



Class 12

Business Studies

Chapter 11_Focus Area 2022

Marketing

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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.

Marketing

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

Marketing

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



Marketing and Selling

Marketing and Selling

Marketing is a continuous process of identifying consumer needs and fulfilling such needs through product development, promotion and pricing



Marketing and Selling

Marketing begins before production and continues even after the sales



But selling is the mere transfer of ownership of goods from the seller to the buyer

Differences between Marketing and Selling

Marketing Vs. Selling

1.

Marketing

Focuses on customer's needs of want satisfying goods

Selling

Focuses on seller's needs converting his goods into cash

Marketing Vs. Selling

2.

Marketing

Marketing begins
before production

Selling

Selling takes place
after production

Marketing Vs. Selling

3.

Marketing

Emphasis given on product planning and development

Selling

Emphasis on sale of goods already produced

Marketing Vs. Selling

4.

Marketing

Customer oriented

He/she is the king

Selling

Product oriented

Marketing Vs. Selling

5.

Marketing

Aims at profits
through consumer
satisfaction

Selling

Aims at profits
through sales
volume

Marketing Vs. Selling

6.

Marketing

The principle of
caveat vendor
(let the seller
beware)
is followed

Selling

The principle of
caveat emptor
(let the buyer
beware)
is followed

Marketing Vs. Selling

7.

Marketing

Integrated approach (Macro)– marketing research, product planning, advertisement etc.

Selling

Fragmented approach (Micro) – attempt is made to sell whatever is produced

Marketing Vs. Selling

8.

Marketing

Long term perspective as it lays emphasis on growth and stability of business

Selling

Short-term perspective as it emphasizes profit maximization

Marketing Vs. Selling

Marketing

1. Customers Needs
2. Begins before production
3. Product planning and development
4. Customer oriented
5. Profits through consumer satisfaction
6. Seller beware
7. Macro approach
8. Long term perspective

Selling

1. Sellers Needs
2. Begins after production
3. Sale of goods
4. Product oriented
5. Through sales volume
6. Buyer beware
7. Micro approach
8. Short term perspective

Functions of marketing

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Functions of Marketing

1. Gathering and analyzing market information

This will help to identify the needs of customers and can take vital decisions



It is highly useful for analyzing opportunities, threats, strength and weakness of the firm

Functions of Marketing

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%

Functions of Marketing

3. Product designing and development

The product should be developed and designed to meet the customer needs



Product Design

Hand Wash

Soap



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

Functions of Marketing

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

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

Functions of Marketing

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

Labelling refers to designing and developing the label to be put on the package to give the specifications of the product in the package



Functions of Marketing

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.

Functions of Marketing

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.

Functions of Marketing

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.

Functions of Marketing

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

Functions of Marketing

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

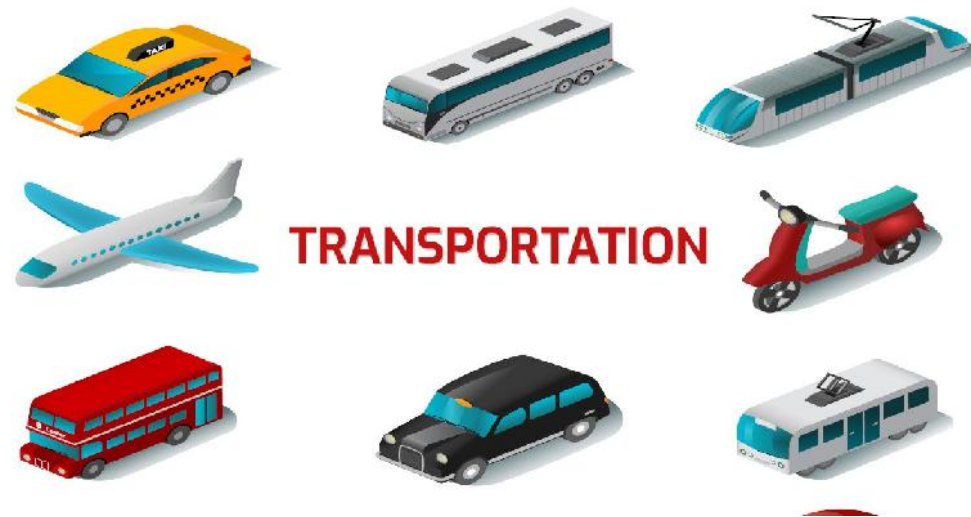


A suitable distribution channel must be selected by the marketing management in this regard

