

MARKETING

Market in traditional sense – The word market is derived from a Latin word, “Marcatus”, which means a place of business, in other words, it is a location where buyers and sellers of goods assemble to facilitate exchange, market thus refers to a place.

These terms market used in various contexts is given below:

1. Product market (Pepper market, Vegetable market, share market etc.)
2. Geographical market – (Local market, national market, international market)
3. Based on types of buyers (Consumer market and industrial market)
4. Based on quantity of goods (Wholesale and Retail market)

Market in modern sense - the term market has a wider meaning; it refers to the aggregate potential demand for a product or service. For example, we say the market for car is booming, we are referring to the enhanced collective demand for cars.

Marketing – Marketing can be defined as an exchange transaction in between buyer and seller. All activities connected with transfer of goods and services from the producer to the consumer come within the purview of marketing. They include production, transportation, storage, advertising etc. Though selling and sales promotion are integral part of marketing, they are not everything, therefore marketing is a broader term and is concerned with the identification of needs and wants of consumers and finding out ways and means for satisfying them.

Definition – *“Marketing is the performance of business activities that direct the flow of goods and services through producers to consumers or users.”* – American Marketing Association

According to Philip Kotler – *“Marketing is a social process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products and services of value with others.”*

The above definition gives the following **features of marketing**:-

1. **Needs and Wants** – Marketing process helps the people in getting what they want. The focus of marketing is on the satisfaction of their needs and wants. A marketer's job is to identify the needs of consumers and develop products or services accordingly.
2. **Creating a market offering** – Market offering means a complete offer of a product or service. While offering products to customers, it should include the features like size, quality, taste, price, availability etc.
3. **Customer value** – Consumer buys a product based on its value to satisfy their need. So the marketer should always add value to his products, so that the customer prefers it.
4. **Exchange Mechanism** – It refers to a process through which two or more parties come together to obtain the desired product or service from someone, in return making a payment to the other. Essential conditions in exchange mechanism are as follows:
 - a. Two parties – buyer and seller.
 - b. Offering something – Seller offer a product and the buyer, money.
 - c. Ability to communicate – Each party should communicate and deliver the product or service.
 - d. Freedom – Each party has the freedom to accept or reject the offer.
 - e. Voluntary – Acceptance or rejection of the offer must not be on compulsion.

Experience	Lunch with a celebrity, mountaineering etc.
Events	Sports events, Fashion show, Horse race, Film festival etc.
Information	Marketing information, Technology information etc. e.g., T V Channel rating
Organizations	Companies communicate with people. E.g., Philips says "Let's make things better"

Marketer or Seller – Marketer refers to any person, who takes a lead role in the process of exchange, normally it is the seller.

Consumer seeks satisfaction by consuming products and services, whereas the marketer or seller provides the satisfaction by offering products and services to satisfy the consumer's needs. HMT, Hindustan Lever Ltd., Hospitals, KTDC, Travel agencies, software developers etc. are sellers or marketers. They are also creating new needs in the minds of consumers like use of washing machine, vacuum cleaners, cooking range, mobile phone etc. Some of these products become the 'part and parcel' of our life, but many of them were unknown to the older generations.

Marketing Management – Marketing management is the functional area of management concerned with planning, organizing, directing and controlling the activities related to marketing of goods and services to satisfy customer's wants.

Process of marketing management

- 1. Choosing a target market** – If a business enterprise is producing medical equipment, the target groups will be doctors and hospitals. For a text book publisher the target market is a group of teachers and schools, colleges and universities.
- 2. Create demand for the product** – Here the marketing management should try to increase the demand for their products by ensuring the customer satisfaction, so that more customers will be attracted.
- 3. Create superior values** – In order to attract more customers, the marketing management can add more superior values to the product or service. E.g., free insurance and maintenance on purchase of a vehicle.

Marketing and Selling

Marketing is a continuous process of identifying consumer needs and fulfilling such needs through product development and promotion and pricing. It begins before production and continues even after the sales. Contrary to this selling is the mere transfer of ownership of goods from the seller to the buyer.

