S. S. Jain Subodh Management Institute

MBA IInd Semester, (Model Paper & Suggested Answers)

Subject: Marketing Management

Paper Code: M-204

Time: 1 Hour **Max Marks: 10**

Note: Attempt any two questions. All questions carry equal marks.

Q1. Explain the philosophies of marketing management in detail.

Q2. Elucidate the various micro factors of marketing environment for any company in India.

Q3. Write short notes on:

a) Scope of Marketing

b) Functions of Marketing Manager

Solution:

Ans 1.

(Marking guidelines: In this answer five concepts of marketing have to be explained. Each concept explanation carries one mark.)

Marketing is the process of identifying needs and wants of target customers and delivering the product and service to customer for earning profit. There must have some logic behind every activity. This logic is called philosophy. When marketing activities are completed under these logic then it is called marketing philosophy. There are five marketing management philosophies: Production concept, product concept, selling concept, marketing concept and societal marketing concept.

1. **Production concept:**

The production concept is one of the oldest concepts in business. It holds that consumers prefer products that are widely available and inexpensive. Those companies who believe in this philosophy think that if the goods/services are cheap and they can be made available at many places, there cannot be any problem regarding sale. Production concept lays emphasis on availability and affordability of products. If these two elements are present in marketing, the enterprise will succeed. Accordingly, marketing should aim at the reduction in the cost of production and concentrate on mass production and distribution.

The utility of this philosophy is apparent only when demand exceeds supply. Its greatest drawback is that it is not always necessary that the customer every time purchases the cheap and easily available goods or services.

2. **Product concept**

Product concept lays emphasis on 'quality of production' rather than 'quantity of production'. Accordingly, the enterprise should concentrate on product and its continuous improvement over time because customers favour high quality products and are ready to pay higher prices for them.

The enterprises following this concept direct their maximum efforts into creating superior products and improving the existing products. However, the main drawback of this concept is that customers will buy the product only if they require the same. For example, a firm may be dealing in very spacious, luxurious and expensive cars but the customers will demand same only when they really need them and can afford their price.

3. **Selling concept**

This concept stresses on attracting and persuading customers to buy the product by making aggressive selling and promotional efforts. Thus, the focus of business firms is to ensure the sale of products through aggressive selling techniques such as advertising, personal selling and sales promotion without giving any consideration to customers' satisfaction. This concept offers the idea that by repeated efforts one can sell-anything to the customers.

The main aim of selling is to convert the goods into cash by using fair or unfair means. But the buyers cannot be manipulated every time; hence selling can be successful only for short period but not during long period.

4. **Marketing concept**

According to this concept, customer satisfaction is the key to organizational success. It assumes that a firm can achieve its objective of maximizing profit in the long run only by identifying and satisfying the need of present and prospective buyers in an effective way.

Those companies who believe in this concept are of the opinion that success can be achieved only through consumer satisfaction. The basis of this thinking is that only those goods/service should be made available which the consumers want or desire and not the things which you can do. In other words, they do not sell what they can make but they make what they can sell.

Keeping in mind this idea, these companies direct their marketing efforts to achieve consumer satisfaction.

In short, it can be said that it is a modern concept and by adopting it profit can be earned on a long-term basis. The drawback of this concept is that no attention is paid to social welfare.

5. **Societal concept**

This concept stresses not only the customer satisfaction but also gives importance to Consumer Welfare/Societal Welfare. This concept is almost a step further than the marketing concept. Under this concept, it is believed that mere satisfaction of the consumers would not help and the welfare of the whole society has to be kept in mind. For example, if a company produces a vehicle which consumes less petrol but spreads pollution, it will result in only consumer satisfaction and not the social welfare.

Primarily two elements are included under social welfare-high-level of human life and pollution free atmosphere. Therefore, the companies believing in this concept direct all their marketing efforts towards the achievement of consumer satisfaction and social welfare. In short, it can be said that this is the latest concept of marketing. The companies adopting this concept can achieve long-term profit.

Ans 2.

(Marking guidelines: Students need to explain the term marketing environment and then explain the micro factors. At least five micro factors should be discussed. Each factor carries one mark.)

