valuable feedback. Suggestions for this new edition are welcome by the readers.

**Harsh V. Verma**  
**Ekta Duggal**  
**Uday Kumar Haldar**  
**Juthika Sarkar**

# Acknowledgements

## *Module I*

A book cannot be the outcome of sole efforts of the people who claim its authorship. Although our names appear on the cover page, we have drawn immensely from a variety of sources. We have tried our level best to cite all authors whose work we have referred to in making this text. However, there are innumerable marketing academicians and experts who have contributed to our understanding of this subject which subtly creeps in our presentation of ideas and arguments. We owe a great deal of indebtedness to them.

We are also extremely grateful to Superbrands (India) for allowing us to use images which have both aesthetically and intellectually made the text more effective. We acknowledge the direct and indirect support provided by our institutions, the Faculty of Management Studies (FMS) and Motilal Nehru College of University of Delhi.

This work would not have seen the light of the day had our families not provided us with support and encouragement to take this work and devote their share of time in it. We thank our families for support and encouragement. Last but not the least, we thank the entire team at Oxford University Press for their invaluable support.

Readers can e-mail to [harshverma@fms.edu](mailto:harshverma@fms.edu) or [ekta9182@yahoo.co.in](mailto:ekta9182@yahoo.co.in) in case of any query.

**Harsh V. Verma and Ekta Duggal**

## *Module II*

The support we received from our families during this period is incomparable. Dr Halder specifically acknowledges Sikha Halder (wife), Amlan Halder (son), Mitil Roy (daughter-in-law), and Sonali Halder (daughter) for being the constant sources of motivation. His wife Sikha helped him to move from distress to de-stress in multiple instances. So gorgeous grandson Auhon is also a source of inspiration.

Dr Halder accolades the departed souls—Dr Labanya Kumar Halder (father), Durga Rani Devi (mother), Pravat Kumar Halder (elder brother), Krishendu Halder (younger brother), and Mridul Kanti Das (brother-in-law).

Dr Juthika Sarkar tributes the departed souls of her father Dr Chandi Charan Sarkar and her grandmother Jogmaya Mondal. Dr Sarkar acknowledges Ms Jamuna Sarkar (mother), Mr Sricharan Sarkar (elder brother), Mr Biplab Kumar Biswas (spouse) and her lovely daughter Adrita for their extreme support and encouragement to work towards fulfilling her academic endeavours.

We are indebted to the Higher Education team at Oxford University Press for providing useful inputs in developing the manuscript.

While preparing the manuscript we have taken help of many books, websites, and other knowledge resources. We have mentioned here only a few names. We extend our thanks to all the scholars, writers, and managers whoever has helped us directly and indirectly.

Readers can e-mail to [ukhalder@rediffmail.com](mailto:ukhalder@rediffmail.com) or [juthika\\_sarkar@yahoo.co.in](mailto:juthika_sarkar@yahoo.co.in) in case of any query.

**Uday Kumar Halder and Juthika Sarkar**

# Preface to the First Edition

Organizations are entities that come together to meet a need or pursue collective goals or to serve somebody. They are closely linked to the external environment. These organizations may seek profit, aim to achieve some social good, or have some other objective. In order to achieve their objective, they involve many functions such as production, procurement, financing, sales, human resource, and marketing. Although all these components of a business appear to be equally important, marketing and human resource are the two most vital functions. These are boundary spanning functions that help a manager connect with the internal as well as external world.

Marketing and Human Resource are relevant for all types of organizations whether it is a profit-seeking organization like Reliance or Apple, non-profit organization like CRY or Help Age, web-based players like Flipkart or Amazon, services like Shoppers Stop or HDFC, multinational player like GM or Samsung, or government departments like Police or Income Tax. Marketing gets customers to willingly do business with organizations and orient themselves to focus on creating customer satisfaction, whereas human resource management works towards managing and keeping employees job-satisfied for efficiency and productivity of the organization.

## About the Book

Since promotion and managing employees both have become such an important aspect for any business, this book has been developed to help the potential managers understand and appreciate these functions. Various boxed items including exhibits and insights discussing real-life examples have been interspersed in the chapters to help readers understand the practical aspects of both these functions.

Written in a student friendly manner, this comprehensive textbook is designed to meet the needs of B.Com students of University of Calcutta. Keeping students' interest in mind, numerous Multiple-choice Questions have been provided at the end of every chapter. These would facilitate them to recapitulate as also practise for the semester examinations.

## Pedagogical Features

The key features of the book are as follows:

- Completely meets the requirements of Calcutta University B.Com course on *Marketing Management and Human Resource Management*
- Numerous boxed items have been included in the chapters to help students understand the practical aspects of both the functions
- Newer techniques of promotion including social, online, and green marketing have been discussed in detail
- Job evaluation, performance appraisal, and training methods have been discussed at length

- Provides exhaustive end-chapter exercises including MCQs that follow the university question paper pattern
- Case studies are provided after every chapter to help readers understand the concepts discussed in a practical way

**Harsh V. Verma**  
**Ekta Duggal**  
**Uday Kumar Haldar**  
**Juthika Sarkar**

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# Features of

## Figures, Tables, and Images

Figures, Tables, and Images substantiate important concepts and information in a concise and interesting manner.

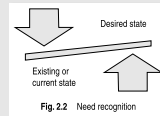


Table 9.1 Comparison of Training and Development

Aspects	Training	Development
<b>Definition</b>	(a) The process of affecting change in an individual's behaviour. (b) It is often applied to the acquiring of limited operating job-related skills.	(a) The process of growth through which an organization • expands the number or modernizes the nature of its activities, and • results in overall growth.
<b>Purpose</b>	(a) Supplies the specific skill, knowledge, or attitudes needed to meet goals of the organization.	(a) Assures organizations of available manpower • to meet previously established goals • for technology usage • for equipment handling

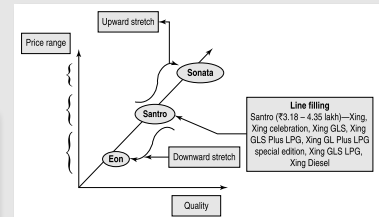


Fig. 3.4 Line filling and line stretch

### Marketing Theory

### Key Considerations in Choice of Modes of Transportation

Transportation decisions are a part of marketing mix. Before a choice about the transportation mode is made, several factors must be considered. These factors form the criteria for evaluating different transportation options. The marketer must decide the role of product type, its capacity as well as to factor them and their transportation decisions.

**Trucks** These can carry a wide range of loads and are relatively less expensive.

**Railway** These can carry a wide range of loads and are relatively less expensive.

close to destination and their movement is slow. **Aircraft** This offers very limited options in terms of what can be transported, is costly, and is not compatible with load

### Marketing Practice

### Can Consumers Compare?

Samsung Galaxy S5	Samsung Galaxy Note III
5.1 inch full HD super AMOLED display	GSM   HSPA+ support
16 MP rear camera	GSM / GPRS / EDGE (850 / 900 / 1,800 / 1,900MHz) support
2 MP front camera	FHD super AMOLED technology
Android 4.4.2 (KitKat)	16M colour depth
Quad 1.9GHz + Quad 1.3GHz + XMM6360	5.7 inch size
2 GB RAM	1920 x 1080 resolution
16 GB internal memory	S Pen
Finger scanner	32 / 64GB memory
Ultra power saving mode	3,200mAh standard battery
Fast auto focus	Android support
HDR (rich tone)	Big Core 1.9GHz Quad + Little core 1.3GHz Quad GHz CPU Speed
Selective focus	2MP front camera
Heart rate sensor	13MP rear camera
S Health	3.5mm stereo ear jack
2800 mAh battery	MicroSD external memory slot (up to 64GB)
SUPC: SDL695433132	Micro SIM (3FF) support
	Micro USB 3.0 (5.3V, 2A) available
	MHL available
Price: ₹39,044	Price: ₹41,900

## Marketing Theory and Marketing Practice

Marketing Theory and Marketing Practice sections in Module 1 present important theoretical insights and illustrate practical examples, respectively.

