

MASTER OF COMMERCE

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BY

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Topics for Discussion: Importance of marketing, Marketing Management, Functions of Marketing Management, Problems of Marketing Management and Distinction between Marketing Management and Sales Management.

IMPORTANCE OF MARKETING

In a primitive subsistence society there is very little scope of marketing because in such a society each person grows the food he consumes as well as makes the tools he uses and the cloths he wears. However, as the production methods become efficient one man's output of a particular product far exceeds his requirements for that product. Since he specialises in producing a particular product, he needs market to sell the surplus production. Thus on one side the scale of production goes on increasing and on the other the need and importance of marketing also goes on increasing. As soon as a country becomes more industrialised and urbanised the marketing becomes functionally more important for him. To day we talk of national and international markets. Now marketing is considered as an important force of rapid economic development of a country. In this connection, it has rightly been said that "*nothing happens in our economy until somebody sells some things.*" Marketing is not only of great

significance for producers or middlemen but also of equal importance to the society as a whole. We can discuss the importance of marketing under the following heads:

- (i) Importance of Marketing to Society.
- (ii) Importance of Marketing to the Firm.
- (iii) Importance of Marketing in a Seller's/Buyer's Market.
- (iv) Importance of Marketing to the government.

(I) Importance of Marketing to Society

(i) *Marketing Provides Employment:* Marketing is an important source of providing employment. The major marketing functions are buying, selling, financing, transport, warehousing, distribution channel, communication, publicity, risk bearing and standardisation, etc. In each such function different activities are performed by a large number of individuals and bodies. Thus marketing generates sufficient scope for employment to thousands of people and improve their income levels. It is estimated that 30 to 40 per cent of total population is engaged in direct or indirect marketing activities.

(2) *Raising and Maintaining of Standard of Living of the Community:* According to *Paul Mazur*, "Marketing is the delivery of standard of living to society." Community comprises of three classes of people such as (i) Rich Class (ii) Middle Class and (iii) Poor class. Standard of living of society is mainly depends on purchasing power of these classes. Better standard of living needs fulfillment of various wants, which is possible with the help of marketing. Hence, it can be stated that standard of living is a gift of marketing.

(3) *Reduces Distribution Cost:* Efficient marketing process is responsible for reducing the cost of distribution to a great extent. The advantage of reduction in distribution cost goes to the consumers by making the goods available at lower prices.

(4) *Protection against Slump:* Marketing provides protection to the economy against slump. In case of slump, marketing helps by discovering new markets, making it customer-oriented, improving the quality of products, suggesting alternative uses of products etc.

(5) *Increases the National Income:* When different varieties of goods are made available according to the needs and tastes of consumers, there is an overall increase in demand. The net effect of all marketing efforts is a rise in production of existing industries, investment in new industrial units and provision of more services. The nation becomes richer with the increase in its national income and there is a rise in per capita income. The economy rises from underdeveloped stage to developing stage and then marches towards a developed economy.

(6) *Facilitates Choice:* In order to satisfy the demand of different types of customers, products of different varieties, designs, colours, sizes etc. are produced. It facilitates the choice of the consumers as they are free to select the product of their own choice and taste etc.

(7) *Increases the Knowledge of Customer:* Marketing increase the knowledge of customers by means of salesmanship, advertising and sales promotion.

8) *Provides Maximum Satisfaction of Human Wants:* Modern marketing concept is customer-oriented, *i.e.*, maximum satisfaction to customers. Goods are produced according to the needs and tastes of the consumers. It serves as an effective link between the business and the society, removes hindrances of knowledge, educates people, cultivates their minds, inclined them to buy the best and thus enables ultimately to get maximum satisfaction.

(9) *Marketing Facilitates Exchanges in the Ownership and Possession of Goods and Services:* It creates time, place and possession utilities for goods and services. It is helpful to both producers and customers. Producers come to know about the specific needs and preferences of the people and the customers about the products that manufacturers can offer.

(II) Importance of Marketing to the Firm

Marketing is of vital importance to the business firm. According to *Peter F. Drucker*, “Marketing is the distinguishing and unique function of business.” The importance of marketing to the business firm may be summarised as under:

(1) *Helpful in Business Planning and Decision Making:* Marketing is an important factor in modern business planning and decision-making. In modern economy, production is planned according to the sales forecast not according to the production capacity of the firm. A firm will produce what it can sell and not what and how much it can produce. Thus, business planning and decision making in the business planning firm is based on the marketing.

(2) *Helpful in the Distribution:* Marketing is helpful to the firm in selecting the proper distribution channel which can deliver goods to the consumers at the minimum distribution cost and at reasonable prices. In this competitive age, only that producer can survive which can deliver the goods to the consumers at minimum distribution cost.

(3) *Helpful in Increasing Profits:* All of us know that the main objective of business is to earn profit. Marketing helps in increasing business profits by reducing distribution cost on one side and increasing the demand of the product by means of advertising and sales promotion on the other side.