**Product
concept**

**Selling
concept**

Factory

Factory

Quality

**Existing
product**

2. **Marketing plan** – A proper marketing plan should be developed to achieve the marketing objectives of the firm. E.g., to increase the market share of a product in next one year by 20%.
3. **Product designing and development** – The product should be developed and designed to meet the customer needs. Marketing department should always be on the look out to make necessary changes in the product such as packing, price, size, colour, shape and design.
4. **Standardization and grading** – Standardization refers to producing goods in predetermined standards such as quality, price, packaging etc. which ensures uniformity and consistency. So that buyers need not inspect, test and evaluate such goods in their future purchases.
Grading is the process of classifying products into different classes on the basis of quality, size, weight etc. It is needed in agricultural products. This helps in realizing higher price for better quality.
5. **Packaging and Labelling** – Package is a container or a wrapper or a box in which a product is enclosed. It is done for protecting the goods from damage in transit and storage, now a days it is also used to establish the brand. Labelling refers to designing and developing the label to be put on the package to give the specifications of the product in the package.
6. **Branding** – It is the process of giving a name or symbol to a product for identifying and differentiating it from the products of competitors. E.g., BMW, TATA, JIO, Pears, Coco-cola etc.
7. **Customer support service** – These are after sales services, handling customer complaints, maintenance services, technical services and customer information. All these will provide maximum satisfaction to the customers.
8. **Pricing** – Price of a product means the amount of money that have to pay to obtain a product. A sound pricing policy is an important factor for selling the products to customers. The pricing policy of a firm should attract all types of customers.
9. **Promotion** – It means informing the customers about the firm's products and persuading them to buy these products. Promotion techniques include advertising, personal selling, sales promotion and publicity.
10. **Physical distribution** – It involves planning, implementing and controlling the flow of materials and finished goods from the origin to the point of use to meet the customer requirement at a profit. A suitable distribution channel must be selected by the marketing management in this regard.
11. **Transportation** - It is an integral part of marketing as it helps in making available the product at the terminal point of consumption.
12. **Storage or warehousing** – Goods are produced in anticipation of future demand. They have to be stored properly in warehouses to protect them from damages.

Factors affecting marketing decisions

- i) **Controllable factors** – They are internal factors which can be controlled by the firm. They are of four groups – Product, Price, Place or distribution and Promotion. They are commonly known as for Ps of marketing.
- ii) **Non-controllable factors** – They are external factors such as consumer behavior, traders' behavior, competitors' behavior and government's behavior.

Marketing mix

It is the term used to describe the combination of four inputs which constitute the core of the company's marketing system, the product, the price structure, the promotional activities and the place of distribution. It is also known as four 'Ps' of marketing mix, namely Product, Price, Place (distribution) and Promotion.

Elements of marketing mix

1. **Product** – *Product means goods or services or anything of value which is offered for sale in the market.* It is the most important component of marketing mix, which involves planning, developing and producing the right type of goods and services needed by the consumer.
2. **Price** – The price of a product should be fixed that the firm is able to sell it profitably. It may consider credit policies, discount system, terms of delivery, payment, retail price, cost of production, competition, government regulations etc.
3. **Place** – It refers to marketing efforts undertaken to make the product available at the right time in the right place. There are products which are produced at one part of the country and it is consumed in different places during different seasons.



In Kerala textile items are largely sold during Onam season, so that most of the producers will come to this place and ensure the supply of their product here and in Deepavali season they will move towards some other States. It involves two major functions, 1) Physical distribution and 2) Channels of distribution.

4. **Promotion** – Promotion means all those activities undertaken by a sales manager to inform the consumers about the product(s) of the company and persuade them to buy. He has to make the consumers know where, when and how the products are available. There are four elements which constitute promotion mix. They are advertising, personal selling, publicity and sales promotion.

PRODUCT

Consumer Products – Products which are purchased by the ultimate consumers for personal or family use, but not for resale. E.g., soap, toothpaste, calculator, furniture, shoes etc. These consumer products are again classified on the basis of shopping efforts involved and durability.