## Exhibits and Insights

Exhibits and Insights help in providing additional knowledge of concepts being discussed in the chapters.

### Exhibit 10.2

### Job Description—Maintenance Manager

#### Reporting authority: General Manager

#### Job overview

The maintenance manager is responsible to organize preventive maintenance, upkeep the machines and equipment, reduce 'mean time between failures', and attend breakdown machines with the ultimate aim to enhance productive time of machines.

#### Key activities

- conducting periodic reviews to promote services and repairs
- coordinating emergency and
- coordinating maintenance and electronic machines

- coordinating maintenance and repairs of air conditioners, heating systems, generators, and other similar appliances
- preparing budgets for running maintenance operations
- arranging all maintenance manuals methodically

#### Tools and technology used

- computers, printers, telephones, faxes, and other office hardware

#### Physical working environment

### Insight 10.1

### Dimensions of performance

- Output or result dimension refers to the ultimate outcomes from the efforts put by a person.
- Input dimension means the various types of resources used.
- Time dimension is vital as any task should be achieved within a stipulated time.
- Quality dimension emphasizes on conformance to specification.
- Cost dimension refers to the expenditure associated with the various elements of performance.
- Focus dimensions can be many such as profit, sales volume, quantity, new market, etc. For example, the focus dimension for a sales director can be profit, market share, new areas, or any other parameter relevant to sales.



# the Book

## MCQs with Answers

Chapter-end MCQs help in testing the knowledge of the concepts learnt.

### MULTIPLE-CHOICE QUESTIONS

Choose the correct option.

(1 mark)

1. Consumers take their buying decisions:  
(a) Randomly  
(b) Without thinking  
(c) By using cognitive processes  
(d) All the options
2. Need is recognized by a consumer when:  
(a) There is a perceived discrepancy between existing state and desired state  
(b) When the consumer perceives the advertisement  
(c) When the consumer perceives the advertisement  
(d) When the consumer perceives the advertisement
3. Once a need has been recognized, consumer looks for information from:  
(a) Internal sources  
(b) External sources  
(c) Both (a) & (b)  
(d) From online sources
4. The consideration set consists of brands that consumer:  
(a) Considers for making a purchase decision  
(b) Considers for making a purchase decision  
(c) Considers for making a purchase decision  
(d) Considers for making a purchase decision

Choose the correct option.

(2 marks)

29. HRP is thoughtful about:  
(a) Right kinds and right numbers  
(b) Right kinds but not right numbers  
(c) Both (a) & (b)  
(d) None
30. Which one is not an objective of human resource planning?  
(a) Ensure adequate availability of manpower as and when required.  
(b) Ensure proper use of existing human resources in the organization.  
(c) Forecast future requirements of human resources with different levels of skills.  
(d) Determine surplus human resources for retrenchments.  
(e) Anticipate the impact of technology on jobs and requirements for human resources.
34. Fill the blanks of the statement, 'A Job specification is basically derived from \_\_\_\_\_'.  
(a) Job, description  
(b) Job, analysis  
(c) Job, contents  
(d) None
35. Fill in the blanks, 'Job specification underlines the \_\_\_\_\_ and \_\_\_\_\_ attributes required to perform a job successfully'.  
(a) Mental, physical  
(b) Job, content  
(c) Mental, content  
(d) Interest, aptitude
36. What is the role of a Human Capital Manager? Select from statements A, B, C.  
(A) Unlearn old skills and acquire new skills  
(B) He or she seeks to fine-tune HR policies and practices the HR culture

### SUMMARY

Recruitment is the process of attracting individuals on a timely basis, in sufficient numbers, and with appropriate qualifications, to apply for jobs with an organization. Recruitment strategy must include primary goals of the recruitment, fixing priority of the positions, expected levels of performance, targeted experience levels, category of candidates like unemployed or employed somewhere, time of beginning searching of candidates, and the source of human resources. The three main types of recruitment sources include internal recruitment, external recruitment, and e-recruitment. Internal recruitment is the process of hiring or promoting from within the organization, whereas external recruitment is the process of hiring talent from outside the organization.

E-recruitment is possible either through job portals or by creating a complete online recruitment section on the company's website. Other sources of recruitment include notice board, internal job market, employee referral, employment exchange, service commissions, placement agencies, educational institutions, labour unions, nepotism, and leasing.

Selection is the process of screening the applicants to find those with the right attitude and aptitude, and qualifications. Steps in selection include selection tests, selection interview, interview question bank, interview assessment, selection decision, credential verification or reference checking, and making the offer.

### Summary

It helps in quick recapitulation of concepts discussed in the chapter.

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# 1

# Introduction to Marketing

## LEARNING OBJECTIVES

After reading this chapter, you will be able to understand

- the meaning and importance of marketing
- pillars of marketing
- the importance of changes in consumer demand
- the role of adaptation to environment
- the meaning of opportunities and threats
- constituents of macro environment

## SYLLABUS MAPPING

Module I

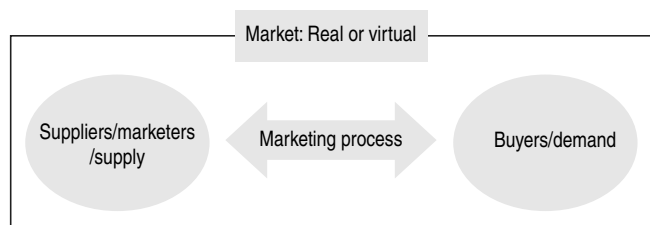
Unit I

## MARKETING

The term marketing is composed of two parts, namely ‘market’ and ‘ing’. From this, two observations can be made—first, marketing has something to do with market or markets and second, it is a process. A marketer is an entity or individual that works or interacts with the market, thus undertaking a series of activities in a sequence. However, this raises other basic questions such as what is a market, what process is involved in interacting with a market, and who is a marketer.

### Market

Conventionally, a market is considered to be a place where buyers and sellers gather to transact with each other. In the rural context, buyers and sellers gather at a specific place called *haat* to buy and sell commodities and livestock. In the urban context, market refers to a specific location where sellers have their permanent dwellings and buyers visit there to buy what they need. These include markets like **Sarojini Nagar**, malls like **Select City Walk** in Delhi. However, in the information and telecommunication era, market has taken a virtual form. In a virtual market, buyers can procure products to meet their needs from web-based sellers without physically visiting a brick and mortar shop. Some of the top brands in the virtual market space includes **Flipkart**, **MakeMyTrip**, and **Snapdeal**. From an economic perspective, a market can be defined as a nominal or actual place where demand and supply intersect each other (see Fig. 1.1).



**Fig. 1.1** Market and marketing

## Demand

Demand refers to the amount of a particular good or service consumers are willing to buy at a given price. A willingness to buy without the ability to buy or the ability to buy without willingness or desire to buy will not result in demand. The quantity that a buyer is willing to purchase is determined by its price. Other things being equal, buyers will demand less if the price is high and vice versa. The relationship between demand and price is depicted by the demand curve as shown in Fig. 1.2.



Fig. 1.2 Demand curve

## Supply

The concept of supply is related to suppliers or marketers. It represents the quantity of a good or service that is made available or supplied to customers by sellers at a given price. The amount that sellers are willing to supply will depend on its price. Other things being equal, sellers will supply more if prices rise because it will give them an opportunity to maximize their profits. The level of supply at different price points is illustrated by a supply curve as shown in Fig. 1.3.



Fig. 1.3 Supply curve

## Defining Marketing

Marketing is a process that links a supplier of products and services with customers who want and need them. Marketing requires analysis, planning, and control of a variety of activities that include researching market needs, planning and developing.

- American Marketing Association (AMA) defines marketing as 'the activity, set of institutions, and processes for creating communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large'<sup>1</sup>.
- Chartered Institute of Marketing (CIM) defines marketing as 'the management process of anticipating, identifying, and satisfying customer requirements profitably'<sup>2</sup>.
- Kotler et al.<sup>3</sup> defined marketing as 'a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with each other'.

## Exchange

Exchange involves a transaction between two parties in which one party gives some thing in return for another. Exchanges can be of two types.