(4) *Helpful in Communication between Firm and Society:* Today, marketing is an important source of communication between the firm and the society. Marketing provides information regarding consumers' behaviour and changes therein to the firm. Today, the producers and the consumers are situated at a distance of thousands of kilometres from each other and it is the marketing which is the source of establishing effective communication between them.

(5) *Marketing Helps in Optimal Utilization of Resources:* As the marketing efforts widen the area of market, the producers can utilise their resources, otherwise remaining partly utilised, to the maximum. This optimum use of resources reduces the total cost per unit.

(6) *Marketing Accelerates Other Activities:* Because of marketing other activities such as banking, transport, insurance, warehousing, etc. get a boost as they are needed more to help in the marketing process.

(7) *Marketing Stabilizes the Economic Conditions:* Marketing not only sets the economy revolving but also provides steady and stable economic conditions where all are happy. It bridges the gap between producer and consumers. It is a connecting belt between the two wheels of the economy of a nation, i.e., the production and the consumption. Marketing by balancing production with consumption, provides stable prices, full employment and a strong economy.

(III) Importance of Marketing in Seller's/Buyer's Market:

A seller's market is one in which there is the shortage of goods and thus the demand of goods exceeds the supply. A long waiting line exists in the market. There is no need of marketing in seller's market because everybody is already standing in a queue and eagerly waiting for his turn. However, one should not believe that a seller's market lasts forever. Initial shortages will be over-come in due course of time. For instance, there was a time when a seller's market was in existence in foodgrains, sugar etc. Now both these items are available in sufficient, quantities at reasonable prices. Thus, today we have a seller's market, tomorrow there will be a buyer's market.

Buyer's market is one in which the supply of goods exceeds the demand. Every firm is eager to sell the goods but those firms succeed which adopt the modern ways of marketing goods in accordance with the demand and taste of consumers. Thus the importance of marketing exists whether it is seller's market or buyer's market.

(IV) Importance of Marketing to the Government: Marketing is of great importance in developing countries. Production of goods and services is undoubtedly a major national issue in almost all the developing countries of the world. It is so because it is a very potential instrument of rapid economic growth through collection of taxes in different way. In this connection only increase in production is not enough. There must also be equitable distribution amongst people so that one starved to death. In order to have an efficient distribution of goods the need and importance of marketing is called for.

MARKETING MANAGEMENT

Meaning of Marketing Management

Marketing management is a very wide term and includes total sum of business activities in connection with a particular product. Marketing management activities start even before production is undertaken. Marketing management activities continues even after the product has reached the consumer, assure consumer satisfaction and ensure after- sale service also. Marketing management starts from the very idea of starting production of a product and ends after the satisfaction of the consumer. Marketing management is the process of management of marketing programmes for accomplishing organisational goals and objectives.

Definition of Marketing Management

Following are the important definitions of marketing management as given by reputed authors:

(1) *E. W. Cundiff and R. R. Still* have defined the marketing management as "a branch of the broad area of management. Marketing management is concerned with the direction of purposeful activities towards the attainment of marketing goals."

According to this definition, marketing management is the branch of management. There are three marketing goals (1) satisfaction of customer's needs, and (ii) increase in sales volume and increase in organisation profits.

(2) *William .I. Stanton* has defined the marketing management in the following words : "Marketing management is the marketing concept of action."

According to this definition, marketing concept has the following two main objectives: (i) Planning, policies and activities of the company should be consumer-satisfaction-oriented. (ii) To maximise profits.

(3) *Prof. R. S. Davar* has defined the marketing management, "the process of ascertaining consumer needs, converting them into products or services, and then moving the product or service to the final consumer or user to satisfy such needs and wants of specific consumer segment or segments with emphasis

on profitability ensuring the optimum use of the resources available to the organisation." This definition emphasises the following three aspects of marketing management: (i) it is consumer-oriented, (ii) profitability through consumer's satisfaction, and (iii) the optimum use of available resources. It may be treated as -an ideal definition of marketing management from India's point of view as our market is still productivity based.

Functions of Marketing Management

In old days the scope of marketing was limited. The term 'marketing' was used as synonymous of 'selling'. But now the concept of marketing has totally changed. In modern times, all the activities of a business organisation start and end with the marketing activity because marketing activity starts much before the production is commenced and ends with the satisfaction of the consumer including after-sale services. So the scope of marketing has been enlarged and includes a number of activities, such as, product planning, development, prices, advertising, sales promotion, market research, channel of distribution decisions etc. Now in order to achieve these objectives, marketing management has to perform the various functions including managerial functions. Following are the main functions:

(1) Setting- Marketing Objectives: The primary function of marketing management is to determine marketing objectives or goals. Marketing objectives may be of short-term or long-term duration or both. Short-term objectives are short, definite and clear, such as to double the total sales in the current year. On the contrary, long-term objectives are of long duration. The process of setting marketing objectives may be divided into the following three phases: (i) determining consumer wants, (ii) segmenting the market, and (iii) establishing specific objectives.

