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Marketing Management, Legal Aspects of Business, Income Tax & Corporate Tax Planning

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S.N.	Content	P.N.
	UNIT – VIII **Marketing Management**	
1.	1. Marketing	1
	2. Product Decision	19
	3. Pricing Decision	38
	4. Promotion Decision	43
	5. Distribution Decisions	46
	6. Consumer Behaviour	48
	7. Service Marketing	60
	8. Trends in Marketing	66
	9. Logistics Management	71
	10. Practice Questions	78
	UNIT – IX **Legal Aspects of Business**	
2.	1. Indian Contract Act 1872	85
	2. Special Contracts	96
	3. Sale of Good Act 1930	104
	4. Negotiable Instruments Act 1881	114
	5. The Companies Act 2003	120
	6. Limited Liability Partnership	125
	7. The Competition Act 2002	146
	8. Information Technology Act 2000	150
	9. The RTI Act 2005	157
	10. Intellectual Property Rights (IPRS)	160
	11. Goods and Services Tax (GST)	163
	12. Practice Question	168
	UNIT – X **Income Tax and Corporate Tax Planning**	
3.	1. Income Tax	177
	2. International Taxation	205
	3. Corporate Tax Planning	213
	4. Deduction and Collection Of Tax at Source	223
	5. Practice Question	228

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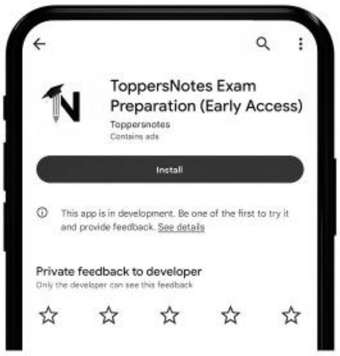

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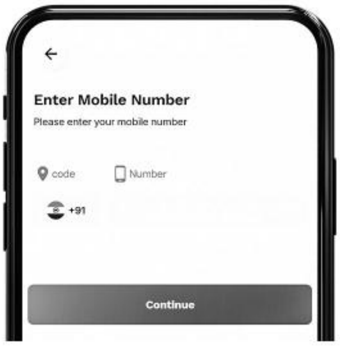

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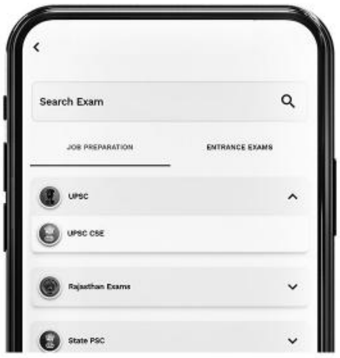

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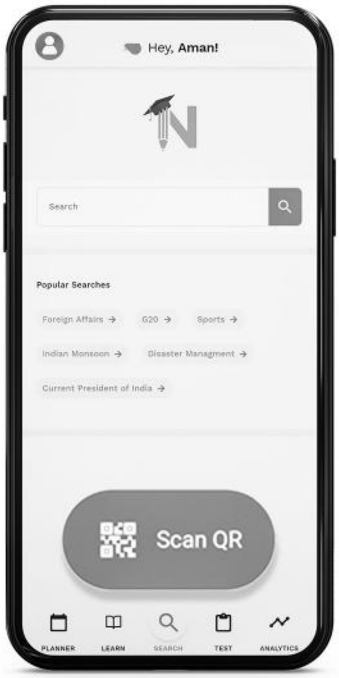

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8 UNIT Marketing Management

Chapter - 1
Marketing

Marketing Definitions

To start, here are explanations from the American Marketing Association (AMA), marketing's professional organization, and Dr. Philip Kotler, the author of business school marketing classics. They're followed by the other marketing definitions in alphabetical order by author's last name.

1. According to the American Marketing Association (AMA) Board of Directors, Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.
2. Dr. Philip Kotler defines marketing as "the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires. It defines, measures and quantifies the size of the identified market and the profit potential. It pinpoints which segments the company is capable of serving best and it designs and promotes the appropriate products and services."
3. Marketing is the messages and/or actions that cause messages and/or actions. Jay Baer – President, Convince & Convert. Author with Amber Naslund of *The Now Revolution.*
4. Marketing is traditionally the means by which an organization communicates to, connects with, and engages its target audience to convey the value of and ultimately sell its products and services. However, since the emergence of digital media, in particular social media and technology innovations, it has increasingly become more about companies building deeper, more meaningful and lasting relationships with the people that they want to buy their products and services. The ever-increasingly fragmented world of media complicates marketers' ability connect and, at the same, time presents incredible opportunity to forge new territory. Julie Barile – Vice President of e-commerce, Fairway Market
5. Marketing includes research, targeting, communications (advertising and direct mail) and often public relations. Marketing is to sales as plowing is to planting for a farmer—it prepares an audience to receive a direct sales pitch. Mary Ellen Bianco – Director Marketing & Communications, Getzler Henrich & Associates LLC
6. Marketing is an ongoing communications exchange with customers in a way that educates, informs and builds a relationship over time. The overtime part is important because only over time can trust be created. With trust, a community builds organically around products and services and those customers become as excited about the products as you are — they become advocates, loyal evangelists, repeat customers and often, friends. Marketing is a really great way to identify what grabs people and gets them excited about your brand and give it to them, involve them in the process, and yeah, the best part, build great friendships in the process. Renee Blodgett – Chief Executive Officer/Founder, Magic Sauce Media