Functions of Marketing

11. Transportation

It is an integral part of marketing as it helps in making available the product at the terminal point of consumption



Functions of Marketing

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



Functions of Marketing

- 1. Gathering and analyzing market information**
- 2. Marketing plan**
- 3. Product designing and development**
- 4. Standardization and grading**
- 5. Packaging and Labelling**
- 6. Branding**



Functions of Marketing

7. Customer support service

8. Pricing

9. Promotion

10. Physical distribution

11. Transportation

12. Storage or warehousing



Marketing Mix

(Elements of Marketing)

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Marketing Mix

It is 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 '**P**'s of marketing mix, namely Product, Price, Place (distribution) and Promotion

Marketing Mix



4Ps of Marketing Mix

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

Marketing Mix

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.

Marketing Mix

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



Marketing Mix

4. Promotion

All those activities undertaken to inform the consumers about the product(s) of the company and persuade them to buy



Advertising, personal selling, publicity and sales promotion are the four elements of promotion mix

Factors affecting price determination

1. Product cost

It includes cost of production, selling and distribution expenses

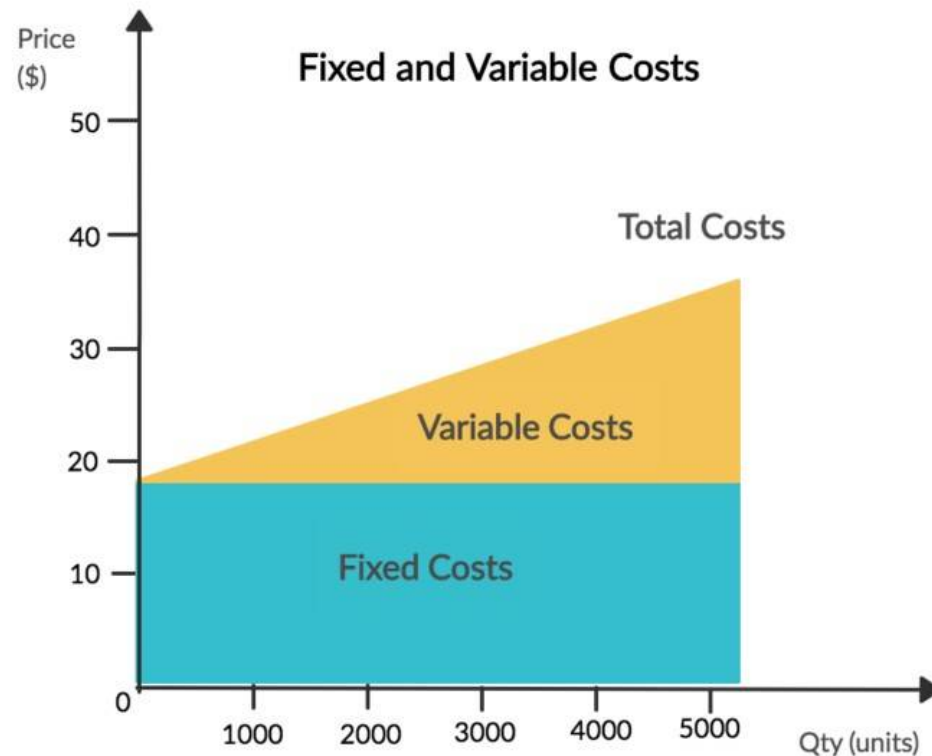


While fixing prices for the products or service, a margin of profit over the cost should be considered