- In a barter system of exchange, parties directly exchanged goods or services without use of any medium like money, since in earlier times exchange was not monetized. In the current market scenario, however, exchanges are executed using money as a medium. The marketers and consumers are linked through exchange of values. Value is transferred from marketer to consumers through products and from consumer to marketer through money or currency.



- In a marketing exchange, a consumer is better off by getting products and services that satisfy his needs and wants and a marketer is able to generate surplus by creating consumer satisfying products and services. This is because, consumer needs and wants provide a stimulus to marketing firms to develop satisfying products and services that consequently generates a profit or surplus. Therefore, markets provide an opportunity to the exchanging parties to improve their satisfaction levels by becoming better off.

### Needs and Wants

Marketing begins with human needs and wants. In the absence of needs and wants, marketing cannot exist. Consider a company like **Nike**; it markets shoes and sports apparels because people need them. Some people may say that people do not need **Nike** shoes rather they want them. Confusion often prevails around terms such as needs, wants, desires, and demand.

**Needs** The concept of need is very fundamental to survival and is rooted in the concept of lack or void of something. Needs are embedded with the concept of survival.

**Wants** Want is a need attached with a specific satisfier. Human needs are shaped into wants by the influences of family, school, and religious institutions.

**Desire** In marketing, two of the common routes to persuasion are either creating a sense of lack or void (e.g., not having dandruff free hair) or making something desirable (e.g., great young looking skin). Desire creates a powerful motivational force and marketers use this motivational force to create brand pull. It is this reason why most brand communications show famous actors or protagonists. Marketing communication is done in such a way that customers crave for the created brand.

#### Marketing Practice

#### Marketing and Consumer Desires

In marketing, firms target customers who have an ability to buy. They use marketing communication to influence consumer desires by influencing their willingness to buy the advertised brand. Ability to buy is the first condition for a marketing exchange to happen but it must be coupled with willingness to buy. Marketing communication is directed at persuading potential customers to buy by creating desire. The following are some examples of how brands have targeted their customers.

**BMW** A brand like BMW targets new achievers who have made it big in their professional or business career and influences their willingness. It makes its cars desirable by

calling them 'ultimate driving machines' that give 'ultimate driving experience'.

**Axe** This brand of deodorant targets young men. Its communication shows how men who use this deodorant become attractive to women. With this they become proactive in approaching its users. The brand seeks to be desired by its customers by making its users sexually attractive to opposite sex.

**Closeup** This toothpaste brand targets customers by showing that people who use Closeup have fresh breath and hence become acceptable to girls. The brand in its early communications used to make a proposition saying 'Closeup is for closeups'.

**Demand** A desire becomes a demand when it is backed by buying potential. Presence of one thing without the other is insignificant from an economic perspective.

### Product

Customers' needs and wants represent the demand side of marketing, whereas marketers' products represent the supply side.

The diversity of human needs and wants gives rise to corresponding diversity in products in a marketing system. The diversity in products can be gauged from the following aspects.

**Physical Object** These products are in the form of physical objects. The world is filled with physical products such as television, refrigerator, chocolate, cold drink, pen, fan, wheat flour, soap, and toilet cleaner.

**Intangible Service** A category of human needs and wants are satisfied by services. Some of the commonly marketed services include banking, insurance, hospital, air transportation, beauty salon, and education.

**Place** Many countries and cities are marketed as tourist products to potential travellers. People want to visit various destinations to experience an amalgamation of geographical, cultural, and historical character of that place. For instance, Malaysia is promoted as 'Truly Asia' and Dubai and Singapore are known as 'shopping destinations', whereas Las Vegas is often called 'Sin City' for its gambling attraction.

### Marketing Practice

### Marketing of a Person—Barack Obama

Barack Obama's presidential campaign is one of the best marketing campaigns with phenomenal results. The campaign utilized media communication very effectively, involving a whimsical campaign logo and an impressive thirty minute infomercial. The communications made were highly competent in terms of advertising messages, with the tone and demeanour of Obama being consistent with the optimistic themes of 'hope' and 'change you can believe in'. The essence of this outstanding marketing campaign lied in the potentiality to integrate emotional and functional

benefits along with orderliness in positioning the message and its delivery backed by sturdy and definite policy details. The various advertisements were completely in line with the core themes and the prime marketing and campaign team designated was handled efficiently by Obama. The marketing campaign also exploited social media marketing in the best possible way by involving email marketing for relationship creation, blogging for networking, using Facebook and Twitter for expanded reach, and an excellent website to expedite responses.

**Person** In many instances efforts may be made to stimulate demand of a person, who in such cases assumes the role of a product. For instance, a spiritual ashram may promote a guru as a product to attract potential devotees. Similarly, political organizations package their contestants as products. American presidential election is a good example of how Barack Obama was marketed as an effective Democrat. They used taglines such as 'Yes We Can' and 'Change We Can Believe In' to put across their point.

**Organization** An organization as a product is often marketed in non-profit sector. Organizations such as Child Relief and You (CRY) and Help Age are marketed to attract potential donors and volunteers who are motivated by a need to help.

**Idea** In marketing even ideas are marketed. Unlike a physical product, idea marketers target their customers to accept an idea. Marketing of an idea product is difficult because it is often faced with negative demand. Idea products include 'educate girl child', 'save girls', 'say no to smoking', and 'don't drink and drive'.

## MARKETING MANAGEMENT

The best way to understand marketing is to visualize it as a practise that marketing firms undertake while working with markets. For instance, a company like Pepsi develops products, packages, distributes, and advertises them to satisfy consumers. These are all practices that fall within the ambit of marketing. A market is a place or space that is made up of all present or potential buyers.

## Challenges of Marketing

A number of issues are connected to the concept of market such as size, consumer diversity and geographic spread, type of demand, volume, and value.

### **Size**

The number of buyers in a market gives rise to its size, which can either be expressed in terms of volume (e.g., number of cars sold in India in a given year) or value (e.g., total car sales expressed in rupee terms). Markets differ in terms of their value and volume size. Commodities such as rice and wheat enjoy big size in terms of volume, whereas a product like gold does not have a big volume but has large value. These differences are caused by per unit value that a product commands.

### **Number of Buyers**

Size is also related to the number of buyers in a market. For instance, there are specialized products that appeal to a limited number of customers like shoes for astronauts or watches for deep divers. When a market consists of a small number of customers with highly specialized needs it is often labelled as niche market.

### **Demographic Grouping**

Consumers in a market can be divided into different groups based on their demographic aspects such as age, income, occupation, and gender. Presence of demographic groups in the market creates differences in demand that may render one product differently attractive to these groups. For instance, Fair and Handsome brand of fairness cream is targeted at the male segment of consumers.

### **Geography**

Consumers can be geographically located at different places, which can create differences in their needs and wants. This can be discerned by studying the consumption basket of consumers situated at different locations. For instance, air conditioner and refrigerator sellers market their products in tropical locations with 'tropicalized' compressors that are equipped to work in hot weather.

## Activities Required for Effective Marketing

Proper marketing requires the following activities:

### **Analysis**

Marketing begins with identification of the market in which a marketer wants to enter. It requires a detailed investigation and examination of various markets and selection of an attractive target. Some of the aspects include opportunity identification by evaluating market size, growth rate, competition, distribution channels, profit potential, and other trends. Market analysis is the first essential step in determining where the firm seeks to market its product or service.

### **Planning**

Once the market has been selected, the marketer has to plan how it will satisfy customers in the selected market. This requires planning about different marketing tools and their combinations

that shall be mixed to achieve desired results. Some important questions that need to be addressed include:

- What product should be launched?
- What should be its quality level?
- Does the price need to be modified?
- What should be the promotion elements?
- How will the products be made available?

Essentially, marketing planning is about determining strategy that requires detailing the steps that would be undertaken to achieve the set marketing goals.

### **Implementation**

Once planning is complete, the marketer should move from drawing board to action. This requires organizing of marketing activities and their execution. For instance, a distribution plan execution of a company like **Pepsi** will include undertaking activities such as handling of cartons at factory, loading on trucks, transportation, and delivery at sale points.