A. Shopping efforts involved

1. **Convenience products** – They are the consumer products that people usually purchase frequently, and with least purchasing efforts. E.g., soap, toothpaste, bread, magazines, biscuits etc. Its features are:
 - a. Purchased with least efforts and time
 - b. Generally essential products.

- c. Purchase unit is small and low price.
 - d. Standardized price and most of them are branded items.
 - e. Heavy competition on such products, hence heavy advertisement is needed.
 - f. Sales promotion techniques and short term incentives are needed.
2. **Shopping products** - These are the products purchased by the consumers by spending considerable time in comparison of features like price, quality, size, style etc. e.g., home appliances, clothes, jewellery, furniture, TV, Computer, Washing machine etc. Its features are:
- a. Durable in nature.
 - b. Price and profit per unit is comparatively high.
 - c. Since the unit price is high, consumer take much efforts before purchasing decision.
 - d. Buying of these products is generally pre-planned but no impulse buying (without a plan).
 - e. Generally handled by retailers.
3. **Speciality Products** – These products have unique characteristics and brand loyalty of the highest order for which consumers willing to make special purchasing effort. E.g., paintings, artwork, antiques, idols etc. Its features are:
- a. Demand for such products is inelastic, even if the price increases, demand does not decrease.
 - b. Demand for such products is limited as there will be small number of buyers.
 - c. These products are costly.
 - d. They are available only in specific places, so the buyers have to take extra effort.

B. Durability basis

1. **Durable goods** – These are tangible consumer products which have long period of life. E.g., TV, Car, Refrigerator, Mobile phones etc. Its features are:
- a. It remains in use for a long period.
 - b. High cost and high profit margin.
 - c. High selling effort is needed.
 - d. Guarantees and after sales service provided.
2. **Non-durable goods** – These are consumer goods which are normally consumed once or for a few uses. E.g., soft drinks, soap, toothpaste, detergents, stationery items etc. Its features are:
- a. Low price and low profit margin.
 - b. Available in all areas.
 - c. Heavy advertisement.
3. **Services** – It refers to those activities, benefits or satisfactions, which are offered for sale and are intangible in nature. E.g., services offered by a doctor, lawyer, hair cutting, dry cleaning, tailoring, repair work etc. Their features are:
- a. Intangible in nature.
 - b. Inseparable from its source (cannot separate service from the service provider)
 - c. Services cannot be stored.
 - d. Highly variable based on the persons providing them.

Assignment: Prepare a chart showing the classification of consumer products and industrial products.

- consumer products. E.g., demand for leather is derived from the demand for shoes etc.
- e. **Role of technical consideration** – It is significant in industrial products, because of its complex nature.
 - f. **Reciprocal buying** – It means mutual buying, for example; TATA Motors buys tyres from MRF, which in turn buys trucks from TATA.
 - g. **Leasing out** – Instead of outright purchase of heavy machineries, it may procure on lease basis.

Classification of industrial products

1. **Materials and parts** – These products are used for manufacture of useful finished goods. It may include:
 - Raw materials such as farm products like cotton, sugarcane etc. and natural products like crude oil, iron ore etc.
 - Manufactured materials – These are partly processed goods which are used in making finished goods. They are of two types – component materials like iron, yarn, cement etc. and component parts like tyres, battery motors etc.
2. **Capital items** – Installations like elevators, main frame computers etc. and equipments like tools, machinery etc.
3. **Supplies and business services** – short lasting goods for producing finished goods. E.g., repair items like nails, paints etc. and operating supplies like lubricants, cotton waste etc.

Branding

It refers to the process of giving a name or sign or a symbol to a product for identifying and distinguishing it from competitors. E.g., Titan, Audi, Bata, Lifebouy, Pears etc.