Elements of Product cost

a. Fixed cost

It does not vary with the volume of production

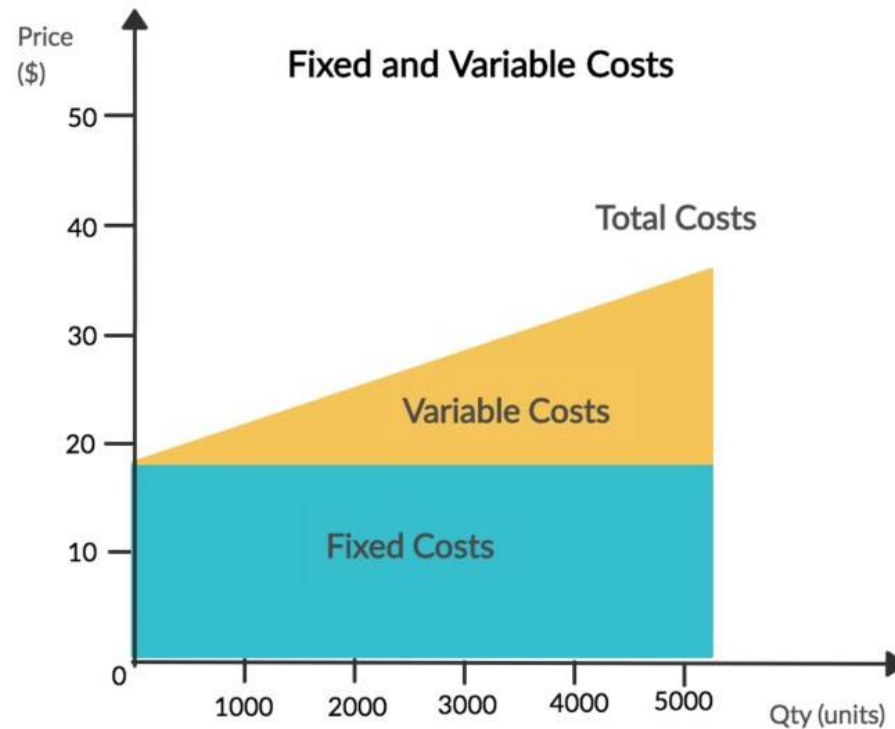


E.g., Rent, salary, insurance etc.

Elements of Product cost

b. Variable cost

Cost which vary based on the volume of production

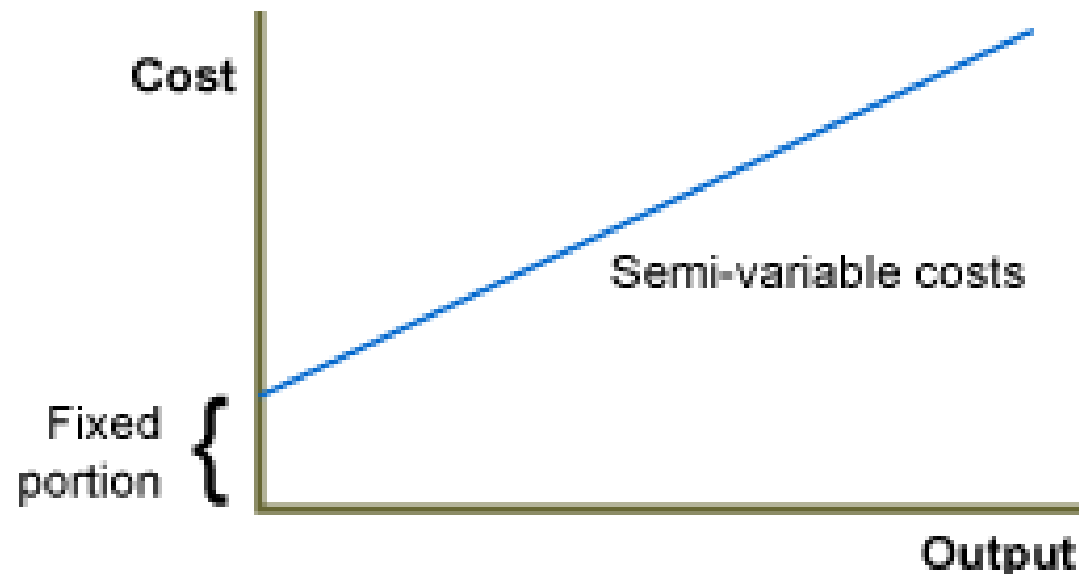


E.g., raw material cost, labour cost, power etc.

Elements of Product cost

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

Factors affecting price determination

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

Factors affecting price determination

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.

