



## **[FREQUENTLY ASKED QUESTIONS]**

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## **FREQUENTLY ASKED QUESTIONS**

1) Explain the concept of Needs and Wants with detailed examples for the same.

Answer:

Man may have a basic feeling of deprivation which is called a need. As we all know, man has various needs and tries to fulfil them in different manners. These options available to satisfy the needs are termed as wants. For example, a man may need something to quench his thirst. Here the need is 'to quench thirst' but there may be various options to satisfy the same need – water, milk, tea, soft drinks, lemonade, coconut water, etc.

2) Define Marketing. How is the interpretation of the term 'market' different in Marketing and economics?

Answer:

Market is the set of all actual and potential buyers who have a particular need or want that can be satisfied through exchange of certain products and services. It is important to bear in mind that the market consists of both actual and potential buyers- as the potential buyers may try to look for various options to satisfy their needs. According to economists, markets are formed when buyers and sellers come in direct or indirect contact with each other to exchange goods and services for value. In marketing, since the focus is more on the customers, markets represent customers mainly whereas sellers are identified as business firms or product companies or service providers.

3) Explain the concept of marketing with a detailed note on the functions of marketing.

Answer:

Marketing is the activity or process through which companies identify the needs of the market and try to satisfy them with suitable products and services. Thus the main focus for marketing is always on the customers. What the customers want? At what price? Where can they shop? How to reach to them and communicate to them? All these questions are answered by marketing managers. According to Wikipedia, Marketing is communicating the value of a product, service or brand to customers, for the purpose of promoting or selling that product, service, or brand.

According to the marketing guru, Philip Kotler, marketing is 'the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return'.

## MARKETING FUNCTIONS

Marketing performs various functions like:

- a) It researches into what potential customers actually want.
- b) It converts market research inputs into product or concept design through the new product development process.
- c) It uses different pricing options suitable to capture the market opportunities.
- d) It uses different channels of distribution to reach to the final customers.
- e) It advertises and promotes products and services.
- f) It manages internal and external communication related to products and services.
- g) It makes all effort to ensure customer satisfaction.
- h) It uses all possible media to reach out to the end customers to sell its products and services.

4) Define 'Marketing Management' and list various marketing mix elements.

Answer:

The American Marketing Association defines marketing management as follow:

Marketing management is the process of planning and executing – the conception, pricing, promotion and distribution of goods, services and ideas – to create exchanges – with target groups – that satisfy customer and organizational objectives.

Thus marketing management includes all activities related to conception of the product or the service, using appropriate pricing policies, distribution strategies and communication activities related to product information and selling.

It includes all strategies related to four important marketing mix elements also called 4Ps – Product, Price, Place and Promotion.



5)What are the basic objectives of marketing management?

Answer:

Some important objectives of marketing management are:

- a) Creating demand for companies' products and services
- b) Achieving customer satisfaction by aligning customer's latent needs with the market offerings.
- c)Trying to analyze marketing environment and look for new opportunities
- d) Trying to take care of competitors' moves
- e) Generation of profits
- f) Maintaining a good corporate image
- g) Maintaining long term relationships with the customers

6) Write a detailed note on company's orientation towards marketing.

Answer:

Companies may base their marketing activities considering these orientations.

#### 1) Production orientation

This is one of the oldest concepts related to marketing of goods. According to the production orientation, consumers prefer to buy products that are easily available and affordable. Thus, most companies driven by this concept aim to increase their production efficiency so as to decrease per unit costs and have widespread distribution network. This concept allures companies towards outsourcing their production operations to Chinese manufacturers so as to get the cost benefit.

#### 2) Product Orientation

According to this concept, consumers prefer to buy products which offer good features, quality and innovative design. Thus the main focus for firms driven by this concept is to plan for continuous product improvement so as to satisfy consumers. Sometimes, this may also prove to be dangerous as the companies increasingly focus on the product features and overlook the benefits that customers seek from the product use.