7. Professor Philip Kotler explained that marketing was "meeting the needs of your customer at a profit." For me that definition extends beyond just communicating product features. Marketers are responsible for a 360-degree experience. For example, in the social media world, a customer's Twitter needs may differ from her needs to "play with the brand" in terms of a social game promotion. Every customer touchpoint from customer service to sales to accounting and more are part of the "new marketing." Toby Bloomberg – Bloomberg Marketing/Diva Marketing

The Ultimate List of Types of Marketing

1. **Traditional Marketing:**
   Traditional marketing refers to brand promotion on any kind of channel that has been around since before the advent of the internet. Because information wasn't as easily accessible and readily available, the majority of traditional marketing relied on outbound tactics such as print, television ads, and billboards.
2. **Outbound Marketing:**
   Outbound marketing refers to intrusive promotion such as print ads, TV ads, cold calling, and email blasts. This marketing method is called "outbound" since the brand is pushing their message out to all consumers to spread awareness — whether they are in need of it or not.
3. **Inbound Marketing:**
   Inbound marketing, on the other hand, is focused on *attracting* customers rather than interrupting them. The majority of inbound marketing tactics fall under digital marketing as consumers are empowered to do research online as they progress through their own buyer's journey (more on that later).
4. **Digital Marketing:**
   Digital marketing is the opposite of traditional marketing, leveraging technology that didn't exist traditionally to reach audiences in new ways. This type of marketing encompasses all marketing efforts that use an electronic device or the internet. Businesses leverage digital channels such as search engines, social media, email, and other websites to connect with current and prospective customers. We've broken some of these down in more detail below.
5. **Search Engine Marketing:**
   Search engine marketing, or SEM, includes all activities in the effort of ensuring your business's products or services are visible on search engine results pages (SERPs). When a user types in a certain keyword, SEM enables your business to appear as a top result for that search query. The two types of SEM include search engine optimization (SEO) for organic search results and pay-per-click (PPC) advertising for sponsored SERPs.
6. **Content Marketing:**
   Content marketing is a key instrument in inbound and digital marketing because content is what allows audiences as well as search engines, such as Google, to find the information they need on the web. By definition, it involves creating, publishing, and distributing content to your target audience. The most common components of a content marketing program are social media networks, blogs, visual content, and premium content assets, like tools, ebooks, or webinars.
7. **Social Media Marketing:**
   Social media marketing is creating content to promote your brand and products on various social media platforms like Facebook, Instagram, LinkedIn, and Twitter. Remember your audience as you create content. No one logs on to social media looking for something to purchase, so think through what types of content that is useful, informative, entertaining, and/or compelling. Your unique content should be tailored to the specific platform you share it on to help you boost your post's reach.

8. **Video Marketing:**
Video marketing is a type of content marketing that involves using video as a medium. The idea is to create videos and upload them to your website, YouTube, and social media to boost brand awareness, generate conversions, and close deals. Some video marketing apps even allow you to analyse, nurture, and score leads based on their activity.

9. **Voice Marketing:**
Voice marketing is leveraging smart speakers like Amazon Alexa and Google Home to educate people and answer questions about their topics of interest. Optimizing your website for voice search is very similar to optimizing for organic search, but beyond that, you can also get inventive by creating a Google action or Alexa skill.

10. **Email Marketing:**
Email marketing involves sending educational or entertaining content and promotional messages to people who willingly subscribe to your receive messages from you. The primary goal is to deepen your relationship with the customer or prospect by sending marketing messages personalized to them. Pushing that idea further, you can also use email marketing to nurture leads with content that moves them along the buyer's journey.

11. **Conversational Marketing:**
Conversational marketing is the ability to have 1:1 personal conversations across multiple channels, meeting customers how, when, and where they want. It is more than just live chat, extending to phone calls, texts, Facebook Messenger, email, Slack, and more.
When you're getting started, you'll first identify which channels your audience is on. The challenge, though, is being able to manage multiple channels without slow response times, internal miscommunication, or productivity loss. That's why it's important to use conversational marketing tools, such as a unified inbox, to streamline your efforts.