### **Control**

Control is needed to ensure that actual execution is done as planned. Deviations are possible due to a variety of factors. Therefore, keeping a track of the progress of marketing activities is required for achieving the marketing goals. For instance, brands are advertised to create awareness, the effectiveness of which is assessed through control mechanism such as recall and recognition measures. The deviations are then identified and corrective action is undertaken.

## **MARKETING MANAGEMENT ORIENTATIONS**

Marketing is all about interacting with markets, notwithstanding whether it is for profit or for non-profit. Firms such as **Hindustan Unilever Limited (HUL)** and **Procter & Gamble (P&G)** operate in consumer markets whereas **Schneider Electric** and **Larsen & Toubro (L&T)** are business to business marketers.

An organization can choose to conduct its business or marketing activity in different ways. Five different philosophies or concepts have been distinguished, namely production concept, product concept, selling concept, marketing concept, and societal marketing concept.

### **Traditional Orientation Concept**

Traditional concepts of marketing include production orientation, product orientation, and selling orientation.

#### **Production Orientation**

Production concept is probably the oldest business governing idea, which dates back to the period of short supply of goods. A business that is run on production oriented philosophy works with markets with the belief that product availability and affordability are key determinants of consumer buying. The availability and affordability imperative brings two functions, namely distribution and production, at the centre of marketing strategy.

- The first management task is to find an efficient distribution strategy that ensures product availability so that consumers can buy products with ease.
- The second task is work on the production systems to bring down cost so that more consumers could buy them. The cost reduction creates affordability and thereby expands market.

### Marketing Practice

### Ford's Model T

Ford adopted a radically different view of the market and how it should be dealt with. Prior to the Model T car, car manufacturers used hand crafting method in which the entire production team worked to produce one complete car before embarking upon the next. This method of production gave each car a unique identity.

Ford adopted the assembly line approach to production in which cars were assembled in a series of steps and at each step only one job was done. In this approach as a car passed through different assembly points it got assembled into a

completely built unit. This allowed Ford to manufacture more cars than any other competitor. The assembly line approach reduced the cost of car and made it affordable for the masses. Two of the critical determinants of the success of Model T were product consistency and bigger scale of production.

With the assembly line method Ford managed to achieve a dramatic reduction in the cost of production. The price of touring version of car went down from \$850 in 1908 to \$300 in 1925. With this price it became known as 'Tin Lizzie' and contributed to 40 per cent of Ford's total car sales.

### Product Orientation

The product concept shifted the focus to product quality, thus stating that 'the consumer would favour products with the highest quality at a given price'. This concept created a kind of product obsession wherein production managers sought to concentrate on quality improvement and built better product than ever before. However, the belief that a better product is always bought by consumers actually turned out to be wrong.

The product concept ignores the role of other marketing activities. People are unlikely to throng to buy a superior quality product automatically. The creation of superior quality product cannot be a 'be all' strategy. Even if a good quality product has been created for people to make a beaten path to firm's door, many other enabling things will have to be done to make that happen.

- First, people who could buy the product must be made aware and be informed about its superiority.
- Second, the product needs to be attractively designed, packaged, priced, and made available so that consumers can see, touch, and feel and become willing to buy it.

### Selling Orientation

The selling concept reposited faith in the power of persuasion. As per the selling orientation concept, it is believed that consumers will not purchase or purchase enough of an organization's product unless their interest is stimulated and they are persuaded to buy.

The sales orientation lays stress on overcoming consumer resistance through information, persuasion, and often hard selling. The selling concept can have disastrous consequences in the long term. A customer can be lured into buying by the power of persuasion or aggression only once but not repeatedly. The customers victimized by the power of seller aggression become dissatisfied and vent their anger by spreading negative word-of-mouth publicity. The negative publicity influences future sales by turning potential customers into non-customers. This can erode future business opportunities.

## Modern Orientation Concepts

This includes marketing orientation and societal marketing orientation.

### Marketing Orientation

Selling orientation is likely to be ineffective when an organization has to depend upon repeat business. The new reality of competitive intensification and market saturation led to the discovery of marketing concept in 1950s that placed the customer at the centre of the marketing universe. The marketing concept believes that

‘It is fundamental for the organization to determine the needs and wants of target customers and develop and deliver satisfaction better than competitors.’

The marketing concept holds customer satisfaction as the key to achieving organizational goals.

#### Marketing Theory

#### Marketing and Selling

The terms marketing and selling often are used interchangeably. However, in reality selling and marketing stand diametrically opposite each other in terms of their philosophical core and implications. Theodore Levitt<sup>5</sup> was one of the early thinkers who drew attention of managers and academicians to how selling and marketing orientations are poles apart and have radically different managerial implications. He pointed out the following differences.

**Focus** Selling is focused on the needs of the seller or insider whereas marketing focuses on the needs of the customer or outsider.

**Goal** Selling concentrates on satisfying the needs of the seller whereas marketing seeks to satisfy the needs and wants of the customer.

**Means** The primary means in selling is to convert goods into cash by persuasion or aggression whereas in marketing the means are determination of customer needs and wants and their fulfillment.

**Starting point** Selling starts with an existing product or service whereas marketing starts with customer needs and wants and then developing product or service.

**Key idea** In selling offloading an existing product or service means profit whereas in marketing customer satisfaction means profit generation.

**Approach** Selling is an inside-out approach to interacting with customers whereas marketing is an outside-in approach to interacting with customers.

Drucker<sup>6</sup> pointed out that marketing and selling are antithetical to each other. These are neither synonymous nor complementary. The practise of marketing actually renders selling redundant or superfluous. Marketing starts with identification of customer needs and wants and then delivering products and services that meet them effectively. When a square peg is fit into square hole then there is no need to apply push and pressure. It is only when someone tries to fit a square peg in a round hole that push is required. There is no need to apply selling pressures when customers are offered what they want. Just product availability and information is enough to get customers to buy the product or service. Selling influence and pressure is necessary when what is offered does not match with what customers want.

### Societal Marketing Orientation

The marketing concept adopts a narrow perspective of exchange as a transaction that happens between an organization and customer. It dictates that determining a customer's needs and wants and delivering desired satisfactions is the key to achieve organization goals. There are two problems with this limited perspective. The marketing concept legitimizes every product and services if it creates customer satisfaction. This means if a customer group demands hard drugs or firearms, selling the same then becomes justified. Therefore, this logic ignores larger societal effects of such business.

Societal marketing originated after it was realized that what is good for an individual customer or a select group may not be good for society. This concept seeks to insert societal interest in the marketing concept so that customer satisfaction does not compromise societal well-being in the long run.

## PILLARS OF MARKETING PHILOSOPHY

Effective implementation of marketing orientation rests on five pillars, namely target market, customer orientation, inter-functional coordination, profitability, and long-term focus.

### Target Market

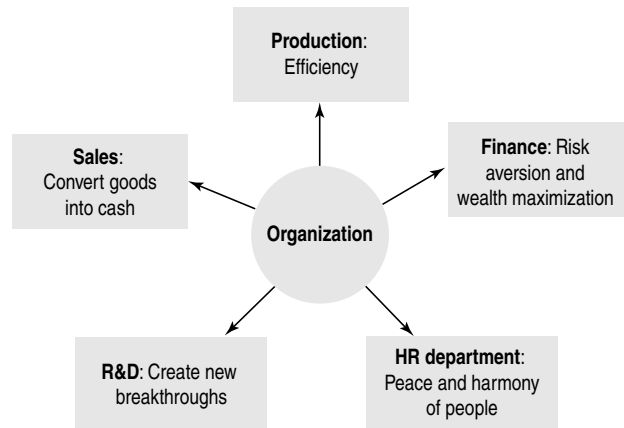
A firm has to consciously select particular customer group or groups that are to be targeted by its marketing efforts. In the absence of an identified target market it is impossible to define what a right product or service is. Successful marketers develop their offers in response to their target market's needs and wants. For example, **Closeup** targets the youth market; **Colgate** and **Promise JFK** target the kids segment; **Babool** targets the price sensitive customers; **Sensodyne** targets people with sensitive teeth, while **Paradontex** targets people with bleeding gums.

