

MARKETING AND SERVICES MANAGEMENT

INTRODUCTION:

The concept of marketing is a wide term. The early stages of the growth of this discipline marketing was considered as selling and no distinction was made between the two terms 'Marketing' and 'Selling'. Some business managers would say that marketing was advertising. It is true that selling and advertising are parts of marketing. Marketing is much more than selling and advertising. Many organizations are involved in developing marketing activities to satisfy the needs of various groups of customers. Very many new concepts like Network marketing, Relationship marketing, Direct marketing are developed and are implemented to reach as many consumers as possible, through them. Satisfying the consumer is the main *mantra* in today's marketing activity. With the development of new markets and new avenues of selling, a wide variety of consumer and producer goods have been designed and developed and for many marketing has become a good profession.

Marketing activities started from the days of 'Barter Economy' or even earlier. But it still looks new and attracts many people to involve themselves in this activity in one form or the other. But the marketing activity was recognized properly after the Industrial Revolution. Only in twentieth century, marketing activities had a new look and started developing as a separate discipline. In the last hundred years, it went through many phases and today it has emerged as a key discipline in the business world, assuming newer heights. The goods and services which were once considered luxury have become essential commodities today because of the development of marketing. Thousands of innovative consumer products have entered the offices and households all over the world due to the marketing effort.

MARKETING ORGANIZATION:

The role of organizations in developing the marketing activity cannot be ignored. Several institutions are involved in discharging marketing functions. All the different forms of organizations, at national and international levels are engaged in selling their products through a network of branches. Thus, the organizations are formed to satisfy the wants of consumers. The organizer is the key person in the organization process. He collects capital and invests it in the area of his choice, to produce a product. The organizer not only invests, but also co-ordinates the other factors of production. He produces the required goods or services and sells it. Many organizations fail to co-ordinate the factors and may have to disappear from the marketing scene. A successful organizer knows the techniques of co-ordination and also the art of selling his product in the target product. If he cannot assess the potency of his rivals in the market, he fails to catch up with the market.

The consumer is the king in the market. Consumer tries to satisfy his wants from different market sources. His taste, fashion preferences also change from time to time. Hence, the marketer should learn the art of reading the mind of the consumer and act accordingly.

The marketing organizations may develop fast in the initial stages and have a gradual decline after some time or they may have steady growth or develop slowly in the initial stages and grow fast, in later stages. There are reasons for this. The two major reasons that can be attributed are:

- (i) The fast changing mind of the consumer,
- (ii) The keen competition from rivals.

The well established producers and marketers have a sudden death in the market as they forget these two factors. As the rivals work hard, the established ones will have to gradually fade out, if they are not alert in the market.

MARKET:

The first concept to be understood in marketing management is MARKET. The term 'Market' is derived from the Latin word 'maratus'. This means merchandise, wares, traffic, trade or place of business. It is an activity which centers round two important operations viz. BUYING and SELLING. Simply, it means an 'Exchange Activity'.

Definitions:

"A market is an area for potential exchanges". – Philip Kotler

"Market is a group of sellers and buyers who are willing to exchange goods and/or services for something of value. Of course, some negotiation may be needed. This can be made face-to-face at some physical location. Or it can be done indirectly – through a complex network of middlemen who link buyers and sellers who are far apart".

– E.J. McCarthy/W.D.Perreult

With these definitions we understand that market is not just a place where buyers and sellers meet. It is something more. It is a group of buyers and sellers interested in negotiating the terms of purchase and sale of goods and services. The negotiation may take place in person or through any other type of communication, like telephone, correspondence, or teleshopping or electronic-mail. Two vital forces of market viz. demand and supply facilitate the exchange process of consumers and sellers. 'Exchange' is the main activity in a market. Exchange is possible when something (goods) is there to offer and somebody is there to accept. Purchase consideration (price of the product or service) also plays an important role in matching the buyer and seller. Therefore, price is the meeting point of buyers and sellers in the market. Thus, 'market' is an exchange activity which takes place between buyers and sellers directly or through

middlemen, in a place or otherwise, for a price, resulting in physical/legal delivery of ownership of goods.

MARKETING:

“Marketing includes all activities involved in the creation of place, time and possession utilities. Place utility is created when goods and services are available at the places they are needed; time utility when they are needed; and possession utility, when they are transferred to those who need them”. – Converse, Hugesy and Mitchell.

“Marketing is concerned with the people and activities involved in the flow of goods and services from producer to consumer”. – American Marketing Association.

“Marketing is the set of human activities directed at facilitating and consummating exchanges”. – Philip Kotler.

To sum up with different definitions, marketing is a creative management function involving production of goods and services, pricing them, promoting them and distributing them to the consumers to satisfy their wants.

Marketing comprises all activities involved in the determination and satisfaction of customer needs at a profit. By means of marketing function, marketer can direct the firm’s response to an ever-changing market environment and orient all parts of the business towards the creation of a satisfied customer.

MARKETING MANAGEMENT:

The American Management Association defines marketing management as follows:

“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”.

According to Philip Kotler, “marketing management is the analysis, planning, implementation and control of programme designed to create, build and maintain beneficial exchanges and relationships with target market for the purpose of achieving organizational objectives.”

From the above definitions, marketing management may be defined as the process of management of marketing programmes for accomplishing organizational goals and objectives. The process of management is the set of managerial functions known as planning, implementation and control of programmes to achieve predetermined objectives. Marketing management involves planning, implementation and control of marketing programmes or campaigns. Marketing management is directly in charge of:

- (1) the setting of marketing goals and objectives,
- (2) developing the marketing plan,
- (3) organizing the marketing function,
- (4) putting the marketing plan into action, and
- (5) controlling the marketing programme.

DIFFERENCE BETWEEN MARKETING AND SELLING

MARKETING		SELLING	
1	It is satisfying needs and wants through an exchange process	1	Selling only involves exchange of money for goods or service or an effort to execute the exchange process
2	Marketing starts before decision of production of goods or services.	2	Selling starts after decision of production of goods or services
3	Marketing accords importance to satisfaction of consumers' wants effectively	3	Selling emphasizes on sale of products and stresses needs of seller
4	Marketing has to take into consideration both the internal and external factors of the business	4	Selling is concerned with the internal factors like production and distribution of goods.
5	Marketing is a wider term, which includes selling, advertising, customer service and also the distribution of goods.	5	Selling is the part of marketing and thus it is not a comprehensive term.
6	It is an integrated approach that utilizes various functional areas of business in order to achieve the long-term objectives of business. Emphasizes on adopting future technology.	6	It is short-run-oriented and focuses on today's products and markets. It emphasizes on staying with existing technology and reducing costs.

CONCEPTS OF MARKETING:

Marketing concepts are also known as marketing philosophy. It refers to the attitude of business / thinking of the management which guides its marketing efforts.

The main concepts of marketing are:

1. The production concept
2. The product concept
3. The sales concept

4. The social concept
5. The modern marketing concept / consumer oriented concepts.

1. PRODUCTION CONCEPT

It is one of the oldest concepts of marketing. It is that marketing philosophy which believes that consumer will prefer those products that are,

- Available at time
- In adequate quantities
- At right place
- At affordable price

Management should try to make a policy to improve production and distribution system and to bring down price

Advantages :

- Large quantity of product is consumed
- Where demand is high and supply is less

Disadvantage

- Consumers are not given personal attention

2. PRODUCT CONCEPT :

It believes and operates on the principal that, quality, performance, naturally attract customers. Customer will prefer and buy products which are of high quality and good performance. Good quality and performance of the product makes the customers willing to pay even more than what they actually willing to pay in normal conditions.

The main disadvantage of this concept is that no effort is required for the marketing if quality of product is good, but it is not true.

3. SALES /SELLING CONCEPT :

It assumes that any product does not sell itself, it has to be sold. For selling the product the consumers have to be educated and effectively convinced that it is this and this product only which will satisfy their needs. It is a common approach for any marketing effort.

The main disadvantage of this concept is that it gives emphasis on increasing sales volume and not on consumer satisfaction

4. SOCIETY OR SOCIAL CONCEPT :

It is also known as human / ecology concept. It believes in assessing the needs and wants of target customer or target market. Adopting the policies, programmes, procedures and strategies to produce and marketing goods to give expected satisfaction more effectively than its competitors', in such a way that it enhances the customers as well as the society's well being.

5. MODERN MARKETING CONCEPTS :

“This marketing concept believes that the key to achieving organizational goals is depending on determining the needs and wants of target marketing and delivering the desired satisfaction more effectively and efficiently than competitors”.

-Philip kotler It

is also known as consumer oriented concept.

Main features :

- The customer is the boss.
- We are satisfied if our customers are satisfied.
- Have the customers and not the product.

APPROACHES TO THE STUDY OF MARKETING

The various approaches which are commonly used to describe the marketing system are:

1. Commodity approach / Product approach
2. Functional approach
3. Institutional approach
4. Managerial or Decision - making approach
5. Systems approach
6. Legal approach
7. Societal approach
8. Economic approach

In short you can remember these approaches as,

P.F.SMILES

1. Commodity approach :

Under the commodity approach, we study the flow of a certain commodity and its journey from the original producer right upto the final customer. In such a study, we can locate the centre of production, people engaged in buying and selling of the product, mode of

transportation, problems of selling and advertising the product, problems of financing it, problem arising out of its storage and so on. Through such an approach, we can find out the differences in marketing producers, services and problems. Thus, we can have a fuller picture of the field of marketing. Marketing of agricultural products such as cotton, wheat, jute represent the commodity approach.

2. Functional approach :

Under the functional approach, we concentrate our attention on the specialized services or functions or activities performed by marketers. The study of marketing functions (like, buying, selling, storage, risk bearing, transport financing and providing information) represents the functional approach to the marketing system

3. Institutional approach :

Under the institutional approach, our main interests centers round the marketing institutions or agencies such as wholesalers, retailers, transport undertakings, bnaks, insurance companies, etc., who participate in discharging their marketing responsibilities during the movement of distribution of goods. We try to find out how these various business institutions and agencies work together to form a total marketing system.

4. Managerial or Decision – Making approach :

This approach which is of recent origin combines certain features of the commodity, institutional and functional approaches. In this approach, the focus of marketing study is on the decision making process. The study encompasses discussion of the different underlying concepts, decision influencing factors, alternative strategies and techniques and methods of problem solving.

5. The systems approach :

A system is a set of interacting or interdependent groups co-ordinated to form unified whole and organized to accomplish a set of objectives. In the model of systems approach we have:

- 1) **Objective**
- 2) **Inputs**
- 3) **Processor**
- 4) **Outputs, and**
- 5) **Feedback.**

The objectives direct the process. Control monitors the process. Information feedback gives information from internal and external sources and it is the basis for future change in the system.

An open system has its own environment giving the inputs and accepting the outputs. Inputs are processed, producing outputs to meet the objective, the twin objectives of marketing system are customer satisfaction and profitability. It places emphasis on the inputs to the system and the outputs produced. It helps in the determination of marketing and corporate goals, and the development of marketing programmes and the total marketing mix.

Adoption of a systems approach provides a good basis for the logical and orderly analysis of marketing activities. It stresses marketing linkages inside and outside the firm. It emphasizes changing environment. It provides a framework for control. It depends on using the right information. Markets can be understood only through study of information.

6. Legal approach :

Legal approach focuses its attention on the legal transfer of ownership of goods to the buyer. It highlights the various legislations that are in force to support marketing system. Acts like Sale of Goods Act, Carrier Act, Construct Act, etc., at national level and Act like Regulated Market Act at state level provide legal aspects of marketing.

7. Societal approach :

Societal approach states that society identifies its own consumption needs and satisfy it accordingly. Modern aspect of marketing – consumer to consumer – is the theme of societal approach. Consumers in the society project their desires, producers produce the products accordingly and sell them to consumers. This is a recent thinking on marketing concept. Societal concept projects the idea that, “society meets its own consumption needs”.

8. Economic approach :

Economic approach considers market forces like demand, supply, price, etc. The market behavior, the types of markets, etc., are considered in this approach.

AIMS/ GOALS OR OBJECTIVES OF MARKETING

- Cater the wants and needs of customer
- To improve and maintain image of the product or the business
- To increase market share
- To target an unexplored market
- To target a new market segment in an explored market
- To build trust and rapport with customers
- Attract new customer and retain existing customers

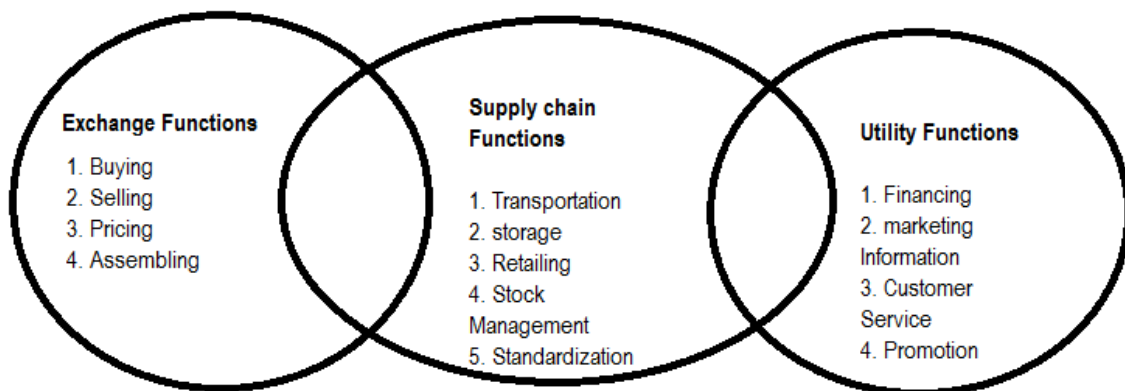
- To illustrate benefits and introduce products
- To boost sales revenue
- To develop new business ideas
- To understand consumer behavior through marketing research

FUNCTIONS OF MARKETING

The primary goal of marketing function is exchange of goods and services to maximize the satisfaction of customer. Marketing function begins from identifying the needs of customers and ends with satisfaction of these needs. The main function of marketing primarily includes buying, selling, transporting, storing, standardizing and grading supply chain management, advertisement and media management, financing, risk taking and securing market information

It can be broadly classified into three

1. Exchange functions
2. Supply chain functions
3. Utility functions



A. EXCHANGE FUNCTIONS :

1. BUYING

Buying primarily involves decisions on what to buy, what quality, how much, from whom, when and at what price. Buying decisions are highly influenced by demand and supply for the product. The buying function is carried out by all the entities in the marketing chain. Manufacturers buy raw materials from their supplies, distributors, retailers buy from wholesalers

buy from distributors, retailers buy from wholesalers and customers buy from retailers, this may vary depending on channel or distribution. Entities in the marketing chain are influenced by quality, service and price. The products that the retailers buy for resale are purely on the basis of the need and preferences of their customers.

2. SELLING

The core objective of selling is to facilitate sales. Selling is concerned with the persuasion of prospective buyers to actually complete the purchase of a product or service, in other words transfer of ownership. The volume of sales has a direct correlation with the profits of the business concern and therefore it plays an important role in realizing the ultimate aim of earning profit. Most of the marketers use personal selling, advertising, publicity and sales promotion and other techniques to enhance the volume of sales.

3. PRICING

Pricing of products or services play a vital role in marketing and as it directly impacts the profitability of business. The success of a product or service vastly depends on its pricing and it is not always easy to get the pricing right. If the price is too high demand will reduce and you as a marketer may price yourself out of the market. If your price is too low, your sales volume may not generate enough revenue to cover the costs associated with your business. Therefore it is very important to get the pricing right.

4. ASSEMBLING

It is important to note that assembling and buying are separate functions, assembling starts after the goods have already been purchased. Buying mainly involves transfer of ownership of the goods, where as assembling involves creation and maintenance of the inventory of goods purchased from different sources. In assembling goods are usually procured from various sellers or suppliers and then assembled at one place under the control of the buyer. Thus buying and assembling are two different processes.

B. SUPPLY CHAIN FUNCTIONS :

1. TRANSPORTATION :

The success of distribution in marketing system depends upon an economical and effective transportation system. It is important to note that availability of resources required by industries such as labour, raw materials are scattered or concentrated in certain geographical regions and in order to integrate these resources transportation plays an instrumental role.

The main purpose of transportation is to enhance the value of goods by the creation of place utility. The development of various kinds of transportation has led to opening of new markets.

2. STORAGE :

Storage refers to the holding and preservation of goods until they are dispatched to the consumers. Storing or warehousing is very significant in marketing and aims at protection of the quality and quantity of the stored products. The purpose of warehouse is to compensate for the time difference that arises due to the time gap between production and consumption of products, therefore warehousing fills this gap by creating time utility. Need for warehouses arise also because some goods are produced only in a specific season but are demanded throughout the year. Similarly, certain products are produced throughout the year but demanded only during a specific season.