Terms related to branding:

- a. **Generic name** – It means the name of whole class of a product. E.g., soap, book, pen, camera, paracetamol etc.
- b. **Brand** – It is a name, term, symbol or design to identify the goods or services. E.g., Pears, Classmate, Reynolds, Canon etc.
- c. **Brand name** – It is a part of the brand consisting of a word, letter or group of these that can be pronounced. E.g., Lux, Reynolds etc.
- d. **Brand mark** – It is a part of brand that appears as a symbol, design, picture etc. which cannot be pronounced. E.g., symbol of LIC, emblem of SBI etc.
- e. **Trade mark** – It is a legal version of a brand. It is a brand name or brand mark registered with legal authorities. Once it is registered it is legally protected and others cannot use this as a duplicate.

To Marketers	To Customers
a. Helps to make an identity	Helps in identifying the product
b. Helps in advertising and display programs	Ensures quality and confidence in the mind of customers
c. Enables the firm to charge higher price than the competitors	Status symbol
d. Easy to introduce new product	Helps to increase the level of satisfaction

Characteristics of a good brand name

- 1. Short and simple** – brand name should be short, easy to pronounce and to remember. E.g., Hero, Maruthi, VIP, Vim etc.
- 2. Suggests the benefit of product** and its quality. E.g., Rasika, Boost, Fair N Lovely.
- 3. Distinctive** – It should be unique such as Liril, Sero, Titan etc.
- 4. Adaptable** – Brand name must be suitable for packing and labeling and to suit different advertisement media and different languages.
- 5. Versatile** – Better it is multi-purpose to adopt new products. E.g., Acer, V-guard etc.
- 6. Legal protection** – the brand should be capable of being registered.
- 7. Staying power** – the name chosen as brand name should not get outdated. ("3G Mobiles" is an outdated brand).

Packaging

It refers to the designing and producing the container or wrapper of a product. It has an important role in the marketing success or failure of a product.

Levels of packaging

- 1. Primary packaging** – The immediate container of a product is called primary packet. e.g., the plastic cover of a shirt, tube for shaving cream, tooth paste and a bottle for horlicks.
- 2. Secondary packaging** – It gives an additional protection for the product. E.g., the card board box for a tooth paste tube.
- 3. Transportation packing** – It is a further packaging of products for storage and transportation. E.g., a toothpaste manufacturer may send the goods to the retailers in a large box containing 100 pieces.

Importance of Packaging

- 1. Rising standards of health and sanitation** – More people prefer to buy packed goods as the chances of adulteration are minimum.
- 2. It is suitable for self service outlets.**
- 3. Innovational opportunities** – New ideas can be implemented in packaging which will increase the scope of marketing the products. E.g., soft drinks, mango juices etc. in specially designed packages (foils).
- 4. Product differentiation** – The colour, size, material etc. of the packages will help to identify the product and its quality up to a certain extent. E.g., Body spray, Shampoo etc.

Functions of packaging

1. **Product identification** – Packaging helps the customers to identify the product easily. E.g., Toothpaste, Soap etc.
2. **Product protection** – It helps the product from breakage, leakage, contamination, evaporation, pilferage (theft) etc.
3. **Facilitating the use of the product** – The size and shape of the product should be in such a way to use the product conveniently. E.g., Hand wash, Tooth paste, Powder tin etc.
4. **Product promotion** – Beautiful packages attracts consumers, and it serves as a promotional tool for the product as it is a silent sales man.

Labelling

Labelling refers to the designing and developing the label to be put on the package. It may be attached to the product and carries information about the product and the producer in the form of a tag, sticker etc.

Functions of Labelling

1. **Describe the product and specify its contents** and it may give its usage, precautions to be taken etc.
2. **Identification of product or brand**
3. It also gives **information about the name and address of manufacturer**, net weight, MRP etc.
4. **Grading of products** such as Green label for 1st quality, Yellow for 2nd quality and Red for 3rd quality.
5. **Helps in promotion of products** - a well designed label will catch the attention of consumers. "Free Tooth Brush inside", "Save Rs.10/-", "Free Mobile Recharge Rs.50/-" etc.
6. **Providing information required by law**, e.g., statutory warning on the package of cigarette, "Smoking is injurious to health" etc.