### 3) Sales orientation

According to this concept, companies feel that the consumers will not buy their products unless they make extra effort to sell and promote their products. They sometimes get into hard selling and aggressive selling trying to create sales transactions at any cost but this might prove to be dangerous sometimes. This overlooks the customers' needs. It focuses on 'sell what you have produced' approach. Some

companies dealing with unsought goods and those hit by larger competitors practise it. Or may be some NGOs use this concept for funds-raising activity.

#### 4)Marketing Orientation

This orientation is for companies who place customer's needs at the topmost. They focus more on what can provide customer satisfaction and accordingly make suitable products. Hence, they believe in 'make what you can sell' approach unlike the previous selling orientation. Companies driven by this philosophy very well know that the way to achieving customer loyalty and long term profits is by providing them unique solutions to their problems. Thus this is a sharp contrast to the earlier approach. It starts with identifying the customers' needs and ends with providing them customer satisfaction. This approach distinguishes selling from marketing trying to show that

selling is just a part of marketing and marketing includes lot many activities.

#### 5) Societal Marketing orientation

This orientation is for those companies which don't believe in providing only short run customer satisfaction but also work for the long run customer and societal welfare.

Companies often produce products in a way that may ensure environmental protection and long run sustainability. Companies working for greener solutions often get more reputation because of their cause supporting initiatives. Some other causes are organic production, pollution control, use of herbal and bio-degradable materials, solar and wind energy solutions, etc.

7) What is the importance of environmental scanning in the field of marketing management?

Answer:

Business environment keeps constantly changing because of the changes in its micro and macro factors. Due to this, a company has to monitor these forces and analyze their impact on the performance of the company from time to time. This action also helps a company to review how the external forces are shaping up and get an idea of the forthcoming opportunities or threats to the business. These inputs help in making important business decisions. It also helps to know what moves are taken by the competitors and the other firms in the industry. Businesses excelling in the scanning process can take proactive steps in the long term benefit of their companies. Environmental scanning is the foundation of any long term strategic planning and execution.

8) Which macro-environmental factors influence the marketing environment?

Answer:

PESTEL or PESTLE is basically an acronym for six different environments that directly or indirectly affect a firm's marketing environment.

- a) Political factors
- b) Economic factors
- c) Socio-cultural factors
- d) Technological factors
- e) Environmental factors
- f) Legal factors

Political Environment : A company's business environment is directly affected by the political framework in which it is operating. The role and the policies implemented by the ruling parties have an important bearing on the businesses. Some factors affecting business performance are : political stability, government policies

related to business growth, investment and taxation, world politics affecting trade, etc. Different governing parties in India have shown different levels of inclination towards building the business environment in India. 'Make in India' the current campaign promoted by the ruling party is a strong factor affecting the development of industries in India.

Economic factors : India being a mixed economy has a different business environment compared to other capitalist or socialist economies. Economic environmental factors affecting the business are mainly: economic policies- fiscal and monetary, controls and regulations, economic problems related to inflation, recession and unemployment, national income and expenditure, competitive forces, performance of the primary, secondary and tertiary sectors of the economy, availability of factors of production, exchange rate,



globalisation, etc. India has witnessed a 360 degree change in its economic environment since 1991's Liberalisation, Privatisation and Globalization policy.

Socio-cultural factors : While Demographic environment is given a separate inclusion in many marketing books, it can be included in the socio-cultural environment. Social environment mainly includes the demographic environment which includes how the population is distributed across various age groups, gender categories, caste, educational background, income groups and social class, nationality, religions, rural and urban population density, etc. India has a promising business future with a large mass of young population knowing various different languages. This also makes it a suitable destination for outsourcing jobs globally. Other social issues like employment opportunities, health and

fitness, women empowerment etc are also shaping business dynamics.

Cultural environment includes the core values, attitudes, behaviour, lifestyle, etc. India has various cultural groups which further have a variety of sub-cultures based on caste and creed. Recent changes in the cultural values and lifestyle of Indians have given place to a lot of new international music album, imported cars and watches, foreign holidays and ready to eat products in their lives. A lot of MNCs have to consider these cultural differences while operating in India.