3. RETAILING :

The word retailing has its origins in the French verb “retailer”, which means “to cut up”, and refers to one of the fundamental retailing activities which is to buy in larger quantities and sell in smaller quantities. A retailer is an intermediary in the marketing channel who actually plays a dual role of marketer and customer, retailers play a special role as they interact with both consumers and producers. Retailers provide a value addition for the consumers by ways offering convenient shopping locations, market information and other services such as free parking privileges, tutorial on product use and after sale service which facilitates the sales of products and creates higher utility from consumption.

4. STOCK MANAGEMENT :

Inventory or stock management is a significant function of marketing and reflects the health of the supply chain and as well as impacts the financial health. Every organization constantly strives to maintain optimum inventory to be able to meet its requirements and avoid over or under inventory that can impact the financial figures. Effective management of inventory plays a major role in deciding marketers potentials to function with good profit margins. High inventory turnover ratio indicates that a company is efficient in managing its inventories and is having high sales. Holding too much inventory can occupy space and incur significant costs. On the other hand, shortage of inventory can lead to catastrophic slowdown across the supply chain, affecting many other downstream companies.

5. STANDARDIZATION AND GRADING :

Standardization helps the marketers keep the costs low and target many potential customers. It also brings in uniformity in establishment of certain standards or specification for products in terms of quality and quantity. E.g., colour, shape, appearance, material, taste, sweetness, etc. government may also set some standards e.g., in case of agricultural products. A standard conveys a uniformity of the products. Grading involves classification of standardized products into certain well-defined classes or groups. It involves the division of products into classes made up of unit processing similar characteristics of size and quality. Grading of products creates a trust in customers.

C. UTILITY FUNCTIONS :

1. FINANCING :

The financing function of marketing deals with providing credit facilities to all the entities involved in the marketing channel such as distributors, wholesalers, retailers and customers. The services of providing the credit and money needed to meet the cost of getting merchandise into the hands of the final user is commonly referred to as finance function in marketing. In marketing, finances are needed for working capital and fixed capital, which may be secured from various sources such as – commercial banks, Lending institutions both organized and un-organized and trade credit (provided by the manufacturers to wholesaler and by the wholesaler to the retailers).

2. CUSTOMER SERVICE :

In order to manage customers, marketers must be concerned with the entire experience a customer derives from using the products or services offered by the marketer. Customer seek value directly from the use of products or services they buy. Customer's buying experience covers the entire purchasing experience and is a combination of product and non-product benefits.

3. MARKETING INFORMATION :

Marketing information is using the management information system designed to support decision making in marketing. In order to ensure success of marketing decisions the marketing decisions should be based on correct and timely market information. True facts and information minimizes the risk and results in cost reduction. The marketing department should collect, analyze and interpret facts and information from internal sources, such as records, sales people and findings of the market research department. They also collect data and information from external sources, such as business publications, government reports and commercial research firms. Proper research and effective market information will ensure accurate and effective decision making which is essential for the success of marketing plans.

4. PROMOTION :

Promotion helps marketers create and increase brand awareness, provide information about the products and services, increase volume of customers and build sales and profits. Promotion is one of the major “tools” used in marketing. Promotion attempts at influencing the customer to purchase the product or service. Promotion can be in different forms such as personal selling, advertising, sales promotion and public relations. Each of these are equally important, as they each have their own unique features that determine the role they play in promotion.

RECENT TRENDS IN MARKETING

Over the last few years marketing has changed drastically. In the past the sales executives had the most of information and we as customer were depended on sales professionals to inform and guide us in our decisions, but now the development in information technology has changed everything. Businesses are constantly under pressure to keep up with ever-changing technology advancements. With the majority of people having access to high speed internet, online videos, social networking sites, blogs, product review sites, automated follow-up systems and online advertising, marketers are more focused on making marketing more attractive and interactive. Marketing now is not just selling and promoting products and services but it is all about changing the methods from straight out selling to educating, attracting prospects and customers by adding loads of value to what business offer.

There is a major shift in the Marketing Techniques in the recent past. So the recent trends in marketing are:

1. E-business
2. Tele marketing
3. M-business
4. Social networked marketing
5. Viral marketing
6. Interactive Television
7. Green marketing
8. Retail marketing
9. Relationship marketing
10. Customer Relationship Management

1. E-BUSINESS :

The use of Internet and Web technologies in business – commonly known as “e-business” – has changed how marketers implement and enhance their business processes and

interact with their environments. In order to develop a successful e-business model understanding the customer needs in the light of the new environment is very essential.

MEANING AND CONCEPT :

The use of term e-business was coined by IBM in October 1997, when it launched a thematic campaign built around the term. Today, e-business has become a buzz word and most of the corporations are rethinking their business in terms of the Internet and its new culture and capabilities.

Electronic business, commonly referred to as “e-business”, or an internet business is generally referred as buying and selling of goods or services through internet. However this definition just reflects one aspect of e-business i.e., trading. *E-business in a broader perspective involves the use of information and communication technologies to facilitate and support processes and activities of business.* Processes and activities of business includes buying, selling, customer services, advertising and promotion, supply chain management, processing orders electronically and cooperating with stakeholders of business and much more. Therefore *e-business is the conduct of business on the Internet, not only buying and selling but also servicing customers and collaborating with business partners.*

FEATURES :

1. Wider reach in terms of market access.
2. Operational round the clock and across the year.
3. E-business covers all the activities of business.
4. Use of information and communication technologies.
5. Attractive, interactive and collaborative.

NEED, IMPORTANCE AND ADVANTAGES :

1. Helps in presentation of products and services effectively.
2. Provides adequate information about products and services.
3. Eliminates location and availability restrictions.
4. Reduces time and money spent.
5. Expedites customer service.
6. Provides scope for online interaction.
7. Worldwide presence and 24/7 business hours.
8. Makes shopping convenient.
9. Easy to start and manage a business.
10. No need for a physical store.
11. Eliminates market intermediaries.

DISADVANTAGES :

1. Security concerns
2. Lack of personal touch
3. Lacks tangibility as product before purchase cannot be experienced.
4. Lack of clear defined cyber laws.
5. Not suitable for all products & services e.g., perishable commodities.
6. Consumes a lot time for delivery of physical products.
7. Returning goods, replacement and exchanging is a problem.

E-BUSINESS MODELS :

The major different types of e-commerce are: business-to-business(B2B); business-to-consumer(B2C); business-to-government(B2G); consumer-to-consumer(C2C); and mobile commerce(m-commerce).

<p>Business-to-Consumer (B2C) E.g.: <i>selfcare.sdc.bsnl.co.in/is portal offered by BSNL for customer care.</i></p>	<p>In this model transactions take place between consumers and business houses. Here individuals are also involved in the online business transactions. The basic concept of this model is to sell the product online to the consumers.</p>
<p>Business-to-Business (B2B) E.g.: <i>Professional couriers- Track N' Trace for dealers.</i></p>	<p>Business-to-business (B2B) is one of the major forms of commerce and represents business transactions between businesses, such as between a producer, distributors and wholesaler, or between a wholesaler and a retailer.</p>
<p>Consumer-to-Consumer (C2C) E.g.: <i>Sulekha.com, 99acres.com, shaadi.com, Quikr.com</i></p>	<p>In this model business transaction is carried between two individuals using a platform (website) in the form of intermediary. It helps the online dealing of goods or services among consumers.</p>
<p>Business-to-Employee (B2E) E.g.: <i>Infosys TalentEdge hosts an interactive employee self-service portal called MyNest.</i></p>	<p>B2E model an intra-organization web portal which facilitates organizations to provide products & services to their employees. Typically, companies use B2E model to provide services such as salary slips, income tax returns, promotions and recruitment, performance appraisals etc.</p>
<p><i>Business-to-Government (B2G)</i></p>	<p>Business-to-government (B2G) is a business model that refers to businesses selling products, services or information to</p>

	governments or government agencies. An example of a business to government company is a firm that offers IT consulting services to a government agency.
Peer-to-Peer (P2P) E.g.: <i>iMesh, Rapidshare</i>	It is another model of e-business in which people instantly shares related computer files and computer sources without having to interact with central web server.

2. TELE-MARKETING :

Telemarketing is one of the method of direct marketing of products and services offered by the marketer. ***Telemarketing is a process of persuading prospective customers to buy products or services using telecommunication technology.*** Telemarketing is interactive marketing medium and it helps the marketers to address the prospect customer's questions, concerns, and overcome their objections. There are different methods of telemarketing and each of the telemarketing method includes a different function. In order to obtain the best results, most businesses use telemarketing methods depending on their diverse business needs. To achieve the favourable results, marketers can adopt one or more telemarketing methods separately. The following are different variants of telemarketing.

Tele-Marketing Methods :

- ❖ Interactive voice response
- ❖ Voice chat
- ❖ Voice & text messages
- ❖ Tele Shopping
- ❖ Call Centres & BPOs
 - ✓ Inbound
 - ✓ Outbound
- ❖ Broadcast Fax

1. INTERACTIVE VOICE RESPONSE :

The Interactive Voice Response System (IVRS) can turn out to be an effective tool of marketing if designed and used in the right way. IVRS has many applications in marketing. It can be used to answer frequently asked questions about products or services through pre-recorded messages through IVRS round the clock. The IVRS enables automatic reading of basic information about product or a service for the callers. The IVRS can also be programmed to allow the callers record their messages or queries about products and services.

2. VOICE & VIDEO CHAT :

After the emergence of internet as a medium of communication online, voice chat programmes and video chat networks were mainly used for personal entertainment like popular dating and to make international phone calls. For a long time, voice chat platforms were besieged by poor technical quality, relatively high pricing for service. On account of technological developments and easy access to this technology at affordable prices, voice chat has become really accessible, affordable, and feature-rich; and better-suited for business-to-business and business-to-consumer correspondence.

3. VOICE MESSAGES OR VOICE MAIL/SMS MARKETING :

Voice /Text message refers to message sent or received using media such as cellular device or using internet. The main benefit of marketing product & services using a voice/text mail or message is that it can generate thousands of ready-to-buy respondents with customer subject to customer's interest in the product, further implement a new promotion in limited time span voice mail marketing can be handy, resulting in an increase in marketing return on investment and voicemail marketing is also cost effective to reach target customers directly, by voice. Voice messages are popularly used by mobile phone network providers such as airtel, Vodafone and idea, etc., to market their product and services.

4. TEleshopping :

Teleshopping involves marketing of goods and services by customers using a telephone or using computer aided devices or televisions or combination of these. The main advantage of teleshopping is convenience for customers. The customer can purchase a product without visiting the seller. This saves valuable time, effort and money. However teleshopping suffers from certain limitations which includes, lack of efficient customer service, problems with the product delivery service, loss of social contact and lack of visual stimulation.

5. BROADCAST FAX :

Broadcast faxing involves use telephones and fax machines to send multiple recipients, however it is not popular these days, in the past this method was widely used in developed countries mostly for business-to-business marketing campaign. If a recipient asked to be excluded from future broadcast, then that recipient fax number was placed in DO NOT FAX list. Due to the emergence of a variety of new digital communication methods, the overall use of faxes is less than in the past.

6. CALL CENTRES :

Marketing these days is usually done through marketer owned call centers or through an outsourced call centers. Call centre is a centralized office meant for the purpose of receiving and transmitting a large volume of requests by telephone. Call centers are primarily established to administer incoming product support or information inquiries from customers and outgoing calls

for telemarketing. Inbound call centre is exclusively handles inbound calls (calls initiated by the customers). In outbound call centre, the call centre employees make outbound calls to customers or sales leads.

Tele-Marketing Pros & Cons

1.	Economical in terms of cost	1.	Telephone marketing is seen as a nuisance by customers
2.	Provides employment (outsourcing)	2.	Risk of exposing confidential data by call center employees
3.	Direct interaction with customers	3.	Hidden costs
4.	Helps in nurturing existing customers	4.	Lack of customer focus.
5.	Brings technology and thus saves time		

3. M – BUSINESS :

M-business is a branch of electronic commerce which includes buying and selling of goods and services through wireless handheld devices such as cellular telephone and personal digital assistants (PDAs).

FEATURES :

1. Any time and any where transaction capability.
2. Services through wireless handheld devices.
3. Wider reach.
4. Attractive, interactive and collaborative.
5. Provides adequate security.

M-BUSINESS PROS & CONS :

1.	Conduct business from remote locations	1.	Use of limited graphics due to low bandwidth.
2.	Saves time and costs	2.	Expensive to set up mobile infrastructure
3.	Not limited by geographical boundaries	3.	Compatibility constraints of mobile devices
4.	Customized services can be offered	4.	Security of data and transactions.
5.	Helps in maintaining competitive edge.	5.	User interface is not friendly.

M-BUSINESS APPLICATIONS :

- ❖ Mobile ticketing
- ❖ Mobile banking
- ❖ Mobile stock trading
- ❖ Mobile utility payments
- ❖ Mobile marketing
- ❖ Mobile retailing
- ❖ Mobile auctions
- ❖ Information services
 - Weather updates
 - Traffic info
 - Stock trackers
 - News services etc.
 - Local maps
 - Learning and training

4. SOCIAL NETWORKED MARKETING

Social media marketing has gained momentum in the recent past, companies not just using social media to market product and service but to pinpoint the right candidate for a job and this is prompting a wave of change in corporate hiring.

Social networked marketing is a process of use social media to persuade customers which involves a set of activities like creating content that attracts attention and encourages readers to share it with their social networks.

5. VIRAL MARKETING

Viral marketing is a new tactical strategy which uses people as a medium to promote product or service. A good example for viral marketing is the form of text messages and email. Viral marketing also involves use of social networks to promote & increase brand awareness or to achieve other marketing objectives such as sales, understand customer needs etc.

Viral marketing has become a buzzword these days and definitely has a place in the business world today for various reasons such as: it is more effective ways to market on the internet, cost effective, and with a good campaign marketers can take advantage of the viral characteristics and potential of social media and the search engines. As people are constantly searching, following and networking; make this clear trend work for marketers.

6. INTERACTIVE TELEVISION

With inception of organized digital cable service & interactive television, marketing in India can change the picture of business, however interactive tv marketing is well established in countries like USA, UK and Australia. Interactive television has created the possibilities for marketers that are endless. The majority of us now have cable or digital TV and with this comes the ability to interact with our TVs, programs and watch or re-watch what we want when we want, even pause live TV. Interactive television (iTV) marketing describes a number of techniques that allow customers to interact with television content to shop and transact using Interactive Digital Television.

7. GREEN MARKETING

According to the American Marketing Association, green marketing is the marketing of products that are presumed to be environmentally safe. On account of increasing global warming and other ecological disorder a need for environment friendly products and services has arisen and marketers these days either due to government pressure or as a social responsibility has taken up green marketing i.e., marketing products and services based on environmental factors or awareness. Green marketing is not just producing environment friendly products, it also includes decisions relating to the entire process of company's products, such as methods of processing, packing and distribution. This concept also applies to marketing of services example: eco-tourism, green capital, etc.

CHARACTERISTICS :

1. Products naturally grown
2. Products are recyclable, reusable and biodegradable
3. Products contains natural ingredients without preservatives
4. Products are made in a way that they do not damage or pollute the environment
5. Products packing is eco-friendly.

NEED, BENEFITS & IMPORTANCE :

1. There is growing interest among the consumers all over the world regarding protection of environment.
2. Our quality of life is increasingly impacted.
3. To fulfill the obligation of social responsibilities towards society.
4. To comply with governmental policies and pressures.
5. To be ahead of competitors, green marketing can be used as strategy.
6. Effective & efficient use of natural resources can attained through green marketing.
7. Helps in reducing costs on account of recycling.
8. It helps in accessing the new markets where environmental standards are given prime importance e.g., developed nations.
9. Employees feel proud for being part of environmentally responsible company.

10. Customers also feel satisfied by using green products as they contribute to nature.

PROBLEMS AND CHALLENGES :

1. Firms may use green marketing to mislead the customers by means of giving false information.
2. Educating all the customers about use and need of green products is difficult.
3. Environmental policies are not uniform throughout the country and across the globe this makes standardization of products difficult.
4. Green marketing involves huge capital investments in adopting environmentally friendly technology and SMEs may not afford this.
5. Established companies fear alienating their base of mainstream consumers by appealing to the green consumer.

8. RETAIL MARKETING

A retail is an intermediary in the marketing channel who connects producer to consumer, retailing is the last stage in the distribution channel. It is not necessary to have intermediaries like wholesaler, distributor and retailer, a producer can directly the product to the customer, however this method of distributing products and services to end consumers is inconvenient, expensive and time consuming as it involves plenty of activities such as warehousing, storing, etc. And therefore to this job a retailer is required.