(2) Developing the Marketing Plans: Having determined the marketing objectives, one has to plan as to how these objectives can be achieved. Marketing management is responsible to formulate and develop the marketing plans indicating objectives to be achieved, and a future course of action to accomplish the predetermined targets. It includes sales forecast for the next session, preparing marketing programme, formulating policies regarding

production, pricing, branding, advertising, sales promotion and channels of distribution etc.

(3) Organising: The main problem before the marketing manager is how to organise the activities of its organisation. The marketing department may be organised on geographical basis—regional basis or functional basis. The marketing manager should take proper decision on this matter. Duties and responsibilities to each executive should be assigned in such a way so as to achieve the marketing objectives efficiently.

(4) Coordination: All the activities of the marketing department should be coordinated in such a way so as to attain the objectives of the marketing department most efficiently. The activities of the marketing - department, i e., sales forecast, product planning and development, advertising, sales promotion, pricing, market research, selection channel of distribution etc. should be integrated so as to achieve the desired results.

(5) Staffing: Staffing is also an important of marketing management. Marketing management should recruit and select the efficient marketing force only. He should also arrange for their proper training before placement on the jobs. He should also motivate his subordinates from time to time so as to achieve the desired performance and results.

(6) Controlling: Controlling is an important function of management and is also a primary function of modern marketing management. It includes the following (i) Devising proper standards for measuring the performance of employees ; (ii) Measuring actual performance and work in progress ;(iii) Comparing the actual performance with the set standards and note the deviations, if any ; (iv) Identifying variations and taking corrective actions at the proper time.

(7) Analysing and Evaluating: The marketing manager should collect the data

regarding sales and relevant marketing activities, analyse and evaluate them in the light of the marketing objectives and goals. The performance of various middlemen may also be evaluated. In this way, marketing manager should be successful *in* increasing the sales as well as profits of the company by utilising the existing resources to the maximum possible extent.

PROBLEMS OF MARKETING MANAGEMENT

It is the major hindrance particularly in increasing export of our country. The main problems responsible for the same are as follows:

(1) Shortage of Trained Marketing Personnel: There is an acute shortage of trained, experienced and efficient marketing personnel. It is the most important hindrance in the way of development of marketing management. Some institutions have been set for imparting training and some universities have also included marketing management as a separate teaching subject.

(2) Product *Planning*: Product planning is the process of determining the line of products which can require maximum net realisation from the intended markets. It is an "act of making out and supervising the search, screening, development, and commercialization of new products; the modification of existing lines; and the discontinuance of marginal and least profitable items."

(3) *Marketing Research*: Marketing research is the backbone of marketing management. Marketing research is the systematic , collection, recording and analysis of data relevant to marketing problems of a business enterprise in order to develop an appropriate information base for decision-making by the executives in the marketing area. There is great need of research in the field of marketing management both for the development of domestic as well as international markets.

(4) *Increasing Marketing Costs*: Marketing research, promotional strategy, advertising expenses, packaging, selling expenses, etc. are constantly rising. For proper development of marketing management, these costs need be kept well within control failing which the overall cost of production

will increase which will adversely affect our sales.

(5) Role of Behavioural Sciences: Besides the above hindrances and problems, the role of behaviour sciences like psychology, sociology, biology and anthropology can play an important part in the field of development of modern marketing management research techniques.

With the rapid growth and development of large-scale industries both in public and private sectors, the need for development of marketing management is being felt stricly. It is suggested that efforts should be made to set up more and more institutions to impart training in the specialised fields of marketing research, product planning and marketing management. Private sector should also take more interest in establishing its own research and development centres. It will lead to improvement in quality of their products and reduction in costs which will enable them to face competition both in domestic and foreign markets. It will be possible by developing modern marketing management techniques.

Difference between Marketing Management and Sales Management.

Marketing Management	Sales Management
<ol style="list-style-type: none"> 1. It is a modern concept. 2. Its object is to satisfy consumer wants/needs and then maximise profitability. 3. It deals with the problems of buyers. 4. Its scope is wider: <ul style="list-style-type: none"> ➤ Discovering needs ➤ Obtaining demand ➤ Customer satisfaction 5. It includes sales management. 6. Functions of marketing manager are to supervise sales manager. 	<ol style="list-style-type: none"> 1. It is an old concept. 2. Its object is to maximise sales. 3. It deals with the problems of sellers. 4. Its scope is narrow: <ul style="list-style-type: none"> ➤ Selling ➤ Sales promotion ➤ Transfer of ownership 5. It is a part of marketing management. 6. Functions of sales manager are to control the activities of salesmen.

THE END