### Customer Orientation

Customer orientation means development of customer-centric mindset. Marketing involves taking decisions regarding price, imagery, quality, form, and packaging. Cultivating customer-oriented culture is essential because anyone who works in an organization makes a contribution to market response.

### Coordinated Marketing

Many times marketing failures occur because marketing activity is confined to the marketing department. Creating customer satisfaction is the job of the entire organization. Marketing department is certainly the outward face of an organization responsible for activities such as distribution, advertising, and sales promotion. However, creating customer satisfaction requires the efforts of all other non-marketing departments such as production, purchasing, quality, human resources, and finance. The extent of each department's role is the only relevant distinction that could be made. Inter-functional coordination is essential for achieving marketing integration (see Fig. 1.4).



**Fig. 1.4** Functional local rationality versus global organizational rationality

### Profit

Marketing concept does not suggest that organizations should keep satisfying customers even if there is no scope of earning surpluses. Customer satisfaction is path to profits but if it does not lead to profits in a

given market, then a new market should be found. Profit is legitimate expectation for a business, which is essential for survival and future growth.

## Long-term Orientation

Marketing orientation makes an organization focused on satisfying customer needs and wants with a view that it seeks to survive in the long run. Since, survival in the long run depends upon repeat business in modern times of market saturation and heightened competition, therefore customer satisfaction is the best bet against competitive assaults and getting customers back for repeat business.

## ADAPTATION

Environmental shifts can push an organization out of business by upsetting its strategic fit with the environmental factors. The present environment is characterized by accelerated pace of change in technology, globalization, connectivity and information explosion, and interest group activism. For example, **Canon**, one of the leaders in the photography business, is finding its low-end camera business under severe stress due to mobile phone marketers. Phone marketers have gradually made the inbuilt camera of their mobile devices more sophisticated.

### Marketing Practice

### Adapting to the Environment: The Case of Singer

Singer, a sewing machine company, entered the Indian market in 1951 and Singer India Ltd. was established in 1977. Singer was a successful company worldwide with huge demand for its products in the marketplace. It carved its image based on the women's role in the household embraced with impressions of goodness, demureness, and intensity. The company excelled with high profits owing to the satisfaction of consumer demands for a product that fulfilled their requirements of stitching clothes. However, with the changing times, consumers' needs and preferences changed. With the spread of industries manufacturing readymade garments, consumers felt little need for sewing clothes at home. Sewing machines, which were once seen as a necessity, began to experience falling demand. This became a threat for the company and as a

result the company experienced unsatisfactory profits. The company decided to restructure itself by diversifying into multifarious household appliances. With respect to sewing machines, the company soon identified an opportunity in the marketplace to satisfy its consumers for their creative needs. In modern times, sewing is now seen more as a hobby to fulfil one's creative potentials. Therefore, Singer introduced a new range of sewing machines that synced with the modern Indian consumers. This helped it to regain its share in the marketplace. The company now offers a wide range of sewing machines that have contemporary looks and features, are fully computerized, have zigzag stitching features, and have industrial use as well. It has also extended its range of electronic appliances and is now one of the most dominant players in the market.

Environment scanning is a process by which information about the external environment is collected and significant trends are identified. Environmental developments, once detected, need to be interpreted to know whether they are signals of hidden opportunities or threats.

**Opportunity** It is a chance arising out of an environmental shift to do business by satisfying emergent consumer needs and wants. It presents a window for an organization to earn revenue and surplus. Opportunities arise when the changed circumstances are advantageous and offer possibilities of success. For instance, high birth rate gives an opportunity to organizations that market products and services meant to satisfy the needs and wants of infants and children.



**Threat** It is a development that can damage an organization's market fit by adversely affecting its business. Threats arise out of unfavourable trends or developments. Slowing down of an economy and declining real incomes are threats for marketers in general because availability of less disposable income is likely to shrink demand especially for non-essential products and services.

The two types of environments that surround an organization are macro and micro environment.

## MACRO ENVIRONMENT

Macro environment, as the name signifies, refers to something that is large and has great scope. Macro environmental factors are those that are external to an organization and influence the society in a larger and more profound way. Macro environment consists of demographic environment, economic environment, sociocultural environment, natural environment, technological environment, and political–legal environment. Sometimes, an acronym of PESTEL is used to refer to the macro environment where in the letters correspondingly signify political, economic, social, technological, environment, and legal factors.

### Demographic Environment

Demography is the study of trends and patterns related to human population. It is important to study population characteristics because markets are collections of people with demand. Demographic shifts can expand current markets, create new ones, and cause markets to shrink and vanish. Some of the demographic variables that interest a marketer include:

- Population growth rate
- Age distribution
- Divisions based on ethnicities, gender mix, and educational levels

### Population and Age Groups

The economic and population factors combine to make India an irresistible market opportunity and this is what sits at the heart of economic cooperation between India and other developed countries including the US. Population distribution in India is shown in Table 1.1.

The marketing implication of India's age distribution of population is that all those products and services, which form the consumption basket of young people, are likely to be attractive for marketing purposes. Some of these lucrative product categories include education, beauty and wellness, cars and bikes, travel and entertainment, marriage-related products and services, durables, clothing and

**Table 1.1** Population distribution in India (2013 est.)

Age structure	Percentage of total population (Male/Female)
0–14 years	28.9% (18,72,36,677/16,52,19,615)
15–24 years	18.2% (11,73,85,009/10,45,16,448)
25–54 years	40.4% (25,36,42,261/23,92,19,931)
55–64 years	6.9% (4,23,07,170/4,17,85,413)
65 years and above	5.7% (3,29,92,850/3,64,94,985)

cosmetics, housing, and insurance. Some important developments influencing the marketing scenario today include the following.

**Young Population** Increase in disposable income coupled with change in lifestyle has moved the Indian youth from traditional markets towards malls, cafes, and discotheques. Areas such as education, electronic gadgets, branded clothes and accessories, and entertainment are flourishing owing to the growing youth population. Social media has become more popular with the Indian youth. With the customers becoming digital, the consumption patterns are also exhibiting changes in terms of drive towards online shopping.

**Late Marriage** Late marriages have become a reality even in a developing country like India. Indian women are marrying and reproducing at a later age. Even the age gap between successive children is getting wider. Late marriage has its own downside, one of them being inability to conceive children. This has opened up an opportunity for fertility clinics and IVF services. Late marriages also risk the possibility of congenital abnormalities and delivery complications. Even caesarean deliveries are becoming common giving rise to new professional and specialized birth centres.

### Marketing Practice

### Contrast Between Baby Boomers, Generation X, and Generation Y

Baby boomers (i.e., children born between 1946 and 1964 after the World War II) influenced and continued to affect the market forces as they grew and aged. This group belonged to all spheres of life and made up for varied potential customer segments. This generation was followed by Generation X (i.e., born between 1964 and 1976). Generation X's distinctive feature was that they did not possess distinctive features like the baby boomers in terms of race or ethnicity. Generation X was the first generation of latchkey kids owing to the rise of working women and increase in divorce rates. Gen Xers were more discreet with regard to their environment and more

positive about companies who contributed towards the distinct forces operating in the society. but they were suspicious about the un-profound marketing practices Generation X was followed by Generation Y, the children of baby boomers (born between 1977 and 1999). Also known as echo boomers, this group of 'Millennials' comprised of teens and young adults who indulged in high spending, was obsessed with technology, and were more open-minded as compared to earlier generations. Marketers need to address these generations in an effective manner modulating their plans in favour of the idiosyncratic features of these generations.

**Few Children** One or two children households are becoming a common reality, at least in urban educated population. This trend is likely to grow stronger as close to a quarter of college-educated women expressed their preference for one child. One child would mean more spending on children's products and services. This is likely to open up the market for designer and expensive children's brands. Luxury brands aimed at children such as **Mother Care, Chicco, Stella McCartney, Moschino and Alberta Ferretti**, and **Tommy Hilfiger** have already started their operations in India.