Retail comes from the old French word ‘tailer’, which means to cut off a piece or to break bulk.

According to Philip Kotler :*Retailing includes all the activities involved in selling goods or services directly to final consumers for personal and non-business use.*

A retailer or retail store is any business enterprise whose sales volume comes primarily from retailing. Therefore retail marketing simply refers to the business of selling products and services to consumers and it includes all the activities such as promotion, advertisement and customer service that assist in selling products or services directly to consumers a medium such as stores, internet, malls, kiosks, vending machines or other fixed locations.

CHARACTERISTICS :

1. A retailer mainly focuses on building customer relation and not just selling products.

2. Retailer is last stage in the distribution channel and therefore direct interaction with customers is possible.
3. Purchases goods in large quantities from the wholesalers and distributors and sell in small quantity to the consumer.
4. Retailer develops personal contact with the customer and customer centric.
5. Sales promotions are offered at this point only.
6. Location and layout plays a vital role in retailing.
7. Retailer deals in general products or a variety of merchandise.

FUNCTIONS & ROLE :

1. Procurement and assembling
2. Warehousing and storing
3. Grading and packing
4. Selling
5. Assumption of risk
6. Financing
7. Supply of market information
8. Advertisement and communication

9. RELATIONSHIP MARKETING

In the present competitive business environment one of the prime objective of marketing is to create an in-depth and accustomed relationship with not just customers but all the stake holders of the business who directly or indirectly affect the success of the firm's marketing activities. *Relationship marketing includes a set of activities and strategies aimed at developing customer loyalty, interaction, managing trust and long-term engagement with all the stake holders of the business.* Stake holders of business includes – customers, suppliers, distributors, retailers, shareholders, government, employees and other marketing partners.

NEED, BENEFITS & IMPORTANCE :

1. Builds trust & Loyalty :

For a business it is important to note that acquiring a new customer can cost more than retaining an existing one and therefore it becomes invariably important to retain the existing customer, customers who are continuously acknowledged, interacted and reminded of presence of brand are less likely to switch over to other brands. Making those customers feel recognized,

known and appreciated can go a long way toward locking up their loyalty. And, it's also a great way to get them referring others.

2. To regain lost customers :

Despite of implementing proper retention strategies, some customers will inevitably break down for various reasons such as better offers and service from competitors. However this doesn't mean the customer is lost permanently, marketers can win back these once-valuable customers by implementing certain relationship marketing strategies such as sending greeting cards, offering special discounts, better service and offers brochure etc.,

3. Builds reputation and brand value :

Relationship marketing is about establishing long term relationship with the customers. It includes understanding customer needs throughout the lifecycle and providing the goods and services accordingly, by building a good relation with customers, marketers fulfill or exceed customer expectations and provide not just a product or service, but an experience. By doing this a marketer maintains a long - term customer relationship which leads to enhanced brand image and value.

4. Create Business Opportunities :

Satisfied customers are ready to pay more for services/products if there are adjustments in pricing because they are loyal to you and trust your services/products. Further word of mouth from satisfied customers about the brand influences other customers at the time of buying a product for the first time or when products are relatively expensive. People are more likely to buy a product or a service when recommended to do so by a person they know.

5. A tool to gain competitive edge :

Relationship marketing is more than another sales tool for increasing sales and market share. It's a powerful device for retaining key customers as well. The goodwill generated through improved consumer interactions will help the marketer to stay ahead of their competitors. Gaining competitive advantage through customer satisfaction and customer retention.

10. CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Customer relationship management (CRM) is a business strategy intended towards understanding, interacting, anticipate and respond to the needs of current and potential customers using technology to organize, automate, and synchronize business processes.

In other words CRM describes the strategy that a company uses to handle customer interactions.

The e-CRM or electronic customer relationship management concept is derived from e-commerce. (e-CRM) involves use of hardware and use of new web-based technologies to handle customer interactions.

NEED & OBJECTIVES :

1. To facilitate marketing and sales process.
2. To provide better customer service.
3. To attract new customers and increase revenue.
4. To cross sell products more effectively.
5. Lowering operations cost by using CRM technology.
6. To create better and consistent customer experience.
7. Understand customer needs better and maintain long-term relation.

IMPORTANCE & BENEFITS :

1. CRM strategies helps in winning customer loyalty and confidence.
2. Aids in providing personalized products & services to customers.
3. Acquiring better knowledge of customers and their buying habits.
4. Profiling of individual customers is possible & this helps in segmentation.
5. Can be used as an effective tool against global competition.
6. Developing better communication channels.
7. CRM system will also help in expanding business operations.
8. CRM helps in coping with the increased numbers of customers & data.

SCOPE & CONTENTS :

1. Companies adopting & initiating CRM.
2. Customers, suppliers and other marketing channel partners of those companies.
3. Vendors of CRM software: E.g.: Oracle, SAP
4. CRM application service providers or software service providers.
5. Vendors of CRM hardware and infrastructure.
6. Management consultants.

STEPS IN CRM IMPLEMENTATION :

1. Develop CRM strategy
2. Building basic framework for CRM initiatives.
3. Need specification and partner selection.
4. Project implementation

5. Evaluation of performance.

THE ROLE OF CRM CUSTOMER RELATIONSHIP MANAGEMENT :

CRM (Customer Relationship Management) is the newest and the most innovative innovations of recent time in order to provide better service to customer. CRM is always a helpful tool for the management and customer service stuffs which cope up with customer concerns and issues. CRM involves accumulating a lot of data about the customer. And when all the data of customer are being captured, it is then used to facilitate customer service transaction by making the information needed to resolve the issue or concern readily available in order to deal with the customers. Thus, it results in satisfying more customers, which means more profitable business and more resources available to the support staff. In addition, customer relationship management system is a great help to the management in deciding on the future course of the company.

11. SEARCH ENGINE MARKETING :

Search engine marketing (SEM) is a method of marketing on internet which includes promotion of websites gaining traffic from or visibility on search engines in search engine result pages in the form of paid placement. SEM includes search engine optimization, pay-per-click advertising, and other techniques for making your site and content more visible to internet users.

How Search Engine Marketing works?

Search engine marketing helps in promotion of product, service or brand, website by making it more visible to possible clients/customers using search engines. As most online sales start with a web search – therefore visibility of product, service or brand, website of marketer helps in attracting the prospective sale.

1. SEO/Search Engine Optimization – This is done by developing web pages by relevant content , this is to help it gradually rank well in the ‘natural’ search listings for a particular keyword; successful SEO will increase your site’s ranking in the natural search results listings.
2. PPC/Pay-per-click – It is a strategic marketing model in which the marketers bid to exhibit their ads on searches for a particular keyword or phrases and pay only when some clicks through from the search page to the marketers website. This can be regarded as an outstanding and very cost-effective marketing model that can bring a guaranteed listing at the top of the search engines – but required quite a bit of research and testing to get right.
3. The effectiveness of search engine marketing success depends on the back office team which collects data of customers from websites and therefore the office team should make sure that when they get all this traffic it can be converted into the required sales/newsletter sign ups/brochure requests, etc.

UNIT – 2

MARKETING ENVIRONMENT

MARKET ENVIRONMENT

MEANING :

The market environment refers to various internal and external factors and forces that affect a firm's activities such as marketing plans, customer management, financial planning, etc., directly or indirectly. Successful companies recognize and respond effectively to trends in marketing environment.

COMPONENTS OF MARKETING ENVIRONMENT

A. MICRO ENVIRONMENT :

Micro environment signifies factors and forces over which the marketing firm has control, these factors and forces can be modified in order to provide complete customer satisfaction. The microenvironment consists of functional areas of business, competitors, suppliers, other marketing intermediaries, the markets and segment in which business operates. Micro environmental forces directly impact the customer experience. The aim of marketing is to maximize profits by satisfying the customer requirements and this objective can be accomplished through modification of the micro/internal environmental factors over which marketer has control in such a way as to optimize this objective.

1. FUNCTIONAL AREAS OF BUSINESS :

a) HUMAN RESOURCE :

HR department is in charge of recruiting, training, compensation, performance appraisal, man power planning, employee relations in an organization. The HR department is responsible for ensuring that department employees are well-versed in their areas of expertise. HR department increases employee's job satisfaction and self actualization: It tries to prompt and stimulate every employee to realize his potential. To this end suitable programs are designed aimed at improving the quality of work life.

Impact on Marketing Function :

HR and marketing are closely bonded, HR department provides appropriate personnel for various marketing jobs and plan training programs to improve the employee skills, as well as motivate them. The HR department's proactive approach helps in establishing the number and skills of the workforce required by the marketing department in the future. Effective recruitment and compensation policies create a positive impact on marketing and sales. Therefore HR policies and implementation can create an energized workforce that can substantiate the promises made by marketing managers.

b) FINANCE :

Finance function is concerned with raising, allocation, administration and controlling of funds. The role of finance department in organization is to ensure that are required to help achieve

the organizational objectives. The department also ensures that the costs controls, adequacy of funds. All of which are extremely important for successful running of any organization.

c) **RESEARCH & DEVELOPMENT (R&D) :**

R&D department is in charge of creating new products and innovation which is very important to stay ahead in competition. R&D also carries out the task of improving existing consumer products and to explore new ways of producing them. R&D also strives in controlling costs and adopting efficient methods of production to increase profitability of the company. R&D department will provide advancements in products that ranges from simple updates of features to invention of new products.

Impact on Marketing function :

Often, R&D works closely with the marketing department. The core activity of R&D department involves development of new products, which are essential for marketers to generate profits in medium and long term. All the products go through a product life cycle and have a finite commercial life, an example of this is electronic products where new technological developments occur continuously. Further existing products must be maintained to ensure that they can be produce to specification and commercial life of a product may be increased by enhancing features, improving its performance, changing its appearance, or making it cheaper to produce, etc.

d) **PRODUCTION MANAGEMENT :**

Production management is scientific way of planning, organizing, directing and controlling the activities involved in production process. It deals with conversion of raw materials into finished goods or products by incorporating the factors of production namely, men, money, machines, materials, methods and markets to satisfy the wants of the people. On the other hand operations management deals with framing and controlling business operations in terms of production of goods and services by designing the method of conversion of inputs(in the form of Land, Labour, Capital, Organization) that are processed and converted into output (in the form of goods and services).

Impact on Marketing Function :

Marketing is a tool to drive sales and satisfy the needs of the customers. Therefore the efficacy of the marketing is dependent on production and operations management to ensure that a business sells products that meet customer needs and wants. The role production and operations is to ensure that the business actually makes the required products in accordance with the plan. Therefore production and operations management is accountable for producing the desired products and services which can be marketed at an economical price by appropriately planning all the resources available like Land, human resources, finance and leadership.

2. SUPPLIERS :

Suppliers are part of the supply chain management who supplies the resources needed by the firm to produce its goods and services, this includes manufacturers, importers, wholesalers, retailers and hire companies. Suppliers play a major role in an organization's micro environment. Suppliers and marketing firm are dependent on each other and their relationship is built on the basis of value. This relationship is enhanced and nourished with strong business ties and establishes a mutual relation to achieve desired goal. The ties become stronger provided expectations of both the parties are met. A marketer expects good credit terms, timely supply from the supplier on the other hand suppliers expect prompt payment and good business from the marketers, therefore both marketing firms and suppliers are highly dependent on each other. The most important thing is that a marketer cannot offer customers satisfaction if the mutual goals of supplier and marketing firms are not met. It is important for the marketing firm to establish proper communication and share required information with suppliers on various issues such as pricing, transportation, customer feedback, product availability and delivery, etc.

3. MARKETING INTERMEDIARIES :

There are different intermediaries involved in marketing distribution channel from producer to the final user. The intermediaries help marketers to promote, sell, and make – available a good or service through sales agreements. Marketing intermediaries play a crucial role in creating place, time and possession utilities. Their role is to make sure that products and services are made available on time when needed. They provide services such as transportation, financing, storage and distribution, etc. without intermediaries the entire marketing process will lose its efficiency.

4. CUSTOMER :

Customers are the most important stake holders of any business. They are the resource upon which the success of the business depends. Focusing on customers and their experiences is the crux of marketing function. It is important for marketers to carefully understand all relevant buyer behavior and product usage characteristics. Marketers can no longer solely rely on their outdated methods to understand customer needs. They can use various new methods to collect the information about potential customers. Marketers focusing on customer orientation should highly focus on understanding their customer and responding to their needs. Customer satisfaction is at the heart of the selling process, marketer should be highly concerned about customer satisfaction in the new customer – centric business world. Going by the fact it costs five times as much to attract new customers as it does to keep an existing one. The relationship between the customer and the marketer is therefore important.

5. SHARE HOLDERS :

Share holders are the owners of business. Depending on structure of the company the share holding pattern varies. A small enterprise may have just one share holder, one proprietor, while a

public limited company may have thousands of individual and institutional share holders. Share holders play an important role in the financing, operations, governance and control aspects of a business. The share holders expect the management to generate an high rate of return on their capital. In order to meet the expectations of the share holders marketing department plays an important role, with the help of effective marketing strategies a business can boost its sales revenue and attain marketing leadership this will not only help in giving good returns to share holder but also increase the value of shares.

6. **COMPETITORS** :

In business it is very important to understand who the competitors are? Analyzing competitors closely will help in framing marketing plans effectively. Competitor analysis is an important part of designing marketing strategies and this involves assessment of the strengths and weaknesses of current and potential competitors and helps in assessing marketer's position in the market and improve its products and marketing strategies. In today's competitive market it is important to know what your competitors are doing and what to do to stay ahead of the competition. Competitors analysis provides a realistic picture of competition in the market and gives the marketers an opportunity to figure out the areas of improvements. It also helps in product comparison and promotional decisions. The best way to compete with competitors is through cost advantage or product advantage. Cost and product advantage enables marketers to perform in one or more ways that competitors cannot or will not match.

Competitors analysis :

- Identifying competitors
- Profiling competitors
- Comparison of your potentials with competitors
- Developing marketing strategy

Most firms face four basic types of competition:

1) **Brand competitors** :

It refers to competition with different brands offering similar features, prices and benefits to the same potential customers.

2) **Product competitors** :

It offers same product class but with offer different benefits, features and prices.

3) **Generic competitors** :

They are rival firms offering products which are different but are capable of satisfying the same basic wants or provide the same benefits or utility to the prospective customer.

4) **Total budget competitors :**

It primarily focuses on prices, they compete for the limited financial resources of the same customers.

B. **MACRO ENVIRONMENT :**

The macro environment audit examines the broad range of environmental issues that may affect the organization. Macro environment refers to all major external factors and forces over which the marketing firm has no control. There are six major macro environmental forces to deal with political, economic, socio-cultural, technological, legal and environmental. Marketers should consider these factors to understand the threats and opportunities created by these factors, to develop strategic plans, to obtain and retain competitive advantage. The purpose of analyzing macro environment is to identify the critical issues in the external environment that may affect the organization. The macro environmental forces originate from outside of an organization and generally cannot be altered by actions of the organization or even the number of organizations. A firm should adjust itself to the external environment rather than influencing it. Therefore, understanding external/ macro environment is extremely important irrespective of nature and size of the business.

a) **POLITICAL &LEGAL ENVIRONMENT :**

The political environment simply refers to the way a country is being run in terms of politics. The political environment includes all laws, government agencies and lobbying groups that influence or restrict individuals or organizations. All marketing firm may not give same degree of importance to track political trends, however marketing strategies are firmly influenced by development in the political environment. Elected political parties may have negative attitude towards a firm or its industry are more likely to create or enforce regulations that are unfavourable for the firm.

LEGAL ENVIRONMENT :

This provides a framework on laws, regulations and government policies relating to legal or regulatory set up. Various regulations and law influences marketing plans. The purpose of these laws and regulations drives many marketers to abide and accept these laws as a predetermined aspect of market planning. It is not right to say legal environment limits for business operations sometimes these laws also create new opportunities for business. Egs: Mandatory Helmets has increased sale of helmets and this has led to creation of plenty of new companies.

COMPONENTS OF POLITICAL ENVIRONMENT AND ITS IMPACT ON MARKETING :

1) **POLITICAL SYSTEM :**

A political system is a combination of various members of a social organization who are empowered to form the government to make policies, administration, maintaining of order and

sanity in the society. There are various form of political systems such as single party, two party and multi-party.

Impact on Marketing Function:

Single party government are usually considered as more stable and in most of the case, multi-party and two party government are unstable i.e, there may be frequent, darmetic and unpredictable regime changes and political unrest. When this happens companies suffer huge losses as normal bus: . Operatims may be suspended.

2) **POLITICAL RISK:**

Political risk means difficult situation encountered by organization and government as an outcome of political decisions or disruptions that may hurt an investment or busi.