PRICE

Pricing – Price of a product is the amount of money paid by the buyer (or received by the seller) in consideration of purchase of a product or service. Pricing is the function of determining product value in terms of money before it is offered to consumers for sale. A good pricing policy enables a firm to achieve maximum sales revenue.

Factors affecting price determination

1. **Product cost** – It includes cost of production, selling and distribution expenses. While fixing prices for the products or service, a margin of profit over the cost should be considered. The cost of a product consists the following:
 - a. **Fixed cost** – do not vary with the volume of production. E.g., Rent, salary, insurance etc.
 - b. **Variable cost** – Cost which vary based on the volume of production. E.g., raw material cost, labour cost, power etc.
 - c. **Semi-variable cost** – Cost which vary with the level of production, but not in direct proportion. E.g., Commission to a salesman beyond a particular level.
2. **Utility and demand** – Pricing is affected by the elasticity of demand. In case of inelastic demand a firm can fix a higher price and vice versa.

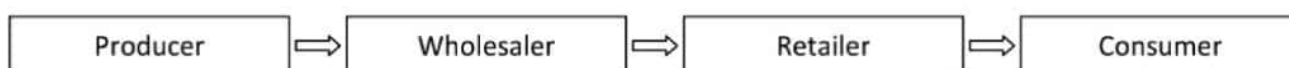
3. **Extent of competition** – If there is no competition in the market, a firm can fix the price for its product by its own, and they are the price makers. If the competition is very high in the market, the price should be fixed by considering the price of competitors, and they became the price takers.
4. **Government and legal regulations** – The prices of certain products are regulated by government. E.g., cement, sugar, etc.
5. **Pricing objectives** – If the firm wants to maximize profit in short run, it would charge high price and if it wants to capture maximum market share for its products, it would charge only a low price. Some pricing objectives are:
 - a. To Obtaining market share leadership
 - b. To Survive in a competitive market
 - c. To Attaining product *quality* leadership (high prices may be charged for maintaining high quality)
6. **Marketing methods used** – Price fixation is also affected by various elements like distribution system, advertising, sales promotion, type of packaging, credit facilities, after sales services, guarantee etc.

PLACE (PHYSICAL DISTRIBUTION)

In order to ensure availability of products at the right **Place**, two factors require consideration; they are Channel of distribution and Physical distribution.

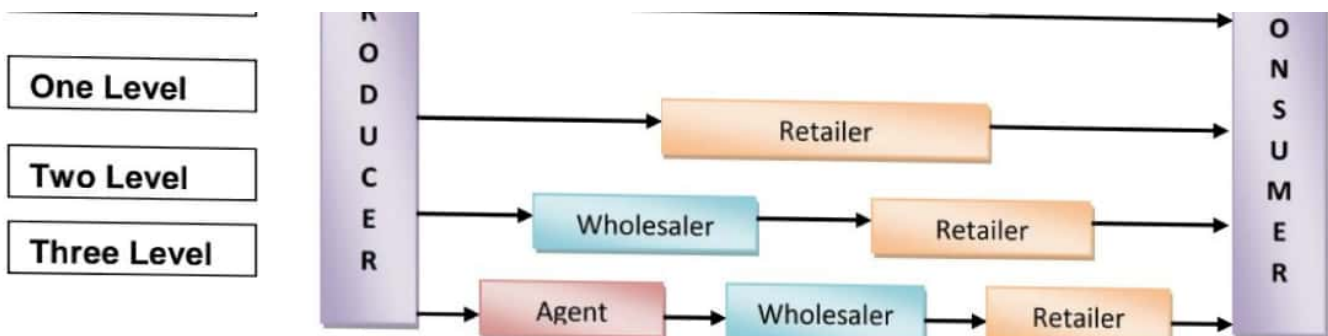
A. Channels of distribution

The path taken by the goods in their movement from the producer to the consumer is referred to as the channel of distribution.