Factors affecting price determination

4. Government and legal regulations

The prices of certain products are regulated by government

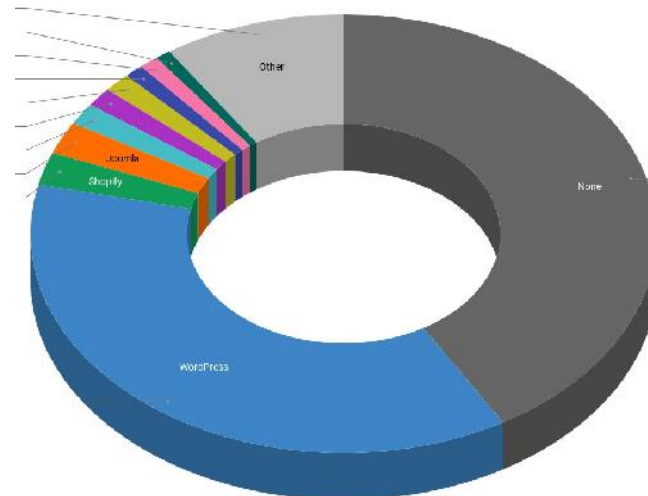


E.g., cement, sugar, etc.

Factors affecting price determination

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



Pricing Objectives

- 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)



Factors affecting price determination

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.



Factors affecting price determination

1. Product cost
2. Utility and demand
3. Extent of competition
4. Government and legal regulations
5. Pricing objectives
6. Marketing methods used



Commonly Used Sales Promotion Techniques

Sales Promotion Techniques

1. Rebates

It is a deduction on the price to make it attractive to the buyers to buy on special occasions



Sales Promotion Techniques

2. Discount

Certain percentage of price is reduced as discount from the price of the product to attract the customers



Sales Promotion Techniques

3. Refunds

Seller offers to refund a part of price on next purchase on production of packets or wrappers etc.



Sales Promotion Techniques

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



Eg: Free Pen drive with a digital camera)

Sales Promotion Techniques

5. Quantity gift

It may be an extra quantity of the same product at the same price either inside or outside the packet



Sales Promotion Techniques

6. Instant draws and gifts

Scratch card and gifts to the customers on purchase



Sales Promotion Techniques

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



GIGAMALL
EVERYONE IS A WINNER!
ENTER to WIN

15TH DECEMBER TO 14TH JANUARY

01 Get **1 LUCKY DRAW COUPON** on the shopping of **Rs. 3,000/-**

02 Get **3 LUCKY DRAW COUPONS** on the shopping of **Rs. 6,000/-**

03 Get **5 LUCKY DRAW COUPONS** on the shopping of **Rs. 9,000/-**

[/GigaMall/WTC](#) [/TheGigaMall](#) [/giga_mall](#) [GigaMall](#) www.thegigamall.com

The poster features a yellow background with a white ballot box in the center. At the top, it says 'GIGAMALL' and 'EVERYONE IS A WINNER!'. Below that, it says 'ENTER to WIN'. To the right, there's a date range '15TH DECEMBER TO 14TH JANUARY'. At the bottom, there are three numbered boxes (01, 02, 03) detailing the coupon offers based on shopping amounts. Social media handles and the website URL are at the very bottom.

Sales Promotion Techniques

8. Usable benefit

Eg: Purchase goods worth Rs. 5000 and get a holiday package of Rs. 2000 free



Sales Promotion Techniques

9. Full finance @ 0%

No need to pay any amount or full amount at the time of purchase but in easy instalment without interest



0%

FINANCE AVAILABLE

Sales Promotion Techniques

10. Sampling

It refers to offering a free sample of a product to the customers on the purchase of some other products or journals



Sales Promotion Techniques

11. Contests

Customers can participate in some competitive event and winners are given awards



Sales Promotion Techniques

1. Rebates
2. Discount
3. Refunds
4. Product combinations
5. Quantity gift
6. Instant draws and gifts
7. Lucky draw
8. Usable benefit
9. Full finance @ 0%
10. Sampling
11. Contests



Promotion Mix

**M
A
R
K
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T
E
R**

ADVERTISING

PERSONAL SELLING

PUBLICITY

SALES PROMOTION

**C
U
S
T
O
M
E
R**



Promotion Mix

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

The background features a series of vibrant, glowing blue light trails that flow and curve across a solid black field. These trails vary in intensity, with some appearing as bright cyan lines and others as softer, more diffuse blue washes, creating a sense of dynamic movement and energy.