Impact on marketing function:

Political risk can have a substantial impact on firms in form of actions like confiscation, nationalization and domestication.

3) **POLITICAL IDEOLOGIES:**

Political ideologies refers to way of perceiving, expressing and comprehending views and includes set of ideas, expectations and actions of a political party

Impact on marketing function:

Political parties depending on their ideologies may have negative attitudes towards a firm or its industry are more likely to create or enforce regulations unfavorable for the firm.

4) **INDICATORS OF POLITICAL INSTABILITY:**

Political stability is the condition of the government of a country resulting in propensity of an imminent government change, is not directly observable. Political instability is a situation where-by a country is currently going through political turmoil.

Impact on marketing function:

The political instability can be ascertained with indicators such as social unrest, attitude of people and policies of the government and may result in death of people and in many cases the country declines in terms of its economic progress. Political instability poses greater risks to business.

5) **MONOPOLY CONTROLS AND LEGISLATIONS :**

Monopolies controls are primarily initiated by government in an attempt to regulate, in the public interest. The objectives on controls also include no person or business could monopolize trade or could combine or conspire with someone else to restrict trade. However this move from the perspective of business may not be so viable.

Impact on Marketing Function :

Competition commission of India is a body of the Government of India responsible for enforcing The Competition Act, 2002 throughout India and to prevent activities that have an adverse effect on competition in Indi.

b) **ECONOMIC ENVIRONMENT :**

Economic environment refers to the sum of all economic factors, policies and nature of an economy, trade cycles, economic resources, level of income, distribution of income and wealth, etc, which acts as a major determinant of the economic environment within which the business enterprise works. Economic environment has always been regarded as a broader perspective and keeps on changing from time to time on account of changes in lifestyle, government policies and regulations.

COMPONENTS OF ECONOMIC ENVIRONMENT :

1) **ECONOMIC SYSTEM :**

Different nations have different economic systems (capitalism, socialism, and mixed economy) and the prevailing economic system in a nation affect the marketers to a large extent. Business and economic development are closely related. The prime task of business involves determination of people's needs and wants for which a business undertakes the task of production and distribution of goods and services using factors of production and this overall process results in economic development.

Impact on Marketing Function :

In a capitalistic economy, factors of production are privately owned and governed. Decisions regarding various matters involving production, distribution and even consumption are based on free play of market forces of just demand and supply and government of that country does not interfere in the economic activities of the country. Egs: Japan, America.

Under socialistic economy, all the economic activities of the country are controlled and regulated by the government in the interest of the public and does not depend on private enterprise. Egs: Russia.

Mixed economy is a combination of capitalistic and socialistic economy. Both public and private sector play key roles in the development of the country. Egs: India.

2) **INFLATION RATES AND INTEREST RATES :**

The rate at which the general level of prices for goods and services rises and the value of money falls. The major cause of inflation is too much money is available to purchase few goods and services. An interest rate is the rate at which interest is paid by a borrower for the use of money that they borrow from a lender. Higher interest rates increases the costs. Since the businesses and customer end up paying more interest back to lenders.

Impact on Marketing Function :

High rate of inflation rates results in reduced purchasing power of consumers which leads to lower demand for goods and services. Further, high rate of inflation also makes business uncompetitive in the market leading to lower sales for the business. High interest rates results in the fall of overall demand in the country and thus leads to a troublesome situation for the business to find customers willing to buy its products. On the other hand lower interest rates results to an increase in demand.

3) **BUSINESS CYCLES :**

Business cycle is the periodic but irregular up and down movements in economic activity that an economy experiences over a long period of time and includes economic conditions such as prosperity, recession, depression and recovery.

Impact on Marketing Function :

In an economy characterized by recession businesses generally won't do well due to low aggregate demand in the economy. On the other hand, a boom period will lead to higher business profits and revenue for most of the businesses in the economy.

4) **ECONOMIC GROWTH RATE :**

Economic growth rate refers to increased capacity of production of goods and services compared from one period of time to another. It is measured by comparing GNP in a year with the GNP in the previous year or in terms of real GDP. Sustained economic growth results in higher real living standards and rising employment.

Impact on Marketing Functions :

Economic growth normally has a positive impact on company profits and business confidence. Growing economies provide the means for people to enjoy better living standards and results in increased purchasing power, which leads to increased consumption and sales. Economic growth is important if businesses are to grow and prosper. The real economic growth of one country relative to another is an important indicator of business opportunity.

5) **ECONOMIC POLICIES** :

Economic policy refers to set of activities and response of government to influence its economy. This includes policy for maintaining economic growth, monetary policies, Fiscal policy, Foreign Trade policy, foreign investment policy, and industrial policy. Egs: High level of taxes will lead to low disposable income and contraction of demand in the economy. Business will find it difficult to attract consumers.

Impact on Marketing Function :

Economic policies are crafted by the government and these economic policies affect all types of business firms in different ways. Some economic policies are favourable for business units and some are not . the government may grant incentives, subsidies to business organization or decrease the rates of excise or custom duty or the government may increase the rates of custom duty and excise duty, tax rates for another business. All the business enterprises frame their policies keeping in view the prevailing economic policies.

6) **SAVINGS, DEBT AND CREDIT AVAILABILITY** :

Spending and expenditures of customers are influenced by savings, debt they owe and availability of credit. On account of employment opportunities income levels have increased in urban India, further consumption in rural India has also grown faster. This growth in consumption was fuelled by a rise in house hold incomes due to greater non-farm job opportunities and government initiated employment generation schemes. As a result of these people are spending more on entertainment, shopping. Average urban Indian spends 87.4% more than a villager, survey shows. Therefore spending pattern and credit availability of customer influences marketing plans.

c) **DEMOGRAPHIC ENVIRONMENT** :

Demography is the study of population and demographic environment refers to trends in country's population composition and its growth, levels of income, house hold patterns and regional characteristics and other demographic factors of the market in which an organization operates. Study of demographic environment is highly useful especially in the short run, as populations changes over time in terms of size and structure according to which organization have to also respond. The key demographic factors that needs a closer examination includes size and growth rate of population in cities, regions, age distribution and ethnic mix, educational levels and house hold patterns. Based on these factors marketers can develop products and service accordingly.

COMPONENTS OF DEMOGRAPHIC ENVIRONMENT :

1) Population growth :

Population growth indicates increase in the number of people who inhabit in a territory. The population explosion in India and across the globe has been a source of major concern.

Impact on Marketing Function :

Population growth if not checked may result in insufficient supply creating a disparity in demand and supply side of goods and services. Further many marketing firms are motivated to invest in developing countries due to cheap labour and resources.

2) Population Age Mix :

Population age mix refers to the spread of people living in a given area and also initiates arrangement of population according to variables such as age, race, income or gender. Egs: balance between males and females as well as how the population is divided into groups of age.

Impact on Marketing Function :

Recent trends show population in India includes more of youth who are interested to wear western attires but old age population are interested in traditional attires. This can have important implications on marketing plans.

3) Educational Level :

The population in any society falls into five educational groups : illiterates, high school drop outs, pre – university or diplomas, college degrees, and professional degrees. Depending on educational levels customer purchase decisions are influenced.

Impact on Marketing Function :

The level of education of the customer may also affect marketing techniques, in this information age customers feel they need not to be educated as they are confident enough to make a buying decision and therefore a marketer can use e – business instead of going for physical retail outlet.

4) House hold patterns :

House hold pattern signifies the way in which a family is organized. It includes the composition and membership of the family and the relationships among individual family members.

Impact on Marketing Function :

Household pattern or family plays an important role in buying decisions of many products purchased by a family unit. A child learns how to enjoy candy by observing an older brother. To construct a house, study of the number of family members is necessary.

5) Geographical shifts in population :

Due to regional imbalances in terms of economic development, there is a great migratory movements between and within the states and countries. Intelligent marketers respond to these migrations and take advantage of the situation.

Impact on Marketing Function :

Locations make an impact in terms of choice of goods and services. Bangalore for instance is home for many migrants from north India and their food habits are different from the localites. As a result of which there are many north Indian restaurants in Bangalore.

d) Technological Environment:

The first thing that strikes our mind when we talk about technology is the high-tech gadgets and products such as smart phones, broadband internet, wireless technology, GPS systems, or interactive television. In this century where technological advancements are on fast track it is important to understand the basic customer needs in a new perspective. Recognizing new technology's that can service consumer's needs more completely or economically is the critical part of technological environment analysis. Therefore technological environment means the advancements in the field of technology which influences business by new inventions of productions and other innovations in techniques to perform the business operations and product development.

Let us now analyze the importance of technology and its impact on marketing.

1) Degree of automation and productivity :

Productivity can be increased by making business operations automated. This allows businesses to serve more customers with less resource. Further technology can be used on all levels from R&D, production and all the way to delivery. Thus technology facilitates businesses to grow and expand in ways never thought possible.

2) Emerging Technologies :

Emerging technologies includes sophisticated advancements and innovations in various areas of modern technology. Innovative methods and new technologies represent progressive developments within a field for competitive advantage. Emerging technologies are responsible for new product developments.

3) Research & Development Activity :

Research & Development play an important role in the innovation process which is increasingly vital to current & future profits for business. R&D facilitates innovations in business resulting in development of new products and services, improved processes and new ways to interact with customers. These innovations can result in greater profits and lower costs. Innovation is also useful way to grow business.

4) Technology Transfer :

Technology transfer refers to the process by which technological skills, knowledge moves within or between organizations or countries. Business firm with advanced technology have an option of selling and transferring their patented technology to other firms, countries and make huge profits. Technology transfer is an important means by which developing countries gain access to technologies that are new to them.

5) Use of Information Technology and Communication :

Use of Information Technology and Communication has revolutionalized the face of business around the world. It has enabled local businesses go global by use of websites. Online advertisement is the new mantra for the marketers which have increased the sales of most of the organization. Therefore using Information Communication Technology (ICT), is crucial to most businesses, regardless of size. It is important to a company aiming to expand and to improve efficiency. The use of good ICT also improves customer services and customer demand.

e) NATURAL ENVIRONMENT :

Natural environment refers to combination of natural resources which is used by business as inputs and affects their marketing activities. This includes use of raw materials from nature for producing goods. All agricultural inputs are also used in manufacturing, not only this; machineries used in business are also made from metals of nature. A business unit needs energy in the form of gas or diesel oil or electricity for all its activities which come from nature. However in the recent years unlimited use of natural resources has resulted in natural environment changes. In many parts of the world air and water pollution have reached alarming levels. There is a great concern about global warming, floods, famines, tsunami and earthquake. Therefore marketers need to be aware of the threats and opportunities associated with the natural environment and it is the duty of business to protect this natural environment. Before starting marketing operations an organization has to evaluate the following aspects of natural environment.

1) Geographical Location :

An important aspect in marketing is the identification of ideal geographical location. The study of geographical location becomes important to assess the availability of raw materials,

concentration of the best potential customers, physical features of an area such as roads, water and other materials that may be needed to produce or sell a product.

2) Availability of resource :

Availability of required resources plays a crucial role in marketing. Marketing operations involve massive investment in capital expenditure and therefore availability of required resources for marketing need to be considered to achieve good profits. One basic reason for India emerging as a BPO & IT hub is mainly because of availability of skilled employees at a cheaper price.

3) Access to natural resources :

Natural resources are materials that are available in the natural environment that are considered valuable in their relatively natural form such as oil, fresh water, minerals or land. Some natural resources are non – renewable and some can be renewed. Natural resources cannot be created, so a firm has an advantage if it operates in a country where these resources exist. Firms can obtain natural resources, however by entering new countries they can. For egs: many foreign oil companies have entered Middle Eastern countries to access their oil reserves.

4) Concern for environment :

Use of certain products can inevitably damage the natural environment. Further these days government across the globe are keen on focusing on natural environment protection as a result of which marketers are under pressure to not to use harmful materials, cut hazardous waste, reduce energy use, and improve product recycling in its operations. Therefore an increased focus on environment issues, has contributed to a rise in the demand for environment friendly products and services.

5) Increased energy cost :

We are living in an industrial civilization which functions on energy, without energy modern life would cease to exist. In the present context energy resources are essential for all economic activities like agriculture, transportation, manufacturing, IT, Communications. However increased use of energy resources has resulted in severe problems and challenges. Egs: Global warming. Further the cost of energy resources is also continuously increasing for various reasons and therefore companies are searching for alternative means of energy such as solar, nuclear, wind, and other forms of energy.

f) Socio – cultural environment :

Socio-cultural environment refers to a set of beliefs, customs, practices, norms and behavior that exists within a society which describes relationship to themselves and others. Socio-cultural factors intensely influence the way people live and help determine what, where, how and when

customers buy a firm's products. Socio-cultural values and beliefs influence and change the behavior of the consumer and it becomes difficult for the marketers to predict these changes.

COMPONENTS OF SOCIO-CULTURAL ENVIRONMENT AND ITS IMPACT ON MARKETING

1) Changes in lifestyles :

Lifestyle relates to the natural behavior of human being whether individuals, families (households), and societies by which they make sense of their existence. This includes pattern of living, expressions, hobbies and opinions, taboos and phobias, affinities and dislikes, influencing factors and inherited traits. Lifestyle play a significant role in defining marketing decisions brands are accepted if they fit into their lifestyle and values, it becomes important for marketing firms to closely align to national cultural values and family traditions.

2) Beliefs, Values & Attitudes :

Values refers to a set of principles or beliefs that guides us in making decisions about behaviors and life choices especially in terms of qualities such as honesty, ideals, integrity, and openness. Values have a greater degree of influence on the behavior of an individual. Values are influenced by many factors, including our experiences, perceptions, parents, friends, school and religion. On the other hand attitude is an expression, or a feeling towards a certain idea, person, or situation. Believes signify trust or confidence is placed in some person or thing.

3) Family structures and Household patterns :

Family structure means the way a family is constituted. Families may differ as there is no standard family structure; families may have single parents, may have both parents or may have step parents involved. The family is a major influence on the consumer behavior of its members. Marketers must understand family and household decisions better by examining the sociological dimensions of how families make consumer decisions. For instance in India we have most of the families living jointly and most of the buying decisions are made keeping the family in mind. Further parents take most of the decision about their children let it be selecting a college, life partner or a dress.

4) Social Mobility :

Social mobility is ability to move up or down in the social scale. An obvious example a child of coolie who becomes a professor achieves upward social mobility. It is important for marketer to track these movements and respond accordingly, change in social class results in change in lifestyle and therefore people shift brands, products according to their social status.

MARKET SEGMENTATION

Is a marketing strategy, under which the whole market has been sub-divided into various markets. The each sub-market considered as segment and involves a group of consumer belongs same needs, preferences and requirements. In other words the Heterogeneous market sub – divided into various Homogenous markets. Here heterogeneous refers consumer not similar in nature. Homogenous refers consumer similar in nature.

It a techniques used in marketing for achieve maximum market response from limited market resources by recognizing consumer needs and preferences with help sub divisions in the market.

The success and effectiveness of the market segmentation depends on various factors like Measurability, Accessibility, Market responsiveness, Effective demand Marketing Mix strategies etc.

Objectives or Importance or Benefits of Marketing

- Better attention towards a group of consumers
- Meet the demands of market
- SWOT Analysis of an organization and product
- Effective utilization of market resources
- Ensure higher satisfaction
- Improves the effectiveness of marketing programmers
- Exploitation of market resources
- Help to matching of market opportunities to corporate resources and enables the enterprise to give successful competition in the markets.

BASIS OF MARKET SEGMENTATION

It may divided into two basis such as **People and Product Segmentation**

I. People Basis Segmentation

Geographic - It includes Place of Residence, Religion, Size of Town, Development Activities, and Climate Zone etc

Demographic – It Involves factors like Sex, Age, Marital Status, Family size, etc

Psychographic – It includes Personality, Life Style, Need Motivation, Learning Involvement, Attitude etc

Social and Economic – It includes Income, Occupation, Education, Culture and Customs, Social Class, Disposable income, Information source etc

II. Product Basis Segmentation

Brand Loyalty by Consumer – It includes brands in terms of Family, Business, Social, etc

Buying behavior of Consumer - It includes Quality, Quantity, Look, Performance, Warranty, and Service after sales, etc

Usage of the product - It includes consumer requirement in terms permanent or temporary purpose, Daily or occasional use, etc

Price Sensitivity - It includes factors like Cheap and Best, Economical, Status, prestige etc.

Targeting Customers

It refers the producer offer different goods to different groups of customer on the basis of market segmentation. Here the producer ensure compatible segments and customize products with consideration of various factors like behavior, taste, preference, attitude etc

Steps involved in Targeting Customers

- Identify basis for segmenting the market. The bases are Geographic, Psychographic, Demographic, Purpose, etc.
- Develop profiles of resulting segments
- Develop measures of segment attractiveness
- Select the target segment
- Ensure that the target segments are more compatible.