**Working Women** Women participation in the workforce bestows women with economic freedom to spend money. This is likely to boost the market for women's products and services such as beauty, clothing, transportation, insurance, banking, credit cards, home care services, frozen and packed food, fine dining, and home-delivered food.

**Migration to Urban Areas** Indian urban population constitutes 31.3 per cent of total population and the rate of urbanization is 2.42 per cent. People migration is caused by various social, economic, and social factors. Urban areas attract people for opportunities in employment and education and better living conditions. This migration is not devoid of marketing implications.

**Gender Mix** Gender ratio can provide information about the excess or deficit of men or women. From the marketing perspective, male and female constitute different segments that demand different gender-specific products such as clothes, intimate products, shoes, and cosmetics.

## Sociocultural Environment

Social and cultural institutions influence beliefs, values, customs, and practices of people, which in turn affect the way people relate to their surroundings including products and services. Sociocultural understanding is critical for developing an effective marketing response. It is imperative to factor in sociocultural influences in marketing strategy as their violation may cause expensive marketing failures.

### Culture

Culture stands for an integrated system of learnt behaviour pattern that members of a culture acquire by the process of enculturation. People can be distinguished in terms of personal goals or terminal values such as comfortable life, equality, freedom, happiness, pleasure, social recognition, and inner harmony.

#### Marketing Practice

#### Cultural Conflict and Brands

In India Valentine's Day is often viewed as a product of western culture. It has received strong criticism from certain sociopolitical groups who believe that celebrating this day destroys the ethics and values of Indian culture. Every year, many extremist organizations protest against Valentine's Day celebration across the country, burning greeting cards and gifts. Asserting the observance of Valentine's Day as a form of 'political corruption', the profound Hindu activists term it as a 'vulgar western festival' and appeal to various gift shop owners, restaurants, hotels, and florists not to get involved in its celebration. The activists even demand a ban on all programmes and parties pertaining to Valentine's Day.

In another example, in 2009 a group of activists, in their attempt to protect Indian values and culture, demonstrated their aggression against pubs by beating up young men and women in a pub in Mangalore, leaving two women hospitalized. The group contended that any activity in violation of Indian traditions would be objected upon. These incidents bring to light people's resistance to change. Culture is not static and it evolves with time. Sometimes new values do not gel well with the old beliefs leading to a clash between people who hold them. Marketers in such situations have a tough task at hand because products and services that offend the sense and sensibilities of people can invite resistance and offensive retaliation.

#### Marketing Practice

#### Language Diversity and Vicks

Language is an important aspect of culture that plays a key role in communicating with the customers. A marketer, in one of his marketing trips to a *pashu mela* in Bihar for promoting the product Vicks VapoRub, came across a villager, who enquired whether the product would prove effective in curing his *khansi*. After the marketer asserted the benefits of the product, the person rubbed the product on his arm and looked contended as he believed the product was

able to cure his *khansi*, leaving the marketer surprised. The marketer was then told by another passerby that the villager meant to say *khaonsi* that meant itching skin in his native language (i.e. Bihari). This example shows that language if not understood accurately with respect to the context can lead to misinterpretations, thereby making communication ineffective.

Source: Experience shared by Kartik Raina of Learning Facilitators

Culture is not static. It evolves with time. Cultural differences can be observed between the old and the young. Western culture has made a significant impact on the lifestyle and attitude of people. People have become technology oriented and all their activities revolve around electronic gadgets. Therefore, Indian society has changed drastically from the past to the present and it continues to change and evolve.

### Social Environment

Social environment refers to the framework that determines the conduct of people in society. It includes aspects such as gender roles, social divisions, marriage, family, power relations, and lifestyles.

#### Marketing Practice

#### Two States—Social Class Conflict

One of the recently released movies, *Two States* reflects the clashes in the two subcultures—North India and South India. The story is based on two college students, one Punjabi and the other a Tamilian, who fall in love and plan to marry but are unable to convince their families. Their parents believe that the protagon-

nists' marriage would not be successful on account of the differences that exist between these two subgroups in terms of values, norms, traditions, occasions, and style of living. The protagonists then try hard to impress their respective families and work out the misconceptions to get them to agree on the marriage.

A marketer needs to exhibit sensitivity to the power distribution between genders across different regions and how they are evolving over time. This is likely to have implications in terms of targeting the right segment. For instance, a durable product like car may be a joint decision in urban households whereas it may purely be a man's decision in rural societies.

A social division in terms of different classes is another important aspect of social environment scanning. In the modern societies, social divisions are based on wealth and are termed as upper class, middle class, and lower class. Two types of wealth can be differentiated:

- People who have inherited wealth from previous generations
- Those who are first generation wealth acquirers

The second category of people are the *nouveau riche* who have acquired wealth in their own and are differentiated from 'old' money. This phenomenon of social mobility is common to developing economies. It is this group of people who become target for products of conspicuous consumption. The lure of this segment is attracting brands such as **Ferrari**, **Lamborghini**, **Bentley**, and **Jaguar** to India.

### Economic Environment

Economic environment differs from one country to the other and at the same it also evolves over time. Therefore, economic conditions and economic policies have a direct bearing on marketing strategies. Its variation across borders also obstructs adoption of one standard approach. Some of the economic aspects that require the attention of a marketer include:

- Economic system
- Economic orientation and policies
- Income levels
- Distribution of income
- Economic resources

**Marketing Practice****Changing Values in Society: Concept of Beauty**

Indian society is undergoing drastic changes in terms of values and aspirations. For example, the concept of beauty has been redefined in the modern context. Size zero came into limelight when actress Kareena Kapoor reinforced the concept. It made a significant impact on Indian females, especially young girls who aspire to look like models. This led to the growth of the market for slimming and weight-loss products such as Kellogg's K Special. This desire to look slim has also given rise to a market for yoga and fitness centres.

The notion of being well-off in the society has also shown a transition. In the earlier days, being fat indicated that a person belonged to a wealthy family. The rich could

afford to spend money on rich foods such as milk, meat, and ghee, while the poor survived on carbohydrates. Therefore, body fat indicated class distinction and superiority. Today, as more people have become prosperous, fattiness has become a common factor, which has therefore reversed the trend. Being slim has now become the new mantra of distinction. Actors and other people in the entertainment industry now have chiselled bodies. The beauty now is not about having fat, but rather shedding it. Sensing this opportunity, a number of brands such as Lay's baked chips, Mother Dairy low fat milk, Vandana Luthra slimming courses, and Diet Pepsi have started connecting with their potential consumers with this new aesthetics by giving them a promise of weight reduction.

**Economic Conditions**

Economic scenario provides the overall context within which a business organization operates. There are many indicators that can be used to find out the state of the economic conditions. No business organization would want to enter a country whose economy is in a poor state. Factors that are used to read the state of economy include:

- Growth rate of gross domestic product (GDP)
- Movements in manufacturing, agriculture, and service sectors
- Per capita income trend
- Price levels, trend in employment or unemployment levels
- Income distribution
- Inflation rate
- Exchange rate and foreign reserves
- Economic policies, and economic and business cycles

**Per Capita Income and Income Distribution**

Income has a direct relationship with expenditure that goes into buying various products and services. Income represents the consumer side of the marketing equation. Higher per capita income, to a great extent, is an indicator of money available for buying. Per capita income is arrived at by dividing the GDP of a country by the number of people in that country. Standard of living refers to the living standard or level of material comfort enjoyed by people. A higher standard of living means access to not only basic necessities of life but also comforts and luxuries.

Higher per capita income figures are not fully indicative of the economic conditions of a country. Income distribution is another consideration that must be taken into account. From marketing perspective, knowledge of income-based segments is essential to arrive at targeting decisions and corresponding adaptation of marketing mix elements.

**Technological Environment**

Technological change can cast a spell of doom for organizations that are unable to ride the technological wave. This destructive consequence of technological changes calls for building a

capability such that an organization can be altered as per the emerging changes before they become full blown threats.

Three things that are important to consider with respect to technological environment are:

- Pace of technological change is fast therefore firms face high uncertainty.
- Disruptions can come from unexpected sources therefore technological developments beyond industry boundaries should be monitored.
- Technology intensity in products is increasing therefore a commitment to R&D is essential.