Merits of Advertising

Merits of Advertising

a. Mass Reach

It reaches a large number of population with the help of news papers, television etc.



Merits of Advertising

b. Enhancing customer satisfaction

They feel more comfortable and assured about quality



Merits of Advertising

c. Expressiveness

Messages can be expressed in a very attractive manner with the help of modern technology



Merits of Advertising

d. Economy

It is in the sense that, it can reach millions of people

As a result the per unit cost becomes low



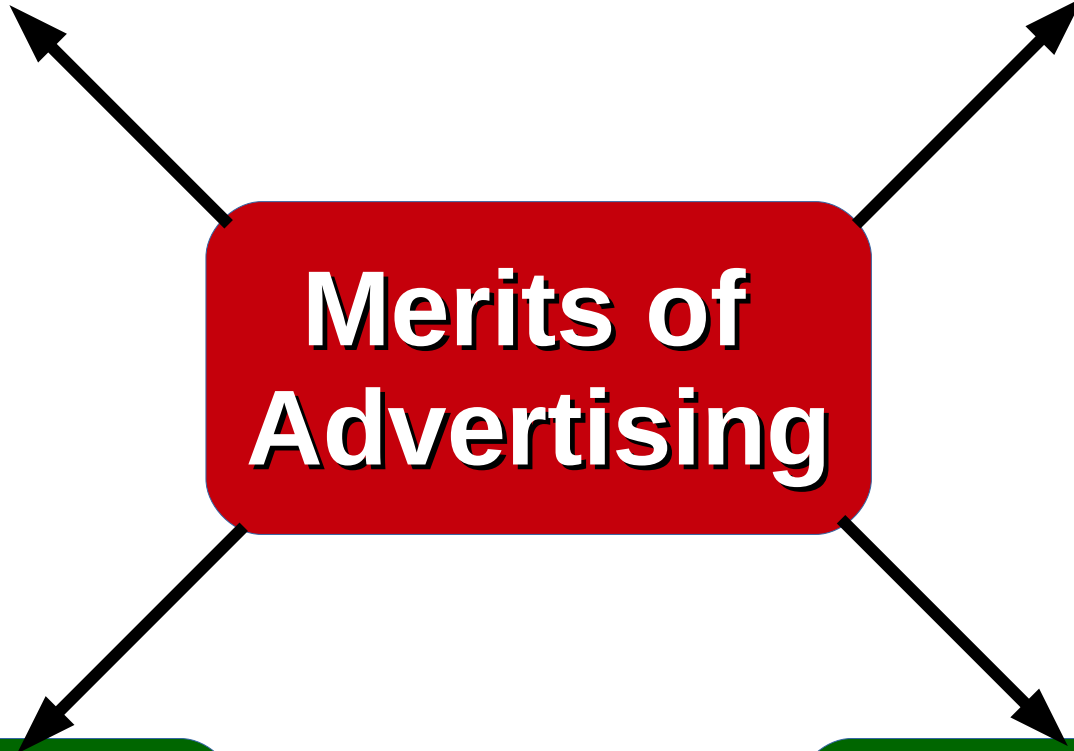
Economy

**Mass
Reach**

**Merits of
Advertising**

Expressiveness

**Customer
Satisfaction**



The background features a series of flowing, ethereal light trails in shades of blue and cyan, set against a solid black background. The trails are dynamic and appear to be moving across the frame, creating a sense of energy and motion.

Limitations of Advertising

Limitations of Advertising

a. Less forceful

Since it is impersonal, the prospects (public) may not give attention to the message



Limitations of Advertising

b. No feedback

There is no immediate and accurate feedback



Limitations of Advertising

c. Inflexibility

The message is always standardized and not customized according the needs of different customer groups or occasions



Limitations of Advertising

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



**Low
Effectiveness**

**Less
Forceful**

**Limitations of
Advertising**

Inflexibility

**No
Feedback**



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