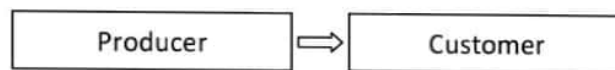


Functions of distribution channels / middlemen

1. **Sorting** – sorting goods procured from various sources on the basis of size and quality. E.g., apples, pepper, cardamom, coffee etc.
2. **Accumulation of goods** – they are collecting a large quantity of stock in order to ensure continuous flow of supply.
3. **Allocation** – breaking the bulk into smaller lots for distribution. E.g., a large box of pens divided into small packets containing 10 units.
4. **Assorting** – It means stocking various related products by the middlemen, to meet the customer requirements fully; (Assorted = Mixed). E.g., a cricketer's requirement of bat, ball, gloves, helmet, shoes, dress etc. can be fulfilled by a single sports goods dealer.
5. **Product promotion** – Middlemen also undertakes certain promotional activities like demonstrations, special displays, contests etc. to push up sales.
6. **Risk taking** – Middlemen takes the risk on account of price and demand fluctuations, spoilage, damage etc.



1. **Direct channel (Zero level)** – In this case, no intermediary is involved. It implied direct selling of goods to the customer. Mail order business, internet selling, door to door selling or through own retail network etc. are the examples.



2. **Indirect channels** – The manufacturer seeks the help of one or more intermediary to move the goods from the place of production to the place of consumption is called indirect network.

- a. **One level** – Here only one intermediary is in the distribution channel, the retailer. E.g., Maruthi Udyog Ltd. sells their cars through their approved retailers.



- b. **Two level channel** – Here one more middlemen, the wholesaler joins the channel along with the retailer (2 middlemen). This channel is suitable to the products with widely scattered markets. E.g., soap, cloth, tooth paste etc.

2. **Company characteristics** – if the company is having sufficient funds, it can go for direct selling or through short channels. Likewise, if they want to maintain a control over the channel members, short channels are better.
3. **Competitive factors** – If a competitor has selected a particular channel and they are successful, sometimes we may also follow it, whereas some other companies may avoid such channels.
4. **Market factors** –
 - a. **Size of market** – Where number of buyers is small, short channel is required and for large number of customers, longer channel would give better result.
 - b. **Geographical concentration** – Small channel is better if the buyers are only in a particular area and if they are scattered over a large area, long channel is better.
 - c. **Size of order** – If the size of order and its value is high, shorter channel is good and in case of consumer goods long channel is better.
5. **Environmental factors** – Economic condition, legal constraints etc. are considered here. For example, in case of depression period, shorter channel is preferred.

B. Physical movement / physical distribution

Physical distribution involves the handling and movement of goods from production centre to the place of consumption.

Components of Physical Distribution

1. **Order processing** – It begins with the receipt of an order from the customer, It involves the preparation of invoice, instructions to the warehouse keeper for dispatch, granting of credit facilities, sending bills etc. Quick processing helps to retain the customers for ever.
2. **Transportation** – It is the means of carrying goods and raw materials from the point of production to the point of sale. It is important because unless there is not proper movement (transportation), the sale cannot be completed.
3. **Warehousing** – It is inevitable factor in the movement of goods, it involves the decisions regarding type of warehouse, i.e., own warehouse or rented warehouse, location of warehouse, cost of warehousing etc.
4. **Inventory control** – In order to ensure prompt supply of goods a proper inventory level must be maintained. It must not be too high or too low. High level of inventory results in blocking of capital and high management cost. Low level may lead to stock out situations. Major factors determining inventory levels are:
 - a. **Level of customer service** – Higher the level of customer service, greater will be the need of inventories.
 - b. **Accuracy of sales forecast** – If the sales forecast is more accurate, the need for inventory can be minimized.
 - c. **Time required to meet additional demand** – If it is taking much time to meet additional or unexpected demand, the need for inventory level will be high.
 - d. **Cost of inventory** – It includes holding cost / carrying cost such as warehousing cost, blocked up capital cost. If the cost of inventory is high, less inventory is maintained.



1. **Advertising** - Advertising is any paid form of non-personal presentation and promotion of ideas, goods or service of an identified sponsor. The message which is presented or disseminated is known as advertisement.