12. **Buzz Marketing:**
Buzz marketing is a viral marketing strategy that leverages refreshingly creative content, interactive events, and community influencers to generate word-of-mouth marketing and anticipation for the product or service the brand is about to launch.
Buzz marketing works best when you reach out to influencers early and have a plan in place to generate suspense and perhaps even mystery. To track your buzz marketing efforts, it's best to use social listening software to keep a pulse on how your audience is responding.

13. **Influencer Marketing:**
Influencer marketing is designed to tap into an existing community of engaged followers on social media. Influencers are considered experts in their niches. These individuals have a large influence over an audience you might be trying to reach and can be helpful marketing to those buyers.

14. **Acquisition Marketing:**
While all types of marketing is geared toward acquiring customers, the majority of types have broader and softer goals such as improving brand awareness or driving traffic. In contrast, acquisition marketing is laser-focused on acquiring customers. Acquisition marketing is an umbrella type of marketing that employs the tactics and strategies of other types of marketing but focuses on how to turn those marketing benefits into revenue. Ultimately, the focus is on lead generation from the results you get driving website traffic from inbound marketing, including content, social media, and search engine marketing.

15. Contextual Marketing:

Contextual marketing is targeting online users with different ads on websites and social media networks based on their online browsing behaviour. The number one way to make contextual marketing efforts powerful is through personalization. A CRM combined with powerful marketing tools such as smart CTAs can make a website seem more like a “choose your own adventure” story, allowing the user to find the right information and take the right actions more effectively.

16. Personalized Marketing:

The goal here is to be thought-provoking and generate discussion so that your brand is remembered and associated with positive sentiment. In order to begin brand marketing, you need to deeply understand your buyer persona and what resonates with them. You must also consider your position in the market and what makes you unique from competitors. This can help shape your values and what you stand for, giving you fodder for storytelling campaigns.

17. Brand Marketing:

Brand marketing is shaping your brand’s public perception and forging an emotional connection with your target audience through storytelling, creativity, humour, and inspiration.

The goal here is to be thought-provoking and generate discussion so that your brand is remembered and associated with positive sentiment.

18. Stealth Marketing:

Stealth marketing is when a brand hires actors or celebrities or uses pseudonyms to promote their product or service without consumers realizing they’re being marketed to. Some examples of stealth marketing are hiring actors to subtly promote products to the public, sock pupating, paying influencers to post about a product or service without disclosing that it’s actually an ad, creating fake viral videos, and product placement in movies.

19. Guerrilla Marketing:

Guerrilla marketing is placing bold, clever brand activations in high-traffic physical locations to reach audiences in a creative and cost-effective way, grow brand awareness, and spread the word about your brand. Examples of guerilla marketing include altering outdoor urban environments, targeting indoor locations such as train stops, and promoting during a live event without permission from the sponsors.

20. Native Marketing:

Native marketing is when brands pay reputable publishers to collaborate in the creative process of crafting a sponsored article or video that covers one of the publisher’s main topics and looks like a regular piece of content on their website. They also pay these publishers to distribute this sponsored content to their massive audience through social media and their website. In sum, when brands pay for a publisher’s native advertising services, they can leverage their editorial expertise and reach to help their brand tell captivating stories to a bigger and better viewership.

21. Affiliate Marketing:

Affiliate marketing is when an online retailer rewards a website with a commission for each customer they refer through their promotion of one of the online retailers’ products. The website, often called an affiliate, will only get paid when their promotion generates a sale.

22. Partner Marketing:

Partner marketing is attracting new partners to sell your product or service to another pool of customers. For example, a HubSpot, we have an agency partner program where inbound marketing agencies sell our product to their clients, and we give our partners a cut of the revenue.

23. Product Marketing:

Product marketing is bringing a product to market and driving demand for it. This includes deciding the product's positioning and messaging, launching the product, and ensuring salespeople and customers understand its benefits and features. This can be done through many of the marketing methods discussed in this article but with a focus on the product rather than an organization as a whole.

24. Account-based Marketing:

Account-based marketing (ABM) is a hyper-focused marketing strategy where teams treat an individual prospect or customer like its very own market. Marketing teams create content, host events, and launch entire campaigns dedicated to the people associated with that account, rather than the industry as a whole.

25. Word of Mouth Marketing:

Word of mouth marketing is customers' recommendations of a brand, which is the most trusted form of marketing today. To create as much word of mouth marketing as possible, you need to stay laser-focused on developing the best product or service possible and providing top-notch customer service. In other words, you need to serve your customers' needs before your own. Only then will your customers turn into a loyal, passionate tribe that will recommend your brand to their friends and family.

26. Relationship Marketing:

Relationship marketing is a type of customer marketing that focuses on cultivating deeper, more meaningful relationships with customers to ensure long-term brand loyalty. Relationship marketing is not focused on short-term wins or sales transactions. Instead, it's focused on creating brand evangelists that become promoters for the long-haul.