Technological change is both a source of opportunity and threat; it all depends upon how an organization prefers to deal with it.

## Political and Legal Environment

All businesses operate within the framework of law of the country. Becoming legally compliant requires that laws that have direct or indirect bearing on business functions must be properly understood in

### Marketing Practice

### Uncertainty in Political–Legal Environment

Stability in the political–legal environment is a crucial determinant of business decisions. Carrefour, world's second largest retailer, withdrew from the Indian market owing to the uncertainty regarding the fate of multi-brand retail in India. It was operating five wholesale cash and carry retail stores in India. The French retailer was sceptical about the political–legal scenario in India and was not sure of the prospects of setting up of a chain of supermarkets in the country. The political–legal uncertainty in India has caused major retailers to rethink

their investment decisions in India (e.g., break up of Bharti–Wal-Mart joint venture).

Also, one of the recent controversies regarding the payment of huge amount of taxes by UK-based global telecom giant Vodafone through a retrospective amendment to taxation laws explains that the reforms in the regulatory environment affect business to a great extent. Tax uncertainty being a crucial matter, retrospective taxation can have an adverse effect on business, acting as a deterrent to prospective business plans.

order to ensure that no decision is a contravention of the rules. Businesses all over the world have come under close scrutiny of both governmental and non-governmental agencies in the recent past. In many cases, business organizations have been found to get involved with political systems which has resulted in increased vigilance of business systems across the globe. Countries differ in their approach to regulate businesses in terms of the number of legislations and degree of enforcement. Most of the developed countries have elaborate regulatory framework and have minimal tolerance for violation. However, this may not be true in many developing countries. China enjoys a perception of strict rule enforcer whereas India does not.

## Legal Framework

It is important that laws pertaining to different aspects of the business are identified and thoroughly understood before embarking upon the marketing process. Countries broadly enact laws related to

- Location, production, and distribution
- Employee wages
- Business formation and operation
- Environment protection
- Taxation
- Stock market, investment, and capital

- Consumer protection
- Trading, merchandising, and marketing
- Industrial disputes
- Contracts
- Monopolies and competition

### Marketing Practice

### Green Marketing

Increase in the number of ecologically sensitive customers has led to the growth of green marketing. Green marketing implies a broad set of environmentally friendly activities ranging from product design and development to product marketing to product disposal. Adoption of green marketing reflects the concern for the environment and helps organizations contribute in maintaining the right ecological balance. Business marketing strategies should be filtered through the paramount green and sustainable practices to make sure that harm to the environment is minimized. Companies with green orientation adopt technologies in harmony with the environment and produce green products. A number of companies in India have undertaken green marketing initiatives, for example, HP's energy efficient products and services, Philips CFL Bulb, HCL's Environment Management Policy under HCL's ecosafe, and Badarpur's Thermal Power Station of NTPC utilizing coal ash.

The concern for environmental issues is increasing; leading to a rise in green consumerism wherein consumers' buying process in terms of purchase, usage, and recycling of eco-friendly products is based on environmental considerations. Consumers are becoming more sensitive

towards environmental problems and are ready to pay more for environment friendly products or services. Market segmentation and analysis needs to be comprehended on the basis of 'ecologically conscious consumer behaviour'. Several business organizations have accepted this rational customer behaviour and they are responding positively by effectively communicating to consumers the environmental endorsements of products and services.

One of the leading organizations that has well-embedded green marketing in its plans and policies is ITC. The company carries out its business at three specific levels, namely ecological, social, and economic. The company's commitment towards the environment is reflected through 'green building' concept—ITC's Green Centre in Gurgaon, being the world's highest rated platinum certified green building by the US Green Building Council with the main objective of diminishing the negative impact of technologies on environment. Governed by the principle of 'reduce, reuse, and recycle', the company's 'green hotels' initiative uses local support, employees' green orientation, guest participation, along with the use of energy-saving gadgets and environmentally friendly material.

## Natural Environment

Business organizations do not operate independently; they depend on the natural environment for essential resources. Marketing chain depends entirely on resources that are supplied by earth. For a long period of time, natural environment was taken for granted as it was believed that natural resources are infinite. However, pervasive degradation of nature due to reckless exploitation of natural resources has necessitated environment protection. Some of the environmental issues that have become core to the environment protection movement are bio diversity, pollution, resource shortage, deforestation, drinking water, global warming, and ocean life.

There are two ways by which environmental development may exert pressure on an organization.

- First, some of the materials that were once found in abundance may get scarce and expensive. For example, there has been an increasing trend in the price of gasoline or wood.
- Second, the resource production technology and processes may attract restrictions. For instance, factories and plants are audited for their emissions and effluents.

Both ways, the organization is likely to suffer if it fails to convert an apparent threat into an opportunity. The increasing pressure mounted by both governmental and non-governmental agencies for organizations to adopt eco-friendly practices has opened up an entirely new field of opportunities to

**Marketing Practice****Levi's—The Waste < Less Denim Collection**

Levi's is a brand that pioneered rugged bottom wear that came to be known as jeans. It is one of the most recognizable brands and its popularity makes it one of the most imitated brands. Levi's has spanned a long period of more than 125 years, but despite its age it continues to capture the imagination of people across different generations. Success requires change and adaptation to emerging realities. In the same spirit, Levi's continues to evolve through relentless innovative spirit. Continuing with its pioneering soul, Levi's recognized the environmental challenge of pollution and waste. In its bid to make a positive contribution, the company has created a novel concept of spinning jeans from garbage.

The new collection from Levi's is a waste less jeans that is composed of at least 20 per cent recycled plastic. This initiative of the company is in line with its commitment to reduce its environmental footprint. It is part of its sustainability effort, a buzz word among sensitive corporations who care for planet earth. This has been prompted by the fact that there is a shortage of resources. Cotton, which is core to jean production, has been exhibiting volatile patterns in prices. Levi's as a company wants to reduce its environmental impact across its entire value chain. This move is promoted by both an internal drive to be eco-sensitive and the pressures exerted by pro-environment groups who want companies to be stewards of the environment. Pressure groups want corporations to become eco-friendly and take care of the environment. One such group is BSR (Business For Social

Responsibility) that works with companies in their bid to be environment compliant.

In another sustainability initiative, Levi's assessed the water consumption during the lifetime of some of its products. The environmental impact of 501 jeans and Dockers was measured from cotton fields to consumers' closet. It was found that close to 50 per cent of water used during the lifetime of a pair of jeans happened at the very beginning with cotton farmers and another 45 per cent was used to wash jeans, typically 100 times. It revealed that Levi's could exert pressure during manufacturing process but it had least impact on water and energy use. In response to this reality, Levi's joined the Better Cotton Initiative that consisted of a group of companies who worked with local non-governmental organizations in Pakistan, India, Brazil, and Mali to teach farmers how to grow cotton with less water. This low-water cotton was blended into more than five million pairs and each of these pairs had about five per cent of low-water cotton. Therefore, Levi's has been undertaking efforts persistently to reduce its environmental impact. In 2011, the company adopted Water < Less manufacturing technique that reduced water usage in the finishing process as much as by 96 per cent in some of its products.

Source: Businessweek 2012

<http://www.businessweek.com/articles/2012-10-18/levis-goes-green-with-waste-less-jeans>

<http://www.multivu.com/mnr/58600-levis-wasteless-denim-collection-made-from-post-consumer-recycled-bottles>

firms that specialize in green technologies. There are specialized technology firms that offer help to other firms to reduce their carbon footprint, rationalize energy consumption, reduce water consumption, recycle waste, and suggest alternative materials. Environment now cannot be taken for granted. Organizations must continuously keep a vigil on its environmental interface.