Consumer Behaviour

Refers to the actions and decision process of people who purchase goods and services for personal consumption. In other words is the mental and emotional process and physical activities of people who purchase and use goods and services to satisfy particular needs and wants of people. The decision process confirm the individuals to decide concerned with What, When, Where, How and from whom with purchase of goods and services

Consumer Behaviour in Buying Process

The objective of Consumer Behaviour in Buying Process is primarily to identify and satisfy the customer. For this purpose, the producer has to know the expectations and perceptions of the customers. The perception of the customers is different from expectations and has created a gap between the two. The producer should try to fill the gap between these elements by Consumer Behaviour in Buying Process. Under the process the producer has make decision and evaluate the process factors.

There are five stages of decision making and evaluation process

Need Recognition – The buying process begins with the buyer recognizing a problem or a need. The need may be triggered by both internal and external factors.

Information Search – Aroused needs can be satisfied promptly only when the desired service is not only known but also easily available. Consumer will get the relevant information about services. The consumer can get this information from many personal sources like family, friends, reference groups, etc.

Evaluation of Alternatives – With the available information the consumer evaluates the alternative goods and services that satisfy his needs. The basic elements in the process of evaluation are distinct service features such Image, Quality and Price.

Purchase and Consumption – After evaluating the alternatives the customer chooses that service provider who will be able to satisfy his needs. The purchase of goods and service is an experience which, leads to the satisfaction of customer needs. The success of this stage depends on the encounter.

Post Purchase Evaluation – Although goods and service is progressively evaluated progressively, due to its special features a greater portion of the evaluation of the service succeeds purchase and consumption. Experience and Satisfaction are criteria to judge the goods and service quality.

Determinates or Factors Influencing on Consumer Behaviour

Economic Factors – It includes factors like Personal Income, Family Income, Income expectations, Liquid Assets, Consumer Credits, etc

Psychological Factors – It includes factors like Motivation, perception, communication, Learning, Attitude, Personality etc.

Social Factors – It includes factors like Family Arrangements, Reference Groups, Opinion Leaders, Social Class Caste, Culture, etc.

Other Factors Like Technology, Political and Legal issues, Ecological factors, Recent trends in Marketing etc.

Important Questions

Section A

- a) What Marketing Environment?
- b) What is SWOT Analysis?
- c) What is Controllable Environment?
- d) What is Uncontrollable Environment?
- e) What do you mean by Demography?
- f) What is Market Segmentation?
- g) What is Targeting Customers?
- h) What do mean by Consumer Behaviour?

Section B

- a) What is Market Segmentation? Explain its objectives.
- b) What is Internal Environment? Explain the Components of Internal Environment.
- c) What is External Environment? Explain the Components of External Environment
- d) What is Targeting Customers? Briefly explain steps involved in Targeting Customers.

Section C

- a) What is Marketing Environment? Explain the Components.
- b) What is Market Segmentation? Explain the basis of Market Segmentation.
- c) Discuss the factors influencing the Consumer Behaviour.

Chapter III

Marketing Mix

Marketing mix is combination of Product, Price, Promotion and Place strategies designed to produce satisfying exchanges with predefined consumers. The components of marketing mix can be controlled by marketers to influence consumers to purchase its products

Meaning and Definition of Marketing Mix

Marketing Mix is a method or device of the combination of various elements which constitute marketing programme such as Product, Price, Promotion and Place. In other words marketing mix is the mix of 4 P's of marketing that enables and reach the demands of target market.

According to Philip Kotler "A Marketing Mix is the mixture of controllable marketing variables that the firm used to pursue the sought level of sales in the target market"

I.Product

Product is a bundle of all kinds of satisfaction that offer in the form of economic utilities to satisfying the group of consumers. The product may be in the form:

- **Goods** such as any visible object like Pen, Book, Raw Material etc
- **Ideas** such as Fast-food, Traffic solutions, Medical Transcription etc
- **Services** such as Transportation, Tourism, Medical, Legal, etc
- **Organizations** such as Service and Economic organizations
- **Persons** such as Musicians, Recreations, Agents and middlemen's etc.
- **Places** such as Tourist spots, Pilgrim centers.

Product Classification

Consumer and Industrial Goods

- Consumer goods are those which are meant for the consumption or final use of consumers. For Ex: Eatable, Automobiles, Household product and applications etc
- Industrial goods are those which are used by business as inputs for further commercial processing. For Ex: Raw Materials, Spare parts, Machineries, etc

Durable and Non-Durable or Perishable

- Durable such long life product for the use long period for the both consumption and commercial purposes.
- Non – Durable or Perishable such short life product can utilized for the consumption and commercial purposes for a short period of time.

Convenience, Shopping and Specialty Goods

- Convenience goods are those product which are brought into within the minimum efforts at short time and convenience location. For Ex: Drugs and Medicines and Provisions etc.
- Shopping goods are those where consumer devote considerable time in making selection before they purchase. For Ex: Electronic items and Automobiles, etc.
- Specialty goods are those which enjoy certain special features and special efforts for purchase. For Ex: Land and Building, Investments, etc

Product Strategies

- Product Mix or Product Portfolio
- Product Line
- Product Life Cycle
- Product Planning
- Product Development
- Product Branding, Packing and Packaging
- Product Labeling

1. Product Mix or Product Portfolio – Is the list of all the products with different product lines offered for sale by a particular organization For Ex: HUL in the FMCG Segment. It has three dimensions such as Breadth, Depth and Consistency.

- **Breadth (Width)** refers Variety of product manufactured by organizations. For Ex: Automobiles from Honda company.
- **Depth (Assortment)** refers to the attributes or features of the product such as Size, Colour, Styles, and Models etc. For Ex: Two Wheelers from Honda Company with different CC engines, Colour combinations, Different gears, etc
- **Consistency** refers close relationship of various product lines. For Ex: Two wheelers for Ladies and Gents.

2. Product Line refers a Group of closely related products which are enabling to satisfy a class of people within a given price range and distribution channels. For Ex: Product Line adopted by Hindustan Unilever Limited such as Hair Care, Skin Care, Tooth Care, Wash Care, Water Purifying etc. Under this, the marketer has to adopt certain practices such as Contraction, Expansion, etc

Contraction refers deleting the existing product from the product line due to poor performance of the products

Expansion refers adding the new product for existing product line. It is strategy used by marketers to capture new marketing opportunities.

3. PRODUCT LIFE CYCLE

Is a strategy to predict the product over a period of time in the market environment in terms of several stages such as Introduction, Growth, Maturity and Decline. In other words it refers the graphical representation of the product sales history from the time of introduction to decline or withdrawn in terms of Sales, Cost of production, Profit, Competition, promotion, etc.

3.1 Stages in Product Life Cycle

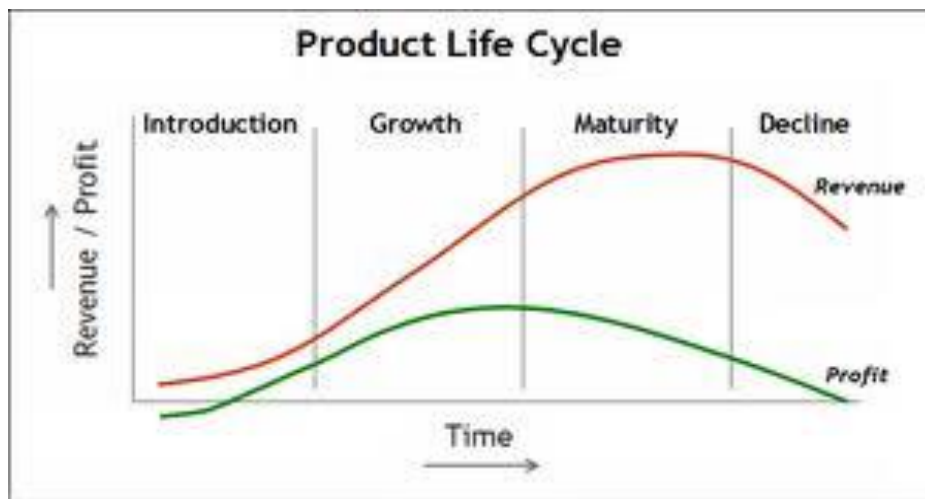
Introduction: Under this stage a product introducing first time in the market. The product is promoted to create awareness in the minds of consumers, The sales level is at low rate, High cost of production due to lower production, profit not exist and high promotion expenses.

Growth: Under this stage the product acceptable by the consumers. Therefore sales at increasing trend with small amount of profit. On account of competitor's price become more flexible, distribution channels are expanded and also need high promotional expenses. The stage are also called as Break – Even Stage, where total cost are equal to revenue. If any excess revenue over cost treated as profit

Maturity or Saturation: It is the longest stage of the product. Under this the product becomes more mature and stable in the market with sales in increasing trend. Sufficient profit, intense competition and more substitute available in the market. Hence the marketer or producer has to concentrate more on product modification, affordable price, extended distributed channel, brand loyalty of the product.

Decline: Is a stage where product are become obsolete or producer withdraw the product form market. Sales are decreasing gradually, more competition, profit decreasing, cost of product in the increasing trend because low production. At this stage price become the primary weapon of competition and considerably reduce expenditure on advertising and sales promotion. Cost control becomes the key to generate profits.

Graphical Representation of Product Life Cycle



Summary of Stages in Product Life Cycle

Identifying Features	Stages			
	Introduction	Growth	Maturity	Decline
Sales	Low	High	High	Low
Investment Cost	Very High	High(Lower than intro stage)	Low	Low
Competition	Low or no competition	High	Very High	Low
Advertising	Very High	High	High	Low
Profit	Low	High	High	Low

4. Product Planning

Is the systematic determination of the product line in terms of various products to be offered by the enterprise to his customers. It is designed to achieve some of the specific objectives of the organization. Such as:

- Meet the consumer needs and requirements
- Assess firm and product SWOT Analysis
- Better allocation of marketing resources
- Help for the organization to survive the market
- Generate sufficient sales etc

4.1 Basic Components of Product Planning

Innovation: Is the process of the adoption of new idea, product or services or process which prospectively useful to extract the commercial benefits.

Diversification: Refers product expansion in terms of Depth and Width. Depth in terms of changes in product attributes. Width refers to number of products in the Product line

Standardization: Refers limiting the variety of products offered for the sale and implies the standardize feature for the product. It provides limited choice and more clarity for the consumers.

Deletion or Elimination: Refers deleting the product from the product line due to ineffective, strong substitute in the market, decline in the sales trend etc.

5. New Product Development

It refers to a product, that is new to the company introducing to market or any product that consumer treat as an addition to the available choices could be consider as new idea. It taken place in the following ways:

- Any addition to the existing product line
- Improved performance of product
- New product line
- Cost reductions
- New to the world market
- Reposting in the product

5.2 Steps in New Product Development

Step 1 - Idea Generation: It may happened by internal and external sources. Internal sources include R& D Department, Employees, Agent and Middlemen's. External sources includes from any sources other than internal sources such as Consumer, government, Companies etc

Step 2 - Idea Screening: After gathering ideas from a variety of sources are evaluated by review committee to provide the required market validation to ensure they meet customer need and wants.

Step 3 – Business Analysis: Under this stage the producer should determine Break Even Point (BEP), Return on Investment (ROI), Cash Flows, Pay out ration etc to evaluate business effects on the product.

Step 4 – Product Development: Under this stage the producer is try to describe the Technical Aspect such as Product Specification, Product method etc. Marketing Aspects such as Branding, Packaging, labeling, etc.

Step 5 – Test Marketing: Is the actual conduct of marketing of the product with in limited areas or location for the short period to test the acceptability from the consumers. Essentials of test marketing are Responsiveness, Demographic validation, Competition, Profit project etc.

Step 6 – Commercialization: Refers the actual introduction of the product in the market. Under this stage the product enters the market with large scale production, distribution, advertising and sales promotion.

5.2 Reasons for the Failure of New Products

- Poor demand management
- Changes in consumer taste and preferences
- Changes in environmental factors
- Low profitability
- Unattractive features
- Wrong segmentation and targeting
- Weak positioning strategy
- Distribution related problems
- Bad pricing strategies

6. Branding

Brand is an identity of the marketer that allows consumers recognize the maker of the product. Trade Mark is the legal term for the Brand Name. A registered brand is the exclusive property of the seller. The letter “R” in a circle on each package will indicate that the brand is duly registered.

The term brand is broadly applied to all identifying market such a trade names, trademarks, trade symbols, picture, design, of the package, distinctive coloring or lettering with or without some attractive slogan.

Branding is a process of through which a marketer creates a unique name and image for the product in the consumers mind through marketing communication. In other words is the process of determining the brand with consideration Company Objectives and product features and Target Consumers.

Brand Equity refers to the value of a brand to an Organization in terms of Commercial benefits. That increases reputation and goodwill of an organization.

Importance or Benefits of Banding of the product

- It helps for Product Identification
- It helps the consumer to perceive (Understanding) the product
- It creates Consumer Loyalty
- Helps for compete with other products
- Enhance revenues and market shares
- Enhance the Retailers Loyalty
- Provide Unique and differentiated image for the company
- Creates name and reputation for the company

Essentials of Good Brand

- Suggest the product benefits
- Help for visual interpretation
- Registered and protected legally
- It should not depend on temporary
- General and common name of the products
- It should be Unique, Attractive and Distinctive.

Branding Strategies or Types

Corporate Branding – Refers to use of company's names as product brand name in order to associate credibility of established company for the product. For Ex: Reliance includes the word "Reliance" in the name of many offerings. It's also called as Family branding and umbrella branding.

Individual Branding – Refers to use of unique brand name for each product offered by a company in order to provide a separate image and identity. For Ex: HUL for its product such as Lifeboy, Lux, Rexsona, Dove, Clinic Plus, Pepsodent etc.

Multi Branding – Refers to use of different brand names for two or more mutually competing products offered by a company. For Ex: Honda Company a Two Wheeler manufacturer are producing product in different name such as Dream Yuga, Honda Shine, Honda Unicorn, etc. It is a strategy used by an organization to promote internal competition between the products.

Range Branding – Refers to use of different ranges of product in effect creating a family or product offered by a company. For Ex: Nataraj a Stationery, Lakmi a Cosmetics, Jhonson and Jhonson a Baby products, etc.

Private Branding – Refers selling of products by the manufacturer in bulk to large distribution channel member with freedom use their own brand for the product. For Ex: Metro Cash and Carry, Bigbazzar, Electronics, etc.

Generic Branding - Refers selling of a product without brand name and they are usually sold at the lowest price possible as there are no promotional expenses involved. For Ex: Bread, Milk, Juice and Chicken item etc.

7. Packing and Packaging

Packing or Package is the term refers to provide a place for the product in the Container or Wrapper. It provides protection, facilities to product use, and storage, and communicates certain information's.

Packaging is the process of designing and producing the container or wrapper for the product with certain marketing objectives of the organizations. It also includes package factors.

Needs or Importance or Benefits

- Protection and preservation
- Logistic Efficiency (In terms of Loading and Unloading, Handling the products)
- Provide relevant information about the product as well as producer
- Convenience for consumer for the time of purchase
- Enhance the product Image
- Support for product Identification
- It create better Product Positioning in the market
- It helps for product promotion

Types of Packaging

Family Packaging – Refers package for closely resemble products with same design. It provide similar visuals for the all the products. It can be in terms of colour combination produced by a company for a group of consumers.

Multiple Packaging – Refers to offer a range of distinctive package configurations in basket, Wrap-style and enclosed cartons, combined, with innovative storage and dispensing features. For Ex: Johnson’s New born baby girl package with Baby Towel, Pampers 24 piece with Johnson’s baby Powder, Oil, Shampoo, Cream, Soap, Brush, etc.

Reuse Packaging – Refers to a package can be reused after consumption of the product. It may construct of durable materials such Metal, Plastic, Wood, Fiber, etc.

Ecological Packaging – Refers the package which offers environmentally responsible package for the product. The goal of ecology packaging is to sell functional products that raise awareness and inspire individuals to change the way they see the world and to provide the consumer better ways to save energy and planet.

8. Labeling

It refers an attractive small piece of paper, Fabric, Plastic or similar material that is a part of package to indentify Producers, Use, Nature, Intergradient, Distinction etc. In India Food and Safety Authority of India under the guidance of Minister of Health and Family Welfare to give proper direction for packaging for agriculture goods.

Needs or Functions or Benefits

- Identifies the product or Brand
- Describe the product features, qualitative aspects
- It provide instructions for the use, store, and dispose the product
- Describe the contents
- Facilitate exchange offers.
- Communicates warranty and Guarantees of the product
- Meet the Legal Compliance

II. Price

Price is an amount or value required to purchase a definite goods or services.