27. User-generated Marketing:

User-generated marketing is when businesses ask the public for ideas, information, and opinions on social media or run contests to help them craft better marketing material, like a logo, jingle, or commercial.

28. Campus Marketing:

Campus marketing is hiring college students to become campus ambassadors for your brand. They usually market your products or services to other students by setting up booths around campus or hosting giveaways.

29. Proximity Marketing:

Proximity marketing is when brands use Beacons, which are Bluetooth devices that send alerts to people's smartphones based on their proximity to one of their stores, to promote discounts to any customer who walks by one of their stores and has their app. Beacons can also pinpoint people's locations in a store and send them deals on the products and brands that are in the same section as them.

30. Event Marketing:

Event marketing is planning, organizing, and executing an event for the purpose of promoting a brand, product, or service. Events can take place in-person or online, and companies can either host an event, attend as an exhibitor, or participate as a sponsor. 32. Experiential Marketing

31. Interactive Marketing:

Interactive marketing is an innovative type of marketing where your audience can interact with engaging visuals or videos within your content. This new form of marketing unleashes your creativity and, in turn, allows you to tell more gripping stories, crowning it as one of the best ways to capture your audience's attention. Examples of interactive marketing include immersive video and interactive infographics.

32. <u>Global Marketing:</u>

Global marketing is focusing on the needs of potential buyers in other countries. Typically, a global marketing strategy requires a business to do new market research, identify countries where the business's product might be successful, and then localize the brand to reflect the needs of those communities.

33. <u>Multicultural Marketing:</u>

Multicultural marketing is devising and executing a marketing campaign that targets people of different ethnicities and cultures within a brand's overarching audience. Not only does it help you relate to and resonate with minority groups, but it also recognizes their ethnicities and cultures and helps majority groups realize that most countries are melting pots and not dominated by one main ethnicity or culture.

34. <u>Informative Marketing:</u>

Informative marketing is a kind of marketing that refers primarily to the type of message your marketing gets across, focusing more on the facts and less on emotions. This marketing tactic highlights how your product's features and benefits solve your customers' problems and can even compare your product to your competitors' product. Although this type of marketing relies on facts and figures to trigger a desired action, it's usually framed in a compelling way.

35. <u>Neuro marketing:</u>

Neuro marketing blends neuroscience and marketing to help brands gauge the emotional resonance of their current and future marketing campaigns. To do this, companies like Immersion Neuroscience and Spark Neuro have developed technology that can gauge certain neurochemical and physiological responses, which both signal emotional engagement while consuming marketing content.

36. <u>Persuasive Marketing:</u>

Persuasive marketing focuses more on the emotions and less on the facts. It aims to make an audience feel something, associate those emotions with a brand, and trigger a desired action.

37. <u>Cause Marketing:</u>

Cause marketing is a type of corporate social responsibility that aims to simultaneously improve society and boost a brand's awareness by promoting and supporting a charitable cause.

38. <u>Field Marketing:</u>

Field marketing is creating sales enablement content like case studies, product overviews, competitor comparisons, and more to help sales close their prospects into customers during the last stage of the buyer's journey.

Holistic marketing: it refers to development, design and implementation of marketing activities, programs and processes that recognise the breadth and interdependencies of today's marketing environment.

Four key dimensions of holistic marketing:

1. Internal marketing: Ensures everyone in the company embraces appropriate marketing principles.
2. Integrated marketing: Proper blend of all the communication and delivering channels.

3. Relationship marketing: rich relationship between customers, suppliers,other channel members.
4. Performance marketing: Business returns after employing marketing activities, programs and other broader concerns like legal, ethical, environmental and social effects.

E. Jerome McCarthy gave 4P's of marketing i.e Product, Price, Place and Promotion

Marketing Concept

The Production Concept

- The production concept is focused on operations and is based on the assumption that customers will be more attracted to products that are readily available and can be purchased for less than competing products of the same kind. This concept came about as a result of the rise of early capitalism in the 1950s, at which time, companies were focused on efficiency in manufacturing to ensure maximum profits and scalability.
- This philosophy can be useful when a company markets in an industry experiencing tremendous growth, but it also carries a risk. Businesses that are overly focused on cheap production can easily lose touch with the needs of the customer and ultimately lose business despite its cheap and accessible goods.

The Product Concept

- The product concept is the opposite of the production concept in that it assumes that availability and price don't have a role in customer buying habits and that people generally prefer quality, innovation, and performance over low cost. Thus, this marketing strategy focuses on continuous product improvement and innovation.
- Apple Inc. is a prime example of this concept in action. Its target audience always eagerly anticipates the company's new releases. Even though there are off-brand products that perform many of the same functions for a lower price, many folks will not compromise just to save money.
- Working on this principle alone, however, a marketer could fail to attract those who are also motivated by availability and price.