Marketing Environment concerns the influences or variables of the external and internal environment of a firm that controls the marketing management's capability to construct and preserve the flourishing relationships with the consumer.

According to Philip Kotler,

"A company's marketing environment consists of the internal factors & forces, which affect the company's ability to develop & maintain successful transactions & relationships with the company's target customers."

An assortment of environmental forces affects a company's marketing arrangement. A few of them are governable while others are unmanageable. It is the task of the marketing manager to modify the company's policies together with the shifting environment. Macro and micro environment comprise the structure of the marketing environment.

Fig: Marketing Environment Factors

The micro environment comprises those elements of the environment that impinge on the firm and usually its industry, but do not affect all firms in all industries. The micro environment is composed of the following elements:

- The competition- In a sense, all firms compete with all other firms for consumers' limited spending power. For most practical purposes, though, consideration of the competition is limited to firms providing similar solutions to the same customer problem.

- Technology- Major technological changes such as the advent of satellite communications or cellular telephones clearly affect most industries. Such radical technological advances are relatively rare, though – most technological change happens in small increments. In most cases technological change only affects a relatively small sector of the economy: for example, a new manufacturing process for aluminum will have some effect on any firm or customer using aluminum products, but the firms most affected will be aluminum refiners.

- Industry structure and power relationships- This may be related to competition, but equally encompasses supply chains and strategic alliances between firms. Some industries operate in a highly-competitive manner, while others are more co-operative: for example, funeral directors tend to be fairly co-operative with each other, whereas estate agents are highly competitive.

- Customers- The pool of customers, the nature of them, the different segments of the market made up of people with slightly different needs, will all affect the firm. For example, a law firm specialising in corporate law will have a very different customer base from that of a firm specialising in house conveyance. The difference in customer type will affect almost everything about the firm, from the design and location of its offices through to its recruitment policy.

- Publics - any group that perceives itself having an interest in a company's ability to achieve its objectives. The important types of publics are financial public, media public, government public, citizen action groups, local public, general public and internal public.

- Suppliers - provide the resources needed to produce goods and services and are an important link in the "value delivery system".

- Marketing Intermediaries - help the company to promote, sell, and distribute its goods to final buyers.

Ans 3.

(Marking guidelines: In each short note, at least five points should be described. Each point carries half mark.)

Ans 3 a) Marketing is the combination of activities designed to produce profit through ascertaining, creating, stimulating, and satisfying the needs and/or wants of a selected segment of the market. According to **Kotler (2000)** - *"A societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others."*

The scope of marketing is extended into various dimensions. Some of the important area where marketing finds its scope are described below.

1. Study of Consumer Wants and Needs
Goods are produced to satisfy consumer wants. Therefore study is done to identify consumer needs and wants. These needs and wants motivates consumer to purchase.

2. Study of Consumer behaviour
Marketers perform study of consumer behaviour. Analysis of buyer behaviour helps marketer in market segmentation and targeting.

3. Production planning and development
Product planning and development starts with the generation of product idea and ends with the product development and commercialization. Product planning includes everything from branding and packaging to product line expansion and contraction.

4. Pricing Policies

Marketer has to determine pricing policies for their products. Pricing policies differs form product to product. It depends on the level of competition, product life cycle, marketing goals and objectives, etc.

5. Distribution
Study of distribution channel is important in marketing. For maximum sales and profit goods are required to be distributed to the maximum consumers at minimum cost.

6. Promotion
Promotion includes personal selling, sales promotion, and advertising. Right promotion mix is crucial in accomplishment of marketing goals.

7. Consumer Satisfaction
The product or service offered must satisfy consumer. Consumer satisfaction is the major objective of marketing.

8. Marketing Control
Marketing audit is done to control the marketing activities.

Ans 3. b)

Marketing managers have a diverse and varied job, and promotion should just be one element of the scope. Some of the major functions of marketing managers are discussed below.

- **Selling:**

It is core of marketing. It is concerned with the prospective buyers to actually complete the purchase of an article. It involves transfer of ownership of goods to the buyer. Selling is enhanced by means of personal selling, advertising, publicity and sales promotion. Effectiveness and efficiency in selling determines the volume of company's profits and profitability.

- ***Buying:***

It involves what to buy, of what quality