Technological factors: One of the major factors that has changed the face of business is the technology. It includes the degree of internet usage, digitalization, computerization of operations, automation, and use of different media for advertising and promotion purpose. The modern day

online formats for retailing has replaced many physical retail stores in India and abroad. Social media is the latest mantra for success in modern marketing. Technology is used effectively for various functions of businesses right from new product development to distribution to advertising to eliciting real time customer feedback.

Environmental factors : Environmental and societal issues are recently being given a lot of importance like pollution, ecological balance, global warming, greener technologies, general health and fitness, waste disposal mechanism, etc. Increased use of CNG auto rickshaws, carbon emission issues, pollution tracking devices are examples of this in India.

Legal factors : Legal factors include the legislative framework and laws affecting working of the various entities. It affects all business operations right from its

foundation to its growth. In India, there are many laws like Companies Act, 1956, Competition Act, 2002, Factories Act, 1948, Minimum Wages Act, 1948, Consumer Protection Act, 1986, etc.

9) Which factors as described by Michael Porter affect the level of competition in the industry?

Answer:

Michael Porter's model of Factors determining competitive forces

1. Threat of new entrants
2. Rivalry among existing firm
3. Threat of substitute products
4. Bargaining power of buyers
5. Bargaining power of suppliers

Now let us discuss all these factors in detail.

### 1. Threat of new entrants

Competition directly depends on the number of new firms entering the industry. Entry of the firms may depend on the existing entry barriers like regulation, investment and technical knowhow required. Low entry barriers bring in many new companies who may compete directly or indirectly. New competitors may sell similar products or with modifications.

### 2. Rivalry among existing firm

Rivalry in the industry depends on the number of firms and their size. Rivalry also depends on the prices, exit barriers, switching costs for buyers, rate of industry growth, fixed costs, etc.

### 3. Threat of substitute products

Substitutes are those products which satisfy the same need. For example, tea

and coffee are substitutes for refreshment. If the switching cost to a substitute for a buyer is low, then there will be intense competition in the market. Other factors affecting competition are prices and quality of substitutes. Of course, the relative perception about the performance of substitutes in the minds of the buyers plays an important role in this situation.

#### 4. Bargaining power of buyers

Bargaining power of the buyers shows how the customers can influence a company or a manufacturer. Buyers normally would have more influential power if they are few in number while the suppliers are many. If the buyers buy a significant portion of the seller's produce, or can themselves start producing the raw materials through backward integration, their bargaining power is more.

## 5. Bargaining power of suppliers

Suppliers play an important part in the deciding the quality and prices of the final product produced by the firm. Suppliers may tend to have a strong bargaining power when substitutes are not readily available in the market or when they give differentiated products required by the firms. Generally, high switching costs to other substitutes further makes their position stronger in the deal. Another threat from the suppliers emerges when it is possible for them to get into forward integration thereby producing what the buying firm produces.

10) Write a detailed note on the changes that have been seen in Indian marketing environment post liberalization.

Answer:

Liberalisation refers to relaxation of earlier government restrictions usually in areas of

social and economic policies. With the advent of liberalisation, the tariffs, subsidies and other restrictions on the flow of goods and services between countries were removed. Economic reforms were based on the assumption that market forces could guide the economy in a more effective manner than government control. Privatisation refers to the participation of private entities in businesses and services and transfer of ownership from the public sector (or government) to the private sector.

Privatisation of crucial sectors like education, telecommunications, transport, insurance and banking led to a massive level of competition with many service providers in the market. This led to the evolution of customers as the king of the market. Globalisation has opened the doors of the Indian economy for various foreign countries to conduct their business operations in India. Globalisation has



furthered the level of competition in India with many Multi-national companies like Nestle, Unilever, PepsiCo, Coca Cola, Ford, Honda, Nissan, Dell, Microsoft, Amway, Lenovo, and many others providing high quality products and services. Today, global products produced in different countries are available in Indian retail outlets.

Globalisation has made different countries of the world into one integrated market. In short, the modern Indian marketing environment is triggered by multiple local and global firms with multiple offerings, newer and innovative media emerging for reaching the customers, technology driven market places and an entire concept of using integrated holistic marketing plans for long term brand building.