The Selling Concept

- Marketing on the selling concept entails a focus on getting the consumer to the actual transaction without regard for the customer's needs or the product quality — a costly tactic. This concept frequently excludes customer satisfaction efforts and doesn't usually lead to repeat purchases.
- The selling concept is cantered on the belief that you must convince a customer to buy a product through aggressive marketing of the benefits of the product or service because it isn't a necessity. An example is soda pop. Ever wonder why you continue to see ads for Coca Cola despite the prevalence of the brand? Everyone knows what Coke has to offer, but it's widely known that soda lacks nutrients and is bad for your health. Coca Cola knows this, and that's why they spend astonishing amounts of money pushing their product.

The Marketing Concept

- The marketing concept is based on increasing a company's ability to compete and achieve maximum profits by marketing the ways in which it offers better value to customers than its competitors. It's all about knowing the target market, sensing its needs, and meeting them most effectively. Many refer to this as the "customer-first approach."

- Glossier is a recognizable example of this marketing concept. The company understands that many women are unhappy with the way that makeup affects the health of their skin. They also noticed that women are fed up with being told what makeup products to use. With this in mind, Glossier introduced a line of skincare and makeup products that not only nourish the skin but are also easy to use and promote individualism and personal expression with makeup.

The Societal Concept

- The societal marketing concept is an emerging one that emphasizes the welfare of society. It's based on the idea that marketers have a moral responsibility to market conscientiously to promote what's good for people over what people may want, regardless of a company's sales goals. Employees of a company live in the societies they market to, and they should advertise with the best interests of their local community in mind.
- The fast-food industry is an example of what the societal concept aims to address. There's a high societal demand for fast food, but this food is high in fat and sugar and contributes to excess waste. Even though the industry is answering the desires of the modern consumer, it's hurting our health and detracting from our society's goal of environmental sustainability.

Marketing Concepts: 8 Core Marketing Concepts

Philip Kotler, the eminent writer, defines modern marketing as, "Marketing is social and managerial process by which individuals and groups obtains what they needs and wants through creating and exchanging product and value with others." Careful and detailed analysis of this definition necessarily reveals some core concepts of marketing, shown in Figure 4.

1. **<u>Needs:</u>**
   - Existence of unmet needs is precondition to undertake marketing activities. Marketing tries to satisfy needs of consumers. Human needs are the state of felt deprivation of some basic satisfaction. A need is the state of mind that reflects the lack-ness and restlessness situation.
   - Needs are physiological in nature. People require food, shelter, clothing, esteem, belonging, and likewise. Note that needs are not created. They are pre-existed in human being. Needs create physiological tension that can be released by consuming/using products.
2. **<u>Wants:</u>**
   - Wants are the options to satisfy a specific need. They are desire for specific satisfiers to meet specific need. For example, food is a need that can be satisfied by variety of ways, such as sweet, bread, rice, sapati, puff, etc. These options are known as wants. In fact, every need can be satisfied by using different options.

- Maximum satisfaction of consumer need depends upon availability of better options. Needs are limited, but wants are many; for every need, there are many wants. Marketer can influence wants, not needs. He concentrates on creating and satisfying wants.

3. **Demand:**

- Demand is the want for specific products that are backed by the ability and willingness (may be readiness) to buy them. It is always expressed in relation to time. All wants are not transmitted in demand. Such wants which are supported by ability and willingness to buy can turn as demand.
- Marketer tries to influence demand by making the product attractive, affordable, and easily available. Marketing management concerns with managing quantum and timing of demand. Marketing management is called as demand management.

(i) NEGATIVE DEMAND:

- The first type of demand is Negative demand. Negative demand occurs when a product is disliked by all its target customers in general.
- Let us understand this demand through an example, services like dental treatments, insurance policies face a lot of negative demand because people rather than going to a doctor for treatment or taking an insurance policy, prefer taking preventive measures to avoid buying these services. So the first type of demand in economics is negative demand.

(ii) UNWHOLESOME DEMAND:

- The second type of demand in economics is unwholesome demand. If negative demand is the head, Unwholesome demand is the tail. Another face of negative demand is unwholesome demand.
- They both have almost same elements except there is a single difference between the two which is in negative demand, a consumer doesn't feel the urge or requirement to buy the product but in unwholesome demand consumer badly wants the product but shouldn't desire or take the decision to buy it.
- These products can be alcohol, pirated movies, firearms, crackers, alcohol, etc. So the second type of demand in economics is very important for every marketer.

(iii) NON-EXISTING DEMAND:

- The third type of demand in economics is known- existing demand. This demand can be very harmful to any brand if the market research is not accurate.
- In this type of demand, a marketer thinks that there is a demand for the product in the market but in reality, there is no demand for the product.
- In many cases, companies lose their market value by not analyzing this demand.
- This type of demand can be more easily be understood by an example- Many educational and computer courses which are not in demand by the market are one such example of non-existing demand.
- Another example can be the mobile phones made by Blackberry and HTC which are not in demand anymore, still, the companies keep on producing them.