Pricing is a process of determining consideration given in exchange for transfer of ownership of the products. It can be influence by various Internal and External factors.

Factors Influence or Determine the Pricing

Internal Factors

1. Organizational considerations
2. Marketing Mix Strategies
3. Product Uniqueness
4. Cost of Production
5. Stages of Product Life Cycle
6. Pricing Objectives
7. Depth of Distribution channels

External Factors

1. Product Supply and Demand
2. Degree of Competition
3. Economic Situation
4. Government Regulations
5. Ethical Consideration
6. Suppliers
7. Consumer Behaviors

Pricing Policies

Refers to the policies or the methods of determining the prices for a company products or services based on the costs of production and provision with a margin of profit with the following objectives. Such as:

- Profit Maximization
- Price Stabilization
- Achieve high Market Share
- Help for survival of the organization
- Cash Flow Management
- Competition
- Prestige and Image of the Company
- Return on Investment
- Ethical concern

Methods or Policies of Pricing

Based on Consumer

Odd-even Pricing – Under this method lower the rounded – up price of a product. For Ex: If the T-Shirt is Rs. 250 then the marketer would probably reduce it to Rs. 249.50 because most of the customer think this price is much cheaper.

Psychological Pricing – Under this method marketer used the customer's emotional response to determining the price for the product.

Prestige Pricing – Is also known as Premium Pricing. Under this method prices are set higher than the normal price to create an image of superior quality and social status.

Dual Pricing – Refers to the sale of identical product at different prices in different markets. It is illegal pricing practice as it done with objective of dumping in different markets or due to government regulations. For Ex: Protroleum prices

Based on Competition

Penetration Pricing – Under which a firm introduce a new product at a very low price to encourage more customers to purchase the same. For Ex: News Papers.

Skimmed Pricing – Under which a marketer charges a very high premium price for a given product or service at the time introduction to market.

Monopoly Pricing – Under which a marketer prices a product to maximize profits under the assumption there is no need to worry about competition, usually the monopoly price is higher than the price that would prevail if competition existed.

Administrated Pricing – Under which price of the product set by the Government or regulatory bodies, instead of being determined by regular market forces of supply and Demand. For Ex: the Price of Protroleum product in India determined by Government.

Based on Cost and Demand

Cost plus Pricing method – Under which firstly decided the cost of production, then profit level is determined and added to the product cost. Therefore product price equal to the total of cost plus profit

Target Return Pricing - Under which a firm determine the price based on target rate of return on investment. Therefore a pre-determined percentage of return based on expected cost of production and cost of selling.

Demand Pricing – In this prices are based on demand for the product, if the demand is high then the prices are raised and if the demand is low the prices are cut off.

Based on Geographical Location

FOB (Free on Board) Pricing – Under this price includes goods plus the services of loading and unloading the products.

Zone Pricing – Under which setting the prices of goods or services based on the location where they will be offered for sale to customers.

Base Point Pricing – Under which marketers set price on the basis of a base point cost plus transportation charges to a given market.

III. Physical Distribution or Channels of Distribution

Distribution channels is a set of independent organizations involved in a process of making a product or service available for consumption. It facilitates the flow of goods from Producer to consumers in right time and right place.

Need, Role and Importance of Distribution Channels

- Serves as a connecting link between Producer and Consumer
- Creating time and place benefits or utilities
- Increase the efficiency of marketing process
- Facilitate the consumers in the buying process
- It converts Potential buyers to Actual buyers
- Help for reducing the cost transactions

- Act as a promotional tool and represent the company in the market
- Help for maintaining good relationship with consumers
- It facilitates the flow of goods.

Factors affecting choice of Distribution Channels

I Product Factors

- Product Feature – Quantitative and qualitative aspect of the product
- Technicality of the Product – such as Product specifications
- Range of Products – Variety of product produced by an organization
- Product Price – Depends on the Length of the distribution channels

II. Institutional Factors

- Financing Capacity – Investment in organizing and development of channels
- Promotional Ability – Creating awareness and motivate the consumers
- After Sales Service – Add on services for the product
- Channel cost – Consideration for the distribution channels
- Reputation and Prestige – Attractions and Values of the distribution channels
- Marketing Policies – No of Retailers and Wholesalers in the distribution channel and availability of the goods.

III. Market Factors

- Target Market – Depends on Development, Level, and Importance of the Places
- Availability of Channels – Permanent and Temporary in Nature
- Buyer's Behaviour – It depends on Attention, Customized service, Credit facilities etc
- Legal Constraints – It depends on various regulation and standards lay down by the Government and regulatory bodies For Ex: Licenses for the Liquor items.

Types of Distribution Channels

Producers have many alternative levels channels available for distributing the product, a channel level indicates number of distinct categories of intermediaries in a distribution channel. These channels vary in the number and types of middlemen involved. The producer and consumer are part of every channel. Some channels provide direct link and others indirect link between producers and consumers. The distributions are generally divided into four types as follows:

Zero Level Channel - Producer ----- Consumer

First Level Channel – Producer -----Retailer---- Consumer

Second Level Channel – Producer -----Wholesaler-----Retailer---- Consumer

Third Level Channel – Producer ---Distributor----Wholesaler-----Retailer---- Consumer

A **zero** channel comprises of producer and customer. It also called as Direct distribution channel where product directly sells from producer to consumer without any middlemen's. The major examples are Door to door sales, Telemarketing, Logistics provided by the organizations to transport capital goods.

First level channel contains only one middlemen called as Retailer. In this channel the prouder sells products to retailer who usually buys in bulk quantities and sells the same to ultimate consumers in different qualities. Some time retailer also acts as wholesaler. This channel best suitable for the consumer durables such as Electronics

Second level channel is the most common and traditional channel of distribution. A two-level channel contains two intermediaries such as Wholesaler and Retailer. This channel is best suited for producers with limited resource. It also ideal for the products with widely scattered market.

Three level channel of distribution in which three intermediaries are engaged. Under the producer has to transfer the distribution work for Distributing Agents. Distributing agents simply facilitate the process of sale and so not take possession or title of products. This channel is suitable for wider distribution of various industrial products. The distributor exclusively appointed by the producer based on the experience and requirement of the market.

Logistic Management – Is a process of planning, organizing, designing and controlling the transport activities of the organization. It includes activities like Acquisition, Storage and transportation, delivery of goods, etc.

Functions of Channel Intermediaries

- Procurement and Assembling
- Warehousing and Storing
- Grading and Packing
- Selling
- Assumption of Risk
- Financing
- Supply of Market Information
- Advertising and Communication

IV. Promotion

Is a set of activities designed to inform and persuade consumers about the products or services offered for sale by the marketer. It includes various tools like Advertising, Personal Selling, Sales Promotion and Publicity etc.

The promotion is represented by the elements such as Advertising, Personal Selling, Sales Promotion and Publicity etc. It is also called as “Promotion Mix”

Objectives of Promotion

- Create Awareness about products
- Educate the consumer
- Motivate or induce the customer to buy the products
- Convert prospective consumer into Actual consumer
- Create an Image for the company and products
- Create the strong perception in the minds of consumers
- Control and regulate the competition
- Motivates all other parties involves in the process of Marketing

Elements or Methods or Medias of Promotion Mix

Promotional Mix Strategies

1. Advertising – Is a favorable presentation of ideas, goods or services that offer from a marketer in order to make customers and general public aware and induce them to buy the product.

According to American Marketing Association “Any paid form of non-personal presentation of ideas, goods and services by an Identified Sponsor”.

Medias or Methods of Advertising

Electronic Medias

1. Radio
2. Television
3. Computer/Internet
4. Mobile Technologies
5. Electronic Sign and Bulletin Boards
6. Cinema Theatres
7. Cable TV
8. Discs
9. Tele Marketing

Print Medias

1. News Papers (for a Day)
2. Magazines (for 15 Days)
3. Journals (for a Month)
4. Publication (Once in a year)

5. Catalogues
6. Prospectus

7. Pamphlets and Posters

8. Mailers

9. Street Furnitures

The analysis of the above method is explained with the help of following points such as:

- Cost Effectiveness
- Level of Motivation
- Forms of Message
- Life of the media
- Flexibility in presenting the information
- Exposure
- Attractions
- Convenience of the Consumers
- Scope of the Media
- Quality of the Message

Advantages of Advertising

- Helps in Promotion
- Assist channel partners
- Brand Awareness
- Encourage the Sales and salesmen's
- Create employment opportunities
- Can be reach large no of Customer

Disadvantages of Advertising

- It increases the product cost
- Misleads the consumers
- It increases the stupidity of consumers
- Create unwanted desire in the minds of Consumers
- Encourage Monopolistic competition
- Waste of National resources
- One way communication

2. Personal Selling or Salesmanship – Is a direct form of communication between company responsiveness and a customer to communicate about a product or service. Under this a Salesmen and consumer meet face to face with each others. The sales people or Company representatives should be equipped with expertise, appearance, and specialist product knowledge to answer the questions.

Types of Personal Selling or Levels of Salesmanship

Industrial Salesman – Represent by a company with sufficient information about particular goods to connivance and induce the Consumer.

Merchant Salesman – Represents salesmanship at the resale level

Customer Salesman - At the retail level for selling all types of consumer goods to customer in the store

Advantages

- Direct form of selling
- Two-way communication
- Quicker feedback
- Cost Effective
- High level adoptability
- Provide flexibility
- Individual Attention

3. Sales Promotion – A set of collection of incentives, tools, designed to stimulate quicker and greater purchase of particular product or Services. The sales promotion activities attempts to provide added value or incentives to consumers also other members of distribution channel

Methods and Techniques of Sales Promotion

Allowance, Discount and Deals – These are conditional benefits offered for quantity purchases or for advertising the manufacturer’s product for carrying a special product display. For Ex: Metro Cash and Carry Discounts.

Loyalty Programs – Are also called as frequent buyer programs, rewards who engage in repeat purchases. For Ex: Benefits provide by Credit Card Companies

Point of Purchase Promotion – Displays and demonstrations, in store exhibits designed to induce impulse purchases

Samples – Free Samples to stimulate trial of a product, this could in the form of food, bottles or packs of the product.

Vouchers and Coupons – A coupon is certificates that entitle the bearer to get rebate on the price of a product. Some these are printed or inserted on newspapers and magazines, on packs.

Contest and Prize Draws – Consumer contest and lucky prize draws or scratch cards, chance to win cash, trips are offered to customer if they purchase something.

Premiums – This can in the form of gift or buy one get one or more free deals.

Exchange Offers – This includes buying new merchandise by offering a used product plus some amount to compensate the value of new merchandise.

4. Publicity – Is the unpaid communication about an organization that appears in the mass media. It's more powerful to building credibility (Goodwill) and awareness of marketers and consumers. They are many forms of Publicities such as:

- News articles and Interview (Photo Journalism)
- Experts Quotes
- Self- Authorized stories
- Documentary programs in Medias
- Social Networking

5. Public Relations – Is a marketing communication factions intended to collaborate and build relationship with publics including stakeholders and government. The person one who engaged in this activity is called a Public Relation Officer (PRO)

Types of Public Relations

- Press Release
- Investor Relations
- Speeches
- Media Relations
- Sponsorships
- Public Service Activities

IMPORTANT QUESTIONS

Section A

- a) What do you mean by Market Mix?
- b) Define the Marketing Mix?
- c) Mention the Components of Marketing Mix.
- d) What is Product?
- e) Differentiate between Consumer Goods and Capital Goods.
- f) Distinguish between Durable and Non Durable (Perishable) Goods.
- g) What do you mean by Product Portfolio?

- h) What do you mean by Product Line?
- i) What is BEP?
- j) What is Test Marketing?
- k) What is Commercialization of Product?
- l) What is Brand?
- m) What do you mean by Branding?
- n) Distinguish between the Packing and Packaging.
- o) What is Ecological Packing?
- p) What is Price / Pricing / Pricing Policy
- q) What do mean by Logistic Management?
- r) What is Zero Based Channel?
- s) What do you mean by Wholesalers?
- t) What do you mean by Retailers?
- u) Mention the objectives of Promotion.
- v) What do you mean by Advertising?
- w) What do you mean by Salesmanship?
- x) What do you mean by Sales Promotion?
- y) What do you mean by Public Relation Officer?
- z) What do you mean by Publicity?

Section B

- a) Briefly explain the components of Product Planning?
- b) Explain the Stages in New Product Development?
- c) Mention the reasons for the Product failure.
- d) Briefly explain the Importance of the Branding?
- e) What is Labeling? State the functions of Labeling.
- f) Briefly explain the needs of Physical Distribution.
- g) What is Promotion? Discuss the objectives promotion.

Section C

- a) What is Marketing Mix? Explain the Components of Marketing Mix.
- b) What do mean by Product Life Cycle? Explain the various stages in the PLC.
- c) Discuss the importance of Branding, Packaging and Labeling strategies in Marketing.
- d) What is Pricing? Explain factors influencing on Pricing?
- e) What is Pricing? Discuss the Methods or Policies of Pricing.
- f) What is Distribution Channels? Explain the various levels in the Distribution Channel.
- g) What is Promotion? Explain the Promotion Mix Strategies.
- h) What is Advertising? Explain the methods or Medias of Advertising.

CHAPTER IV

INTRODUCTION TO SERVICES MANAGEMENT

The success of services management depends upon the quality of service rendered by each service provider. Several physical products need the help of service sector to reach the consumers. But only recently, in India and elsewhere a serious thinking is going on to identify service sector as a major sector of the economy. Many developed countries have experienced that service sector is vital for the economic development. For example, without the development

of transport system, air, water of land, physical products would not have been moved from production points to the markets and ultimately to the target consumers.

Without the financial services, many industries would not have emerged. The recession experienced recently in the economies would over is due to the failure of the financial services. Every economy in the world today continues to depend on the service sector to faster the manufacturing, farm and trade sectors.

Service Management – A Concept

Considering the facts that ‘Service Quality is vital for business successes and ‘Consumer is occupying the center stage in the businesses, service provider should consider the success factors of their business. At the end of the day human element occupies the center stage in service sector and other supporting activities like technical skills, marketing skills, etc. provide sufficient strength to carry on the business. In this back drop, the concept of ‘Service Management’ has to be understood.

There are two terms in ‘**Service Management**’; they are [i] Services and [ii] Management. Services here we mean the invisible, perishable, intangible activity without which people cannot manage the services activities. ‘Management’ here indicates the management thought and functions applicable on the service activities.

Service Management referred as ‘Principle and functions of management applied on service marketing activities with a sound marketing plan like marketing mix of services and achieving the goals of service organizations’. It also refers the understanding of various aspects in service sector like service concept, types and classification of services, marketing mix of service industry, consumer behaviour towards services and marketing management of deferent types of service such as Tourism, Hotel, Healthcare, Finance, Insurance, etc.

Meaning and Definition of Service

According to “Philip Kotler”, “a service is an activity or benefit that are one party can offer to another which is essentially intangible and does not result in the ownership of anything”. Its production may or may not tie with physical product.

According to Lenard L Berry “Goods can defined as objects, devisees or things, where as services can be defined as deeds, efforts or performances”.

According American Marketing Association services as “those activities, benefits or satisfaction which are offered for sale or provided in connection with the sale of goods”.

Characteristics of Services

These characteristics create special marketing challenges and opportunities. That is substantially different from the product marketing. From this we understand that services are a separate activity which has certain features. There are:-

- Intangibility
- Inseparability
- Variability or Heterogeneity
- Perishability
- Ownership or Inability to own the service

Intangibility: A pure service cannot be assessed using any of the physical senses i.e. integrity, smell, colour, value etc. This cannot be examined before the purchase of the service due to the intangibility. It means there is no physical identity for the service. Service can be varied in process of purchased and consumed. Due to this it's difficult to measuring the quality of service.

It is highly difficult the assessment of consumer needs and requirements in case of services. Its often depends upon minds of the consumer. A consumer faces high degree of uncertainty which purchasing and consuming of services. This problem can be solved with the help of physical evidences.

Inseparability: The production and consumption are two different activities. In case of goods production and consumption are separate from each other. But in case of services both production and consumption happen in the same time it means both are simultaneous with each other. Further it happens with the presence of both service provider and consumer. It refers consumer involvement is more in the production process.

In case of goods generally first product, then offered of sale and finally sold and consumed. This process completely different in the case of services. Here it sold first, then produced and consumed with simultaneously.

Variability and Heterogeneity: Goods can be produced with high standard of consistency. In the part of services most of people would have experienced high level of variability. It creates greater problem when marketing and production of services. When consumer involved in the production process it can be difficult to carry out monitoring and control to ensure consistency in standard. This mainly happens in Labour-intensive services i.e. personal services. When the service happen with the presence of both consumer and service provider.