**SUMMARY**

Marketing is defined as a process by which consumer needs and wants are identified and satisfied by the process of exchange. Consumer needs are satisfied by the delivery of product which includes goods, services, people, place and ideas. Management of marketing process requires market analysis, planning, implementation, and control. Different types of demands are negative demand, fluctuating demand, latent demand, and excess demand. The marketing tasks depend upon the type of demand faced by an organization. The terms selling and marketing often are used interchangeably but they are poles apart in their meaning and implications. Selling focuses on the

needs of seller and its goal is to earn profit by converting goods into cash. Marketing on the other hand focuses on the needs of consumer and aims to earn profits by satisfying customer. The five pillars of marketing are target market, customer orientation, inter-functional coordination, profits, and long-term orientation. Marketing management process consists of four steps, which begins with marketing opportunity identification, market selection and targeting, marketing mix development, and monitoring and control.

Marketing organizations operate in an environment consisting of different factors. Environmental dynamism perpetually



spins opportunities and threats. A marketer must be alert to environmental changes and adapt to it continuously, failure in doing so can result in extinction of the firm. Environment is of two types—macro and micro. The macro environment consists of forces that are uncontrollable, of a large size, and has great scope. They are external and impose their influence on the functioning of an organization. The macro environment consists of demographic environment, economic environment, sociocultural environment, natural environment, technological environment, and political–legal environment. Demography studies the changing structure of

population. Economic conditions affect an organization through income and wellbeing. Sociocultural environment pertains to beliefs, values, customs, and practices of people. Natural environment is important due to rising consciousness among people regarding pollution, resource depletion, and ecology. Technological shifts and development can have a disruptive effect on an organization by rendering its products and services obsolete. The political environment assumes significance because the government provides basic legal framework within which organizations operate.

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## MULTIPLE-CHOICE QUESTIONS

Choose the correct option.

(1 mark)

1. The difference between a need and want is:
  - (a) Need is generic and want is specific
  - (b) There is no difference between need and want
  - (c) Want is generic and need is specific
  - (d) Want leads to need
2. Marketing is:
  - (a) Buying and selling
  - (b) Maximizing profits
  - (c) Serving the organization
  - (d) Creating satisfied customer

3. The production orientation implies:
  - (a) Making goods of high quality
  - (b) Making the goods available at ease and at reasonable price
  - (c) Focusing on production capabilities
  - (d) All the options
4. The customer orientation implies:
  - (a) Ability to think like customer
  - (b) Selling cheaper goods to customer
  - (c) Providing variety of products to customer
  - (d) Putting profit on top of customer
5. The societal marketing orientation demands that:
  - (a) Ensuring customer satisfaction as well as society's interest
  - (b) Focusing exclusively on customer needs and wants
  - (c) Exclusively focusing on societal needs and wants
  - (d) Making and marketing of social products
6. It is important for marketers to adapt with business environment because:
  - (a) Change can affect the firm negatively
  - (b) Change can provide opportunity
  - (c) Change is only constant
  - (d) All the options
7. Culture is about:
  - (a) Consumers' values, beliefs and norms
  - (b) Population composition
  - (c) Technological advancements
  - (d) Economic growth and development
8. The issues that constitute economic environment are:
  - (a) Per capita income, GDP and income distribution
  - (b) Economic and cultural growth
  - (c) Per capita income and gender issue
  - (d) Income distribution and societal norms
9. The study of demographics means the study of:
  - (a) Trends and patterns related to human population
  - (b) Age and occupation
  - (c) Economic and cultural status
  - (d) Gender and products
10. Natural environment consists of:
  - (a) Competitive forces in the environment
  - (b) Natural resources, climate and the geography
  - (c) The nature of consumers and their preferences
  - (d) Laws related to environmental protection
11. \_\_\_\_\_ means to forecast and plan, to organize, to command, to co-ordinate and to control.
  - (a) Management
  - (b) Marketing
  - (c) Selling
  - (d) Commerce
12. \_\_\_\_\_ is one who consumes goods or services.
  - (a) Purchaser
  - (b) Seller
  - (c) Manufacturer
  - (d) Consumer
13. The upward slope of supply curve shows:
  - (a) When demand goes up, supply goes down
  - (b) Supply and demand have no relationship
  - (c) When price goes up, supply also goes up
  - (d) None
14. Consumer desires are:
  - (a) Same as needs
  - (b) Are emotionally driven
  - (c) Are rationally driven
  - (d) All the options

### Choose the correct option.

(2 marks)

15. The two conditions that define demand are:
  - (a) Willingness and ability to buy
  - (b) Need and willingness to buy
  - (c) Willingness and product availability
  - (d) Need and want to buy
16. Marketing myopia is when:
  - (a) Companies are committed to marketing concept
  - (b) When companies become obsessed with product
  - (c) When companies are committed to customer
  - (d) When companies emphasize product promotion
17. The most important difference between marketing and selling is:
  - (a) Selling focuses on customer and marketing focuses on product
  - (b) Selling focuses on quality and marketing focuses on market
  - (c) Selling is outside in approach and marketing is inside out approach
  - (d) Selling focuses on seller satisfaction and marketing aims at customer satisfaction
18. Target market refers to:
  - (a) Targeting customers who can pay more
  - (b) Targeting everyone in the market
  - (c) Choosing the segment for marketing purposes
  - (d) Targeting the consumers of the competitors
19. Coordinated marketing means:
  - (a) Achieving coordination between different departments or functions
  - (b) Marketing in coordination with customers
  - (c) Marketing in coordination with competitors
  - (d) Marketing in coordination with government
20. PESTEL stands for:
  - (a) Political, ecological, social, technological, economic, legal environment
  - (b) Political, educational, social, technological, economic, labor environment

- (c) Product, economics, service, transport, earning and lifestyle  
 (d) Political, economic, ethical, social, technological, legal environment
21. The micro environment for a firm consists of:  
 (a) Suppliers, consumers, competitors, government  
 (b) Suppliers, consumers, technology, laws  
 (c) Supplier, consumers, competitors, suppliers, intermediaries  
 (d) Competitors, government, political, culture
22. The four forces in five forces model consists of:  
 (a) Threat of new entrants, bargaining power of buyers, bargaining power of suppliers, threat of substitute products  
 (b) Existing competitors, bargaining power of buyers, bargaining power of suppliers, threat of substitute products  
 (c) Threat of new entrants, purchasing power of buyers, bargaining power of suppliers, threat of substitute products  
 (d) Threat of new entrants, purchasing power of buyers, bargaining power of suppliers, complimentary products
23. Green marketing means:  
 (a) Marketing of products in green packaging  
 (b) Adoption of policies and practices that minimize harm to environment  
 (c) Marketing of agricultural products  
 (d) Product recycling
24. The indirect competition means:  
 (a) Competition between two similar products  
 (b) Competition between two substitute products  
 (c) Competition between complementary products  
 (d) All the options
25. Basic function(s) of marketing are:  
 (a) Buying (b) Selling  
 (c) Financing (d) All the options
26. Which one of these is the modern concept of marketing?  
 (a) Production-Oriented Marketing  
 (b) Consumer-Oriented Marketing  
 (c) Both (a) & (b)  
 (d) None
27. Macro-environment includes:  
 (a) Demographic Environment  
 (b) Natural Environment  
 (c) Economic Environment  
 (d) All the options
28. Top priority of marketing is:  
 (a) Market segmentation  
 (b) Integrated marketing  
 (c) Profit maximization  
 (d) Customer satisfaction
29. The four elements of marketing mix are:  
 (a) Product, Price, Place, Promotion  
 (b) Plan, Price, Place, Promotion  
 (c) Price, Place, Public, Promotion  
 (d) Purchase, Place, Product, Price
30. The concept of product in marketing means:  
 (a) Anything which is offered for sale  
 (b) Physical goods  
 (c) Services  
 (d) Goods and services
31. The marketing management involves:  
 (a) Planning, organizing, staffing, directing and control  
 (b) Analysis, planning, implementation and control  
 (c) Planning, organising and implementation  
 (d) None

**KEY:**

1. a	2. d	3. b	4. a	5. a	6. d	7. a	8. a	9. a	10. b
11. a	12. d	13. c	14. b	15. a	16. b	17. d	18. c	19. a	20. a
21. c	22. a	23. b	24. b	25. d	26. b	27. d	28. d	29. a	30. a
31. b									