Features of advertising

- a. **Paid form** – The sponsor or marketer bears the cost of communication.
- b. **Impersonality** – No face to face contact between seller and buyer, but through a media.
- c. **Identified sponsor** – Advertisement is done by a sponsor.

Merits of advertising

- a. **Mass reach** – It reaches a large number of population with the help of news papers, television etc.
- b. **Enhancing customer satisfaction** – They feel more comfortable and assured about quality.
- c. **Expressiveness** – Messages can be expressed in a very attractive manner with the help of modern technology.
- d. **Economy** – It is in the sense that, it can reach millions of people. As a result the per unit cost becomes low.

Limitations of advertising

- a. **Less forceful** – Since it is impersonal, the prospects (public) may not give attention to the message.
- b. **No feedback** – There is no immediate and accurate feedback.
- c. **Inflexibility** – The message is always standardized and not customized according the needs of different customer groups or occasions.
- d. **Low effectiveness** – A large number of advertisement is shown by the media, hence it may not be seen or heard by the target group.

Objections to advertising (Criticisms)

- a. **Adds to cost** – It is a fact that while fixing price for a product by the manufacturer, they will consider the advertisement expense too, it will increase the price.
- b. **Undermines social values** – It is another criticism against advertisement that it demoralizes the social values.
- c. **Confuses the buyers** – Advertisement of similar items of different firms with claiming superiority of their products will make confusion among the consumers.
- d. **Encourages the sale of inferior products** with the help of faulty advertisement.

- e. **Some advertisements are in bad taste** for instance, women running after a man because he is using a perfume, tooth paste etc.
- 2. **Personal Selling** - It implies a face-to-face contact or conversation between seller and buyer by which the consumers will be motivated to purchase the products.

Features of personal selling

- a. **Personal form** – face to face contact.
- b. **Development of relationship** – Salesman develops a personal relationship with the customers.

Merits of Personal selling

- a. **Flexibility** – The presentation of product can be adjusted to suit the prospective buyer.
- b. **Direct feedback** – Face to face communication facilitates the salesman to adapt the presentation according to the needs of customers.
- c. **Minimum wastage** – This strategy can be adopted only to the targeted customers, hence the company can minimize the wastes of efforts compared to advertisement.

Role / Importance of personal selling

To Businessmen

- a. **Effective promotional tool** – It helps to explain the merits of a product thereby increasing sales.
- b. **Flexible method** – It is more flexible than advertising and sales promotion, as it is adaptable in accordance with the customer tastes.
- c. **Minimum wastage of effort** – Less wastages of effort compared to advertisement etc.
- d. **Consumer attention is more.**
- e. **Lasting relationship** – among the sales persons and the customers.
- f. **Personal rapport** – Personal relationship with customers increases the strength of business.
- g. **Role in introduction of a new product** – It helps in persuading the customers to buy new products.
- h. **Link with customers** – through persuasive role, service role and informative role by a sales person.

To Customers

- a. **Help in identifying needs** – It helps in identifying the needs of customers and to satisfy them.
- b. **Latest market information** – may be given to the customers such as price changes, availability of product, etc.
- c. **Expert advice** – Proper guidance help customers in making better purchase.
- d. **Induces customers** – to purchase new products.

To Society

- a. **Converts latest demand into effective demand** – as a result the economic activity in the society is accelerated to more jobs, more income etc.
- b. **Employment opportunities** – It offers more employment opportunities especially for youth.
- c. **Mobility of sales people** – promotes travel and tourism in the country.

5.	Cost per person in low	It is very high
6.	It can cover the market in a short time	Take a lot of time
7.	Media is used such as TV, Radio etc.	Use of sales persons
8.	No direct feedback	Direct and immediate feedback is possible
9.	Useful in consumer goods having a large number of consumers	Useful in industrial products having only a limited number of customers

Sales Promotion – It refers to short-term activities, which are aimed at promoting sales such as rebates, discounts, free gifts, contests, refunds, premium etc.

Sales promotion tools are designed to promote customers, middlemen and sales persons.