To provide high level quality and maintaining consistency, a service provider has to be introducing the machine based operations. It also called as equipments based production methods. Like telephone operators, automation of many banking services.

Perishability: Unlike most of goods for example: machines, equipments and consumables, services cannot be stored. Most manufacturers of goods, who are unable to sell their products in current period they can carry forward as stocks for future sales. But in service there is no chance for service providers to carry forward for sale in subsequent period. For example: room service in a hotel.

This problem creates great attention in minds of service providers. It can be manage by various techniques like scheduling the production, demand and supply approach etc. Price and promotion are tools available to manage the perishability problem of service.

Ownership or Inability to own the Service: In the process of purchasing goods buyer generally acquire the title of the goods i.e. ownership transfer from one person to another person. But in service no ownership is transferred from seller to the buyer. The buyer acquires the right to use of service according his requirements.

Reasons for Growth of Service Sectors

Demography – the study of population reveals a general increase in he world population, high birth has given scope for Childcare centers, Education intuitions etc. It increases prime target for a verity of services such as fast food, entertainment, etc. The increase in life expectancy indicated expanding market in the age group over 55 years, it has created a new market for Health care, Leisure and Tourism, etc.

Economic – The growth of corporate sector and stock market is usually an indicator of growth of an economy. With an overall economic liberalization, resource mobilization though capital market has reached unpredictable heights. The higher per capita incomes increase the use of luxury services.

Political and Legal – De-regularization has opened many service industries such a Airlines, Banking, Insurance, etc to more intense competition generating greater innovation and expansion. The policy changes brought about by the government can have a major impact in all sectors of the economy.

Social – The increase in single person household, smaller families and working women mean more discretionary income, more time for travel and entertainment and also need for child care services. Changing life styles of the masses due to cultural exchange and communication networks has resulted in continued emphasis on services.

Technological – Recent developments in computer science and Information Technology have brought about convergence of various technologies like Telecommunication, Entertainment and Data transformation. The influence of internet has resulted in increasing mobility of educated labour force among countries.

Environmental Trends and Emerging Service Markets

Consumer Affluence – Travel, Entertainment, Health Care, Retailing, Dining Out, etc

Working Women – Child Care, Personal Care, Financial Service, Fast Food Services, etc

Greater Life Expectancy – Hospital, Nursing, leisure, Old Age Home service, etc

Complexity of Life – Legal, Counseling, Professional services like tax consultations.

Gen X – Entertainment, Fast Food, Travel, Educational, Communication services, etc

Globalization – Forwarding and Shipping Services, Courier, etc

Difference between Physical Goods and Services

The differentiate the goods from the services are mainly focus on four generic differences like Intangibility, Heterogeneity (Variability), Perishability and simultaneous Production and Consumption (Inseparability).

Following are the differences between Goods and Services.

Physical Goods	Services
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<p>Tangible</p> <p>Transfer of ownership</p> <p>Consumers are Homogeneous in Nature</p> <p>A thing</p> <p>Production and Distribution are separated from Consumption</p> <p>Core value produced in Factory outlet</p> <p>Customer do not participate the production process</p> <p>Can be kept in stock</p> <p>Quality control is possible</p> <p>Attributes can be determined before the purchase i.e. Colour, size, etc</p> <p>4P's in Marketing mix i.e. Product, Price,</p>	<p>Intangible</p> <p>No transfer of ownership</p> <p>Consumers are Heterogeneous in Nature</p> <p>An Activity or Process</p> <p>Production, Distribution and consumption are simultaneous with each other</p> <p>Core value produced with the presence of both Service Provider and Consumer</p> <p>Consumer participate in the production process</p> <p>Cannot be kept in stock</p> <p>Difficult to control the quality</p> <p>Difficult to evaluate in advance</p> <p>7P's of Marketing Mix (4P's with People,</p>
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promotion and Place	Physical Evidence and Process)
Shelf life – Days to years	Shelf life - Zero

Classification of Services

Defining categories of services are more complex than goods. The Classifications not only demonstrate the diversity of services but also suggest how important in specific situation. It requires carefully analysis at the time of service operation. The approach to services classification has been to identify the criteria's by which services can be grouped together and to list the service types or organizations which are felt to fit the each segment of service. Following is the most commonly used method of classifications.

1. Classifications based on Ultimate User (End user of service)

Consumer: Services which are directly provided to consumer to leisure, hair dressing, package holidays, dry cleaning etc.

Business to Business: Services provided to business operations by the Advertising Agencies, Printing, Accountancy, consultancy, photographic processing etc.

Industries: they required some service like Plant maintenance and repair, Installation, Project managed etc.

2. Classifications based on Service Options:

Service can be Labor-Intensive (people based) and Equipment Based services. This can also be represented by the degree of contact i.e. consumer involvement in service operation. That represents low contact or high contact relationship between service provider and consumer.

- **People-based service:** The service present high contact (client's presence) with people. Ex: Education, Dental Care, Medical Services, Tourism etc.
- **Equipment-based services:** The service present low contact with people. Ex: Cinema, Modern Banking Services.

3. Classification based on Specialisation:

These classification based on expertise and skill of the service providers.

- **Professional services:** It required prescribed qualification and special knowledge in the particular service. Ex: Medical services, Legal service, Accountancy etc.
- **Non-Professional services:** Ex: Baby sitting, Caretaking, Casual Labour.

4. Classification based on Profit Orientation:

- **Non-Profit Orientations:** Some services non profit oriented because they mainly focus on public utility operations and for charity with no consideration. Like Educational institutions, Cultural organizations, Religious institutions etc
- **Commercial/Profit Orientations:** They have profit orientated in their operations. All commercial and economic activities Ex: Banks, Airlines, Hotel, etc.

5. Classifications based on External – Internal Service to Manufactures

- **External Services:** Many services are concerned with the distribution, installation and plant maintenance, car repairs, computer service etc. This services provided by the outside agencies.
- **Internal Services:** It refers the interdepartmental services in a same organization. Cover a wide range of services including recruitments, publications, legal services transport etc.

6. Classifications based on Customer-Employee Presence:

- **Self Service:** In this type of organizations we can find the presence of customer only in case service delivering process. Ex: ATM service, Self service in Hotel.
- **Interpersonal Service:** In this type of organizations there will be present of both customer and employee. Ex: Education, Medical, Legal etc.
- **Remote Service:** In this type of organizations there will be present only by the employee. Here service delivery through the agents and middleman's on behalf of service provider. Ex: Insurance service.

Marketing Mix of Services

Managing service activity is a critical task which demands more focus on marketing of services. The main objective of any business will be earning profit. The service organization should effectively sell its features to earn profit. Marketing of Services differs from goods marketing, because of certain distinct features such as Intangibility, Variability, Inseparability, Perishability and Ownership.

As in case of marketing of products, the services provider and consumers should meet and finalize the expectations concerned with purchase of service called as “**Service Encounter**”. It refers “a period of time during which a Consumer directly interacts with a Service Provider”. Where there is a mismatch between the service encounter stages concerned with finalizing the service is called as ‘**Critical Incidents**’. This critical incidents main causes for service failure in case of service operations. This service failure can be avoided by effective marketing programme like marketing mix of services.

Marketing Mix: It refers to the blend of ideas, concepts and features which marketing management put together to best appeal to their target customer to achieve company goals and objectives. Traditionally marketing mix comprises four elements i.e. Product, Price, Promotion and Place. These famously called as 4P's of Marketing Mix. But the critical features of service creating challenge for the service provider for marketing of the services successfully. For that reason to avoid difficulties in marketing we are using modern marketing mix called as **7P's of Service Marketing Mix**.

Service Marketing Mix

The following are the Marketing Mix components in service marketing. They are

- Product
- Price
- Promotion
- Place
- Process
- People
- Physical Evidence

1. Product

The product here refers to the Service Offering. Although service is essentially intangible, what we find attributes in case goods, we cannot find in the service. So needs great care to meet consumer needs as closely as possible. It can be prepared in three levels:

- Core Level (Define service needs)
- Tangible Level (Manifestation of products)
- Augmented Level (Add force or additional services)

Product influencing by various factors. They are:

- Branding
- Quality Management
- Life Cycle Management
- New Service Development
- Product strategies

2. Price

It looks very similar to goods pricing. But it is fairly complex issue in terms deciding total price, discounts, mode of payment, and price discrimination for services.

Quality and Times are main determinates of price in Service Marketing. For Ex: Bank deposits. Here the rate of interest offered on deposit considered price. These deposits are having different time period i.e. 1 year to 10 years. Price discrimination also takes place in service. It refers different prices are charges to different customers for the same service.

For Ex: Banks offer additional percent of interest on their deposits for senior citizens and charge low interest on loans and advances for special clauses of customers.

Many of the pricing policies are applicable to service marketing like Discounts and Allowances, Skimming and Penetration pricing, Fixed and Flexible price etc. It's depends on the consumer and competitors in their business.

The basic methods of price determination now used for services are generally as same as in case of goods. Prices to services are determined on:

- Cost basis
- Competition basis
- Demand basis

3. Promotion

Promotion is the third most important component of the marketing mix. Once a suitable product has been designed, a promotion strategy must be used to build an image and reputation, differentiate the product from their competitors, generate interest and knowledge, and attract new customers and to generate customer loyalty.

Selection of the promotion tool based on the following factors:

- Nature of the product
- Competitive scenario of the market
- Buyer behavior.

Promotions Tools: To achieve the objectives and goals, the organization should develop promotional strategies and tactics by using the usual promotional mix it include Advertisings, Sales promotion, Personal selling and Publicity. In Services marketing, service providers themselves become an important element of the promotion mix.

Advertisement: In India certain services like entertainment, tourism travel, hotel, and transport, insurance have been advertising heavily in newspapers, magazines, and radio, television (TV) to promote greater usage and attract more customers.

However, certain professional service such as doctors, lawyers and accountants have a negative attitude towards advertising, they using word-of-mouth communication for attracting new customers. Personal experience place important role in case processional services

Personal Selling: Is essential when developing close relationships between the buyers and sellers. Unlike many other components of the promotion mix, personal selling provides the basis for dialogue and offers a focused approach with immediate feedback

Sales Promotion: Is used predominantly to encourage trial and generate brand switching, although with support from other media it is unlikely develop brand loyalty. It recognized that sales of particular service can be focused on staff and intermediaries as well as potential customers.

Publicity: Is a special form of public relations that involves news stories about an organization or its products of services. From this the promoter can reach mass audience. It is not paid for and cannot be control by the organizations. It has greater credibility than advertising.

4. Place (Physical Distribution)

Traditionally most services have been sold directly from producer to consumer. Middlemen are not used in service delivery, because service cannot be separated from the seller and also created and marketed simultaneously. For Ex: Medical, Legal, Educational services etc. If middlemen are not used, it limits the geographical markets. Therefore the frequently used channel includes one agent middleman. For Ex: Brokers

The most important decision element in the distribution strategy relates to the issues of location. It attracts the maximum number of consumers. It depends on types of customer's i.e. regular and frequent visitor. The location factor depends on two important elements such as Availability and Accessibility.

Franchising: It's one the fast emerging channel management. It is form license granting another person or institutions exploit a trade name, trade mark or product in return for lump-sum payment of for royalty. This kind of channel widely using in service sector where some kind of homogeneity is possible.

Integrated Service System: It is a recent trend in distribution of services. In this system the service provider offers additional related services to the customer. For Ex: India Tourism

Development Corporation which offers its customers both conducted tours and hotel facility and doing some necessary formalities in case of international tourism activities.

5. People

The people component reflects the important role played by individual in the provision services. People are also an important element in the specification of the marketing mix. The people component of a services marketing mix is most commonly associated with personal selling. People component represent two aspects i.e. Service Personnel and Customers.

Service Personnel – They play an important role in an organization which rendering services. The behavior and attitude of the personnel influence on customer overall perception of the service.

Customers – Customers are a part of service process. They mainly influencing from other customers by word-of-mouth communication. It plays the role of promotional tool. Thus service provider should ensure complete satisfaction of the existing customers.

6. Physical Evidence

Physical evidence is one more marketing mix available to the service providers. The service firms must consciously make efforts to manage the physical evidence with their services. It arises directly from the intangible nature of the service. Physical Evidences play an important role in the process of Intangibility to tangibility of service. Physical entities can be successfully employed to describe the service product and its qualities.

Therefore physical evidence like brochures, stationery, equipment, furniture, building etc plays the key role in tangibilise the product.

There are two types of Physical Evidence i.e. Peripheral evidence and Essential or Dominant evidence.

Peripheral Evidences – Which can be possessed by the consumer but has little independent value from the product. In other words it should be identified with the service. For Ex: - a Cheque book issued by the Bank, Cinema tickets, Stationery, Notepads etc.

Essential or Dominant Evidence – These are the ones which continue a dominant part of the product. Which cannot be possessed by the consumer but it has independent value from the product. In other words it may identify without service. For Ex – a Bank branch, a Campus in university, Hotel building etc

7. Process

This is the seventh component of marketing mix. In a service organization, the production and delivery happen by this process. It plays key role in service operation. Process takes place great concern in rendering services, because consumers also become the co-producers of the service. Consumer participation vary crucial for successful in the process of handling a service. Designing a Service Process system involves following issues:

- Location
- Facilities
- Procedure and Job Definition
- Service Quality
- Extent of customer Involvement
- Equipment Selection

Kinds of process

There are three kinds of process like line, job-shop and intermittent operations.

Line operations – Under this consumer moves through logically arranged operations. The activities are arranged in a sequential order. It also called as assembly line operations. For Ex – Departmental stores. This kind of process is possible only when the service is standardized and routine in nature.

Job-shop-operations – when the consumers require a combination of services using different sequences. For Ex – hospital service like consultation, medication and surgery. Its depends on the requirements of the customer.

Intermittent operations – It useful when the type of service is rarely repetitive. For Ex – advertising, projects consultation etc

The Service Process

In goods manufacturing, the customer or end user need not know how the products are manufactured. But in services the marketers have to understanding the nature of the process which is exposed to the customers since they are also involved. To understand the nature of the process we have to know types of operational process take place between consumer and service provider. It may identify with the help of following process:

People processing – like transportation, salons, lodging, healthcare etc (High Contact)

Possessions processing – like repair and maintenance, warehousing etc (Low Contact)

Mental stimulus processing – like entertainment, education etc (Machine Operations)

Information processing – like insurance, banking etc (Low Contact)

Involvement of customer in the process differs from the situation to situation. For Ex – haircutting salon, a beauty parlor represent fully involved processes and TV repair, insurance present less involved by the customer.

Important Questions

Section A

- a) What is Services?
- b) Define Services.
- c) What is Services Management?
- d) What is Intangibility?
- e) What is Inseparability?
- f) What is Heterogeneity or Variability?
- g) What is Professional Services?
- h) Mention the four examples for the Professional Services.
- i) Mention the Marketing Mix of Services.
- j) Mention the Extended marketing mix P's of Services.
- k) What is Service Encounter?
- l) What do mean by Word-of-Communication?

Section B

- a) Explain the Characteristics of Services?
- b) What is Services? Differentiate between the Good and Services.
- c) Briefly explain the Classification of Services.
- d) Briefly explain the Marketing Mix components of Services.
- e) What is Service Process? Explain various types of Service Processes.

Section C

- a) What is Services? Explain the Characteristics of Services and also differentiate between the Goods and Services.
- b) What is Marketing Mix? Explain the Marketing Mix components.
- c) Bring out the Importance and Reasons for the Growth of Service in the Indian Economy.

CHAPTER V

SERVICE SECTOR MANAGEMENT

I. TOURISM MANAGEMENT OR SERVICES

Concept of Tourism

Tourism is a temporary short term movement of people establishing relationship with other and it involves the mixture of material and physical elements. Material elements refers accommodation, attraction etc and Physical elements refers attitudes and expectations.

Tourists: Are the voluntary temporary travelers, travelling from one place to other place for various purposes like pleasure, business, health, domestic purpose etc.

Tourism Marketing: Is an activity involving the process of promoting tourism activity in a business. It also refers convert of potential tourists to actual tourists. The tourism activity refers mix of four important elements i.e. Product, Price, Promotion and Place.

Tourism Management: The activities that are supports tourism marketing managed is called as tourism management. The support activity includes transportation, accommodation, shopping, entertainment, etc.

Nature of Tourism

Inflexibility – The industry is highly inflexible. For eg – the capacity of a hotel in terms of rooms, or seating capacity in a transport facility is fixed and it is not possible to meet sudden demand during seasons and off seasons.