(iv) LATENT DEMAND:

- It means that the demand for which the product is not available or is not developed to date.
- In today's time, there are very fewer needs for which any product hasn't been made or developed. But still, there are many needs of the people which are unseen by the

marketer, the products which are invented or developed during this type of demand gain almost all of the market of that product as it is new to everyone.

- The best example for studying this type of demand is by studying the evolution of smartphones or mobile phones.
- Every time a new model of a mobile phone was launched, it tackled a new need of the consumer, whether it would be sending messages, talking face to face via video call, shopping online through mobiles at one place only and many more.

(v) DECLINING DEMAND:

- Declining demand as the name suggests means the demand for the product whose demand is declining with time.
- It depends on product to product. It may be due to a new invention in that particular product field, bad brand marketing or decreasing the quality of the product.
- There are various products like technological products in which the coming of new technology results in declining of previous tech or methods.
- This type of demand is majorly seen in technological fields but the food sector, FMCG sector also face this as a challenge.

(vi) IRREGULAR DEMAND:

- This is the demand due to which a company has to change its marketing strategy from time to time repeatedly.
- In this type of demand, the sales of a product or service fluctuate too much i.e. sometimes it goes to the extreme top, sometimes it goes to zero.This happens because of the seasonal or time-based needs of the product.The customer only wants the product in a certain period or season due to which they only buy the product in that particular season.
- Air conditioners, seasonal clothes are the best day to day things where this irregular demand is seen.

(vii) FULL DEMAND:

- If a company is having full demand, it is the golden period for that company. It is the state of the market where the supply is equal to the demand.
- It means that the customers for that product are loyal to the brand, the brand also makes sure that each customer is happy with their product.
- It can also be called as full market coverage as most of the market demand has been completely fulfilled by the company.
- The best examples for this type of demand are the demand for smartphones like MI, OnePlus, etc. The products of these brands get sold out whenever they launch a new model.

(viii) OVERFULL DEMAND:

- This demand generates when there is a limited manufacturing capacity of the company for a product, but the demand for it is more than the manufacturing capacity. It means that demand is more but supply is less.
- This type of demand can usually be seen in occasional products like the cement industry where the demand is occasional but very high.
- So, these are the main types of demand or classification of demand that help a marketer for demand forecasting and managing the demand every time.

4. **Product:**
    - Product can also be referred as a bundle of satisfaction, physical and psychological both. Product includes core product (basic contents or utility), product-related features (colour, branding, packaging, labeling, varieties, etc.), and product-related services (after-sales services, guarantee and warrantee, free home delivery, free repairing, and so on). So, tangible product is a package of services or benefits. Marketer should consider product benefits and services, instead of product itself.
    - Marketer can satisfy needs and wants of the target consumers by product. It can be broadly defined as anything that can be offered to someone to satisfy a need or want. Product includes both good and service. Normally, product is taken as tangible object, for example, pen, television set, bread, book, etc.
    - However, importance lies in service rendered by the product. People are not interested just owning or possessing products, but the services rendered by them. For examples, we do not buy a pen, but writing service.
    - Similarly, we do not buy a car, but transportation service. Just owning product is not enough, the product must serve our needs and wants. Thus, physical product is just a vehicle or medium that offers services to us.
    - As per the definition, anything which can satisfy need and want can be a product. Thus, product may be in forms of physical object, person, idea, activity, or organisation that can provide any kind of services that satisfy some needs or wants.
5. **Utility (value), Cost, and Satisfaction:**
    - Utility means overall capacity of product to satisfy need and want. It is a guiding concept to choose the product. Every product has varying degree of utility. As per level of utility, products can be ranked from the most need-satisfying to the least need-satisfying.
    - Utility is the consumer's estimate of the product's overall capacity to satisfy his/her needs. Buyer purchases such a product, which has more utility. Utility is, thus, the strength of product to satisfy a particular need.
    - Cost means the price of product. It is an economic value of product. The charges a customer has to pay to avail certain services can be said as cost. The utility of product is compared with cost that he has to pay. He will select such a product that can offer more utility (value) for certain price. He tries to maximize value, that is, the utility of product per rupee.
    - Satisfaction means fulfillment of needs. Satisfaction is possible when buyer perceives that product has more value compared to the cost paid for. Satisfaction closely concerns with fulfillment of all the expectations of buyer. Satisfaction releases the tension that has aroused due to unmet need(s). In short, more utility/value with less cost results into more satisfaction.
6. **Exchange, Transaction, and Transfer:**
    - Exchange is in the center of marketing. Marketing management tries to arrive at the desired exchange. People can satisfy their needs and wants in one of the four ways – self-production, coercion/snatching, begging, or exchanging.
    - Marketing emerges only when people want to satisfy their needs and wants through exchange. Exchange is an act of obtaining a desired product from someone by offering something in return. Obtaining sweet by paying money is the example an exchange.