- a. **Customers** – Free samples, discounts, contests, gifts, lucky draws, etc.
- b. **Middlemen** – Cooperative advertising, dealer discounts, incentives, contests etc.
- c. **Salespersons** – Bonus, salesmen contests, special offers, etc.

Advantages of sales promotion

- a. It catches the buyers' **attention**.
- b. **Useful in new product launch**.
- c. **Synergy in total promotional efforts** – Sales promotion supplement the personal selling and advertising efforts. Hence it gives synergy (overall effectiveness) of promotional efforts of the firm.

Limitations of sales promotion

- a. **It is a reflection of crisis** – Frequent sales promotion activities may give an impression that the firm is not in a position to manage its sales.
- b. **Spoils the product image** – Consumers may feel that incentives are offered to sell sub-standard product.

Commonly used sales promotion techniques

1. **Rebates** – It is a deduction on the price to make it attractive to the buyers to buy on special occasions.
2. **Discount** – Certain percentage of price is reduced as discount from the price of the product to attract the customers.
3. **Refunds** – Seller offers to refund a part of price on next purchase on production of packets or wrappers etc.

4. **Product combinations** – It is a free offer of an article along with a product to make buyers attractive to buy more or for repeated buying (Free Pen drive with a digital camera).
5. **Quantity gift** – It may be an extra quantity of the same product at the same price either inside or outside the packet.
6. **Instant draws and gifts** – Scratch card and gifts to the customers on purchase.
7. **Lucky draw** – A coupon is given to the customers, which is to be deposited in a box at the business premises by filling the name and phone number. The winner is selected by lucky draw later.
8. **Usable benefit** – E.g., Purchase goods worth Rs. 5000 and get a holiday package of Rs. 2000 free.
9. **Full finance @ 0%** - No need to pay any amount or full amount at the time of purchase but in easy installment without interest.
10. **Sampling** – It refers to offering a free sample of a product to the customers on the purchase of some other products or journals.
11. **Contests** – Customers can participate in some competitive event and winners are given awards.

Publicity – It is similar to advertising with the difference that it is a *non paid form of communication*. It refers to favourable news about an organization and its products or service appearing in mass media.

Features of publicity

- a. **Unpaid form** – It does not involve any direct expenditure.
- b. **No identified sponsor** – It has no sponsor at all but message goes as a news item.

Advantages

- a. **Credibility** – Usually it is more credible than the advertisement message.
- b. **Wide reach** – It can reach even those who have no chance for attending paid communication.

Limitations

- a. **No control** – It cannot be controlled by the firm.
- b. **Only news value items** – A firm cannot make use of publicity to promote *all its products*.

Public Relations

Public relation can be defined as publicity through media which is very important in present day business. It is ranked second after personal selling in promotional mix. Since they can be used very effectively to reach the most influential people, this is considered as an effective tool for promotion.

Public relations tools: News, Speeches, Events, Written materials, Public service activities etc.

Role of Public Relations

1. **Press relations** – Information about the organization or products needs to be presented in a positive manner in the press. Eg; Launching a new car.
2. **Product publicity** – A company can invite attention of the public on their products by sponsoring sports and cultural events, exhibitions etc.

3. **Corporate communication** – It may be in the form of newsletters, annual reports, brochures, audio-visual materials etc. among the public and the employees of the organisation.
4. **Lobbying** – It means influencing the government officials, ministers etc. in a positive manner to formulate suitable industrial, telecom, taxation policies etc.
5. **Counselling** - The public relations department advises the management of the company to interfere into general issues which affect the public. Eg: Contributions for flood victims.

Marketing Objectives of Public Relations

- a. **Building awareness** – Public relations department can place stories about the product in the media, which will help to create an excitement among the targeted customers. Eg: News reports, Interviews etc. about a film.
- b. **Credibility** – If news about a product comes in the media, it always gets credibility.
- c. **Stimulates sales force** – As the product is publicized through the media, it is very easy to convince the customers.
- d. **Reduces the promotion cost** – Maintaining good public relations results in less advertisement and sales effort.

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