Perishability – The service provided by the tourist industry is highly perishable. For eg – an unused hotel bed or a vacant seat in aeroplane leads to non utilization of capacity which has on the profit of the organization

Fixed Location – The destination is fixed cannot transferred from one place to another place and efforts are required to make the potential tourists to visit the location

Large Financial Investment – Modern tourist establishment requires large financial investment both to start and to maintain the service market up to date and make attractive and be competent with others.

The tourists have visit to on the basis of Purpose or Choice – The tourist's choices the tour according their purpose like business, education, devotion, social etc and also facilities available in the place of tourist like transportation, accommodation, etc.

Market Segmentation in Tourism

Like in goods marketing, segmentations for tourism is based on several factors. Based on these, industry can focus on tourists. The segmentation basis on factors like Season, Geography, Psychology, Demography and Purpose

Based on season

Mass market – like in the season Dhasara festival in Karnataka

Popular market – tourist places in Karnataka – like Educational tourism

Individual market – like tour with family for Devotional, Cultural and Social purpose

Based on Geography

Regional tourism – within the state like Karnataka

National tourism – within the country like India

International tourism – overseas tourism like in between the countries like European tour

Based on Psychology

Life style

Motivation

Knowledge about the place

Based on Demography

The demographic factors are age, gender, occupation, class, religion etc

Based on Purpose

Social – people visiting their relations and friends, pleasure trips.

Economical – business trips undertaken by organizations for the growth of the business, local people benefited economically because of the visitors, exhibitions, seminars, workshops etc

Political – various elected representatives and other government authorities visiting other places to establish political link for economic and political growth.

Educational – people visiting different places seeking knowledge

Marketing Mix of the Tourism Organization

1. Tourism product

It includes the several important factors like -

- Accommodation
- Restaurants
- Attraction
- Recreation

- Shopping
- Transportation

The various product strategies are used to make successful tourism activities like Package Tour, Branding of the tourism service etc.

Package Tour

Designing a sound product strategy is the vital aspect of a tourist operator. Formulating a viable tourism package for marketing involves the following vital factors like:

Tourist Site – The destination on tourist sites have to be carefully selected. The site should be easily accessible to safe, fast and reliable transportation in case of emergency

Managing Transport – There will be the combination of different transport modes. It may be single transport mode or a combined one. Branded travel service should be hired

Hotels – the hotel selected should be clean and staff friendly. The place easily accessible to the visiting spots.

Resorts – the owners of resorts or representatives of resorts should be friendly, knowledgeable, accessible and competent. As resorts normally located in isolated places like hill, forest etc.

Tour Operator and Agents – Another vital component of tourist package is the Tour Operator and Agents. Tour operating agency and agents should be genuine, honest, reliable and is capable of handling the tourism service successfully.

Branding

Developing different brand for different products like Holiday Resort, Health Tour, Pilgrimage package etc to identify the services and destinations. Branding the tourist product enhances the image of tour operator. Brand also acts as a informing the product characteristics.

2. Tourism Price

Pricing decisions in tourism industry is difficult and challenging. It's a motivational factor for influencing potential tourist. While deciding on the pricing of the tourism, organizations need to know about the demand of tourists. The tourism price consists of the following –

- Transport charges
- Accommodations charges
- Communication charges
- Other allied charges

3. Tourism Promotion

The tourist organizations have the responsibility of creating awareness among the potential customer. Information regarding the tourist place and supporting services have to be communicated in the right fashion and persuade them to visit place. Different media are being used to communicate messages to the potential tourists. Some of them are –

Technologies like E – Commerce, Internet, Multimedia Messages etc

Sales Promotion Techniques – like business promotion – Exhibition, Seminar etc. Consumer promotion – Gifts, Coupons, Cash Back Vouchers, and Free allied service with main service

Word of Mouth Communication – it plays an important role in spreading messages regarding positive or negative experiences. This can create more effort than any other communication tool.

Personal Selling – important element as promotion mix. The travel and hotel business depends to some extent on personal selling. Travel agents and guides give their best in tourism service.

4. Tourism Place

Processing of services involves different categories of people. A sound distribution system is required to improve the quality of service. Communication a very important role in processing the information and keeping the tourist informed about the place of visit. Tourism is a multi – segment industry. Attracting a visitor to a place of interest, include information and communication, transportations, accommodation and food, amusement shopping etc.

There are various/stages of distribution systems

- One Stage System – (Service Provider – Customer)
- Two Stage System – (Tour Operators – Agents – Customer)
- Three Stage System – (Tour Operator – Agents – Wholesalers – Customer)

Significant and Impact of Tourism Management in Indian Economy

1. It has been creating direct and indirect employment to large number of people. It estimated that 38m of people working in the industry. It is 8 percent in total employment of the country.

2. It generates earning for other supporting services like Hotels, Travel agents, Taxi-drivers, Transformations like Road, Rail and Airways, Guides etc.

3. It is a promising exchanges earner of any country. It is a fastest growing sector in the world

- US Dollar 532Lm business
- 5.8 percent of GDP by tourism industry
- 6 M people visited in India in 2011
- Largest foreign exchange after James and Information Technology Industry

4. The growth of tourism industry embraces the growth of other industries like Hospitality, Healthcare, Banking, Garments, Textile, IT, ITES, BPO, BT, Education etc

5. It develop various form of tourism i.e. New areas of tourism opportunities

- Medical/Healthcare Tourism
- Costal Tourism
- Adventure Tourism
- Educational/Academic Tourism
- Eco Tourism

6. It fulfills the requirement and purpose of people or customer or tourists like –

- Social
- Economical
- Educational
- Political

Benefits of Tourism Service

1. Promotion of national integration
2. International exposure
3. Earning foreign exchange
4. Employment generation
5. Achieving socio – economic welfare

Travel Agencies and Organization Services

Travel Agencies – Is one who acts and do work on behalf of principal. The principal may be original service provider such as Hotel, Airlines, Transport service etc. It also plays a key role in the entire process of developing and promoting tourism

Types of Travel Agencies

Wholesaler – The wholesaler develop package tour to many destination and sell directly to customer or through retail travel agents

Retailer – Retail travel agencies often may appoint by the wholesaler. They get normally 10 percent commissions from wholesaler from every package for sold. They need not make any arrangements. They provide direct link between the customer and the suppliers of tourist service i.e. Airlines, Transport Companies, Hotels, Auto-Rental companies etc.

Travel Organization – Are the supportive institutions for tourism industry. Both government and private organization supports the activities required the growth for Tourism Industry. The various activities are –

- Finance
- Marketing
- Publication of Guide
- Guide services
- VISA – passport service
- Tourism Promotion Council

- Infrastructure facilities

Functions Performed by Travel Agents or Travel Organization

- Provide transportation
- Attractive destination packages
- Hotel reservation at different places
- Planning and costing of tours
- Preparation of itineraries – Plan of Journey
- Arrangements of allied services like Food, Entertainment, Shopping, Healthcare etc

Tour Operators - Is a manufacturer of tourism product unlike the travel agent who is the retailer of tourism products. They conduct activities like plan, organize and sold the tourism services or product. They require making all necessary arrangements like transport, accommodation, sightseeing, insurance, entertainment and other allied services.

Travel Guides – Are those called as tourist guides. They are part of package tours. They required information about tourism place or destination. They need to know all information about tourist spot and skill for making tourist attractive. Great care taken by the tour operator to appoint tourist or travel guides for making tour successful.

Tour Brochure – A brochure is a document bound in the form of a booklet. Here special emphasis given to the quality of paper, graphic design of the cover page and layout of each pages. Each page will give the pertinent information. It's a most vital marketing tool for selling the product of tourism service. It replaced as physical evidence and the important channel of informing a customer about the product and also motivating them to buy the product

II. HEALTHCARE / HOSPITAL SERVICES

Healthcare –The Concept

Every individual would like to have need to health though out the life. Health is Wealth

Health is lost something is lost. Prevention is better then cures As human beings we are not over cautious about health due to uncountable factors like quality of food, congenial living place etc.

Hospital is the institutions which work for the people to support cure the pain and illness. It refers to place for ailing persons to take medical treatment for the specific dieses by availing various medical faculties like doctors, nursing care and medicines. Various facilities available are – Surgery, Plastic surgery, Child birth, X-ray unit, Drug shops, and Blood bank etc.

In these days more specialized organizations like Yoga Kendra's, Health Maintained Organizations, Laboratories, Gymnasiums, Nature Care Centers etc plays the role of hospitals.

Private hospitals and nursing homes will run for profit and Government hospitals as given service for charity and social obligations.

Poly Clinic – These institutions run by a group of experts doctors specialized in different areas. It's a group activity and co-coordinated by one senior doctor.

Classifications of Healthcare or Hospital Services

Based on Location

- City hospital
- District hospital
- Talluk hospital
- Primary Healthcare Center

Based on Kinds of Treatment

- Allopathic
- Ayurveda

- Homeopathy
- Unani
- Others like nature care etc

Based on Ownership

- Government
- Private
- Semi Government – Public Private Partnership
- Voluntary Associations
- Charitable Trusts

Based on Purpose

- Teaching and Research
- General Hospitals
- Specialized Hospitals like Cardiology, Oncology, Nephrology, Neurology, Diabetic, ENT

Hospital Service / Facilities

I. Core services

- Emergency
- Out patient
- In patient
- Surgery – Operation Theater
- Critical intensive care unit

II. Supportive services

- Radiology
- Laboratory
- Nursing
- Catering
- Laundry
- Dietary
- Blood bank

III. Ancillary service

- Registration
- Record store section
- Transport like ambulance, taxi etc
- Mortuary
- Security
- Hospital maintenance
- Hospital waste maintenance

Personal Administration in Hospital

In Medicare services different types of personnel exist like Medical, Para-Medical and Administrative staff. All of three main categories that are normally found in hospital administration.

Medical staff - It represents the expert physicians and surgeons and duty doctors. They highly qualified and knowledgeable in diagnose and giving the treatment.

Para-Medical staff – They represent most important segment in hospital like Nursing care and Laboratory Technicians who generally specialized people in that particular activity.

Administrative staff – It consists of Hospital Directors, General Manager, Front office staff, and Hospital maintenance staff, Engineers, Technicians, Plumbers and other subsidiary staff.

Some Important Human Resource Department Functions

- Hospital staff recruitment, placement, training etc
- Establishment relationship between patient and staff members
- Managing the time or scheduling the time
- Managing the over – time working
- Stress issues of employees
- Drug abuse
- Sexual harassment

- Risk management issues

Hospital Service Extensions

It refers rendering Medicare services such pharmacy, nursing care, research, conducting campus out of the hospital. Many hospitals and experts working in the hospitals in associations with NGO and other social organizations may conduct frequent free health care campus out side hospitals. Considering these activities are called as social responsibility by the hospitals.

Here main service such as expert doctor and equipment are provided by the hospitals. Other facilities like maintenance, organizing and provide arrangement by the social organizations, colleges, schools, volunteers etc

Medical Transcriptions

Medical transcriptions are IT solutions for handling certain health care activities of the doctors. It include post operations procedures to be followed by nursing care, dosage of medicines and time of administration of medicines etc

Medical transcriptions is the process where by one accurately and swiftly transcribes medical records dictated by doctors and other into electronic modes. The various medical records are Clinic notes, Office notes, Operative notes, Consultation notes, Discharge summaries, Laboratory notes, X-Ray reports etc.

The medical transcriptions requires Good listening, Language skills, Computer skills, knowledge of Medical terms, Diagnostic procedures etc.

Midwife – [Paramedical Staff]

It refers paramedical service and also nursing care service. These services are vary important in case of medicate senior citizen, child birth cases etc. Midwife now called Junior Health Assistant.

Features

- Midwife is a professionally regulated field
- Requirement specific training.
- Link between doctor and patients.
- They pay special attentions to the cultural values and personal preferences of the women in their care.
- They played key role child birth or pregnancy cases

Pharma

Pharmacy is a unit in hospital serves the patients by supplying appropriate and adequate medicines. It works through the day and throughout the year to serve the need of the patients. For Ex – 24 Hours Pharmacy Centre. It requires basic knowledge of drugs and diseases. There is a stock of saving drugs, latest medicines, ancillary medical equipment, some Para medical service etc

Factors Influences on Healthcare Industry in India

1. Market size – Estimated US Dollar 35b industry in India. It is expected to reach over US Dollar 75b by 2012
2. A growing elderly population
3. Rise in income level – Per capita income – It leads increase in purchasing power – Household consumption
4. Increase in Healthcare Expenditure
5. Growing Indian health insurance business by 50 percent. Currently 10 percent of the Indian population having Health Insurance.
6. Public and Private Participation in healthcare services like Joint venture, Global production, Global pharmaceutical innovations.
7. Medical tourism – 4, 50,000 foreign patients visit India.

- Ranking seconds in medical tourism after China
- Cost effectiveness means 20 percent of cost incurred in the US, Singapore, Thailand, South Africa
- Attractions of Tourism

Areas of Opportunity in India for Healthcare Industry

- Medical Infrastructure
- Telemedicine
- Medical Equipment
- Medical Textiles
- Health Insurance
- Clinical Trials
- Health services out sourcing
 - Medical Billing and Coding
 - Medical Transcriptions
 - Teleradiology
 - Development of Healthcare Software
 - Other allied services
- Medical Tourism
- Training and Education

III. EDUCATIONAL SERVICES

Education is the process of learning and acquiring knowledge from various sources to understand and participate in the day to day activities of the world. The Education services are available from the institutions like Schools, Colleges, Universities, Training Centers, etc as per the requirements of the people and needs.

The Institution which provides educational services can classified on the basis of ownership, profit, Grants by Governments and Universities etc.

- Based on Ownership – Private, Public, Private and Public Partnership (PPP) Institutions
- Based on Profit – Commercial and Charity Institutions.
- Based on Grants by Government – Aided and Unaided Institutions

Characteristics of Educational Services

- Intangible
- Perishable
- Inseparability
- Heterogeneity
- Professionalism
- General Activity

Importance and Significance of Educational Services

- Education is the root level to learn and practice all other activities in the society.
- Helps in sustaining human values
- Build and plan better future
- Facilitates Economic growth
- Creating social and economic awareness
- It provide proper guidance for the Public in order to conduct social and economic values
- It sets level of standard for the development of the country
- It helps to eliminate the social problems like Bribe, Child Labour, Untouchability of people, Discrimination between Gender and religion etc.
- It sets basic eligibility for the employment opportunities
- It brings professionalism in order to conduct social and economic activities

Marketing Mix of Educational Services

Components	Description
1. Product (Service)	Course offered by Colleges and Universities For Ex: R.C. College – Graduation and Post Graduation Courses
2. Price	Fees for various courses
3. Promotion	Communication of information about various courses by Personal and Non Personal Medias
4. Palace	Central Location, where institute established. It can be through various branches in different locations For Ex: Bangalore

(Distribution Channels)	University – By Campus and Study Centers
5. People	Teaching and Non Teaching Staff and Students
6. Process	Teaching Methods and Technologies For Ex: Methods like Semester and Annual Education; Technologies like PPT while teaching, Talking attendance with the help of electronic devices etc (Mobile Attendance)
7. Physical Evidence	Building, Staff, Facilities available in the Location like Sports, Library, NSS, NCC, etc.

Market Segmentation in Educational Services

1. Based on Age

- Primary School (5 to 8 Years)
- Middle School (9 to 12 Years)
- High School (13 to 15 Years)
- Pre University Education (Under Graduation) (16 to 18 Years)
- University Education (Graduation) (19 to 21 Years)
- Post Graduation Education (22 to 23 Years)

2. Based on Ownership

- Private Institutions run by other than Government parties
- Public Institutions run by Governments
- Private Public Partnership (PPP) Institutions

3. Based on Profit

- Commercial Institutions
- Charity Institutions run by NGO, Religious Centers etc.

4. Based on Grants by Government

- Aided Institutions run by Grants given by Governments
- Unaided Institutions run without any Grants by Governments

Important Questions

Section A

- a) What is Tourism?
- b) What is Tourism Management?
- c) What are Travel Agencies or Organizations?
- d) What do you mean by Tour Brochure?
- e) What do you mean by Healthcare Services?
- f) What do you mean by Poly Clinic?
- g) What is Medical Transcription?
- h) What do you mean by Midwife?
- i) What do you mean by Educational Services?

Section B

- a) What is Tourism Service? Explain the characteristics Tourism.
- b) Explain the Market Segmentation in Tourism Services.
- c) Explain the functions of Travel Agencies.
- d) Write a note on facilities of Hospitals.
- e) Explain the Marketing Mix for Healthcare Services

Section C

- a) What is Tourism Service? Explain the Marketing Mix of the Tourism Services?
- b) Bring out the importance of Tourism, Healthcare and Educational services in the Indian Economy?