Exchange is possible when following five conditions are satisfied

(a) There should be at least two parties

(b) Each party has something that might be of value to the other party

(c) Each party is capable of communication and delivery

(d) Each party is free to accept or reject the exchange offer

(e) Each party believes it is desirable to deal with the other party

Transaction differs from exchange

(i) Exchange is a process, not event. It implies that people are negotiating and moving toward the agreement. When an agreement is reached, it is transaction. Transaction is the decision arrived or commitment made.

(ii) For example, Mr. X pays Rs. 25000 and obtains a computer. There are various types of transactions, such as barter transactions, monetary transactions, commercial transactions, employment transactions, civic transactions, religious or charity transactions.

Transaction involves following conditions

(a) At least two things of value

(b) Agreed upon conditions

(c) A time of agreement

(d) A place of agreement

(e) A law (legal system) of contract to avoid distrust

Transfer involves obtaining something without any offer or offering anything without any return. For example, Mr. X gives gift to Mr. Y. Transfer is a one-way process. But, pure transfer is hardly found in practice. One transfers something with some unexpressed expectations. Offer of money to beggar is to get the favour of God.

Donor gives donations and receives honour, appreciation, and special invitation, or even special influence in administration. Gift is rewarded in terms of gratitude, a good behaviour, saying, "thank you" or with the expectation that the receiver of the gift will offer the same in the future. Almost all transfers are same as transactions. Transfer and transaction both are important for marketer.

7. <u>Relationships and Network:</u>

(i) Today's marketing practice gives more importance to relation building. Marketing practice based on relation building can be said as relationship marketing. Relationship marketing is the practice of building long-term profitable or satisfying relations with key parties like customers, suppliers, distributors, and others in order to retain their long-term preference in business.

(ii) A smart marketer tries to build up long-term, trusting, and 'win-win' relations with valued customers, distributors, and suppliers. Relationship marketing needs trust, commitment, cooperation, and high degree of understanding.

(iii) Relationship marketing results into economical, technical, social, and cultural tie among the parties. Marketing manager is responsible for establishing and maintaining long-term relations with the parties involved in business.

(iv) Network is the ultimate outcome of relationship marketing. A marketing network consists of the company and its supporting stakeholders – customers, employees, suppliers, distributors, advertising agencies, colleges and universities, and others – whose role is considered to be essential for success of business. It is a permanent setup of relations with stakeholders. A good network of relationships with key stakeholders results into excelling the marketing performance over time.

8. **Market, Marketing, Marketer, and Prospect**:
   - **(i)** In marketing management, frequently used words are markets, marketing, marketer, and prospects. A market consists of all potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy this need or want.
   - **(ii)** Marketing is social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging product and value with others.
   - **(iii)** Marketer is one who seeks one or more prospects (buyers) to engage in an exchange. Here, seller can be marketer as he wants other to engage in an exchange. Normally, company or business unit can be said as marketer.
   - **(iv)** Prospect is someone to whom the marketer identifies as potentially willing and able to engage in the exchange. (In case of exchange between two companies, both can be said as prospects as well as marketers). Generally, consumer or customer who buys product from a company for satisfying his needs or wants can be said as the prospect.

Differences between customer value and customer satisfaction

1. Meaning

Customer value is the benefits a customer gets after subtracting all the cost and effort involved to buy the products/services. Customer satisfaction emphasizes how satisfied a customer is compared to what they expected.

2. Buying process

Customer value is incurred in the perception of customers *before* making purchase decisions. If they find they will get more benefit than the cost, time, effort they spent, then they will buy it. Otherwise, very unlikely that they would make a move.

Customer satisfaction is only present *after* customers have bought something. The degree of satisfaction depends on various things during their purchase from page load speed, customer service to after-sales service, or return policy.

3. How they are calculated

Customer value is a quantitative concept as you can measure the cost and put it in monetary terms. As for customer satisfaction, it's subjective to each customer and can't be monetized. It's a qualitative element so you can only ask your customer how they feel about their purchase to understand how your services are delivered.

4. How they are used

Consumer value and satisfaction are used for different purposes.

Customer value helps you define what cost and effort are spent to acquire your products and information related to those products such as communication systems, pricing, reviews, etc. Thus you can look further and improve these factors.

Customer satisfaction is more likely defined by customer service, customer interaction, loyalty program, reward point program, guarantee or return policy, etc. So if you are looking to improve customer satisfaction, these are what you should look into.

To improve how you perform, it's essential to understand customer value and satisfaction expectations then make sure what you provide is up to par.

Customer value and satisfaction example

Example of customer value

Grab - the leading taxi-hailing service in South East Asia is a good example of delivering customer value. The value or benefits customers receive are clear:

(i) You get to know the price beforehand

(ii) You get away from the cash payment

(iii) Your location is exactly defined

(iv) You are offered a great reward point program to gain different tier benefits and many discounts with little cost (probably some mobile data) and effort, you get access to a super convenient service. Customer value and satisfaction example – Grab

Example of customer satisfaction

Transfer wire - a payment platform where you can keep, send, receive money from different currencies. As a newcomer to this platform, there are a lot of unknowns to their service. However, the website is simple to navigate, instructions are clear and divided into specific steps. You just need to follow it. The verification process is quick and you get responses after uploading your documents in real-time. That's super easy and quick!

Segmentation, Targeting, and Positioning

1. **<u>Segmentation:</u>**
   - Segmentation refers to the process of dividing your audience into smaller groups based on certain characteristics. This process allows you to group your individual audience members into similar groups so you can better communicate your products, features, and benefits that may be most relevant to them.
   - You can segment your audience based on one or more of these criteria:
   - Demographics, which typically answer the question of *who* your buyer is (e.g. age, gender, education, location, and profession)
   - Psychographics, which answer the question of *why* your buyer buys (e.g. priorities, personality traits, and beliefs and values)
   - Lifestyle traits, such as hobbies, entertainment preferences, and non-work activities
   - Behaviour, such as brand loyalty, channel preferences, and other shopping habits
2. **<u>Targeting:</u>**

   With your audience segments in hand, it's time to move on to the targeting phase. First, however, you must decide which segments are worth targeting with your marketing. To decipher this, ask yourself some questions about each segment:

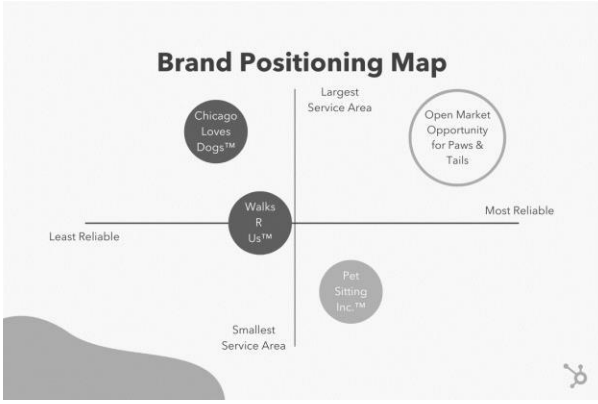
   (i) Is this segment composed of enough potential customers to justify targeting? Would it yield enough profits if the segment were to convert?

   (ii) Is it measurably different from the other segments?

   (iii) Is it accessible by all members of Marketing and Sales?

   (iv) Is your company equipped and able to serve the segment? Are there any physical, legal, social, or technological barriers that could prevent that?

- **Positioning:** This information is important to defining your brand positioning and understanding how it stacks up next to your competitors. One way to understand where you, well, stand is by building a positioning map, which is "the visual plotting of specific brands against axes, where each axis represents an attribute that is known to drive brand selection."



- The segment you choose to target should dictate what two attributes you plot on your positioning map. For example, let's say Paws & Tails decides Segment A selects pet-sitting brands based on two attributes: service area and reliability. Here's what a brand positioning map (with fictitious brands) may look like.
- By understanding 1) what the target segment deems most important for brand selection and 2) where its competitors succeed (and fall short), Paws & Tails is able to identify an open market opportunity and position its marketing to best fit the needs and goals of its audience.

Stages of Segmenting, Targeting and Positioning (STP) Process are as follows:

- We do not have same kind of people around us even in our family. Suppose we want to go for a movie and dining at a weekend.
- Now we will face so many problems in doing so. Some of us like action cinema, some of us demand romantic films whereas some of us look for thriller, horror or comedy films. In case of dining also, our preferences could vary from Chinese to Continental, Indian or Thai.
- This heterogeneity of attitudes, tastes, beliefs or affordability make the companies offer different types of the products for different type of people. That is why we see different types of printers like Dot matrix, LaserJet, Inkjet or Desk Jet with so many variations with each one of them.
- In cycle industry, in addition to the regular users, there are various types other specific uses for which people demand cycles. Some want cycles for sports, adventure and racing. Kids have their own set of needs from a cycle. Girls also need to be provided with more feminine looking cycles.
- Thus companies divide the potential market into distinct sub-markets of consumers with common needs and characteristics. Market segmentation is the starting step in applying the marketing strategy. Once the segmentation takes place, the marketer targets the identified customer groups with proper marketing mix so as to position the product/brand/company as perceived by the target segments.

Situation analysis
1. Identify the organisation's current position, capabilities, objectives and constraints

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Market segmentation
2. Identify the segmentation variables and segment the markets 3. Develop profiles of each segment

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Market targeting
4. Evaluate the potential and attractiveness of each segment 5. Select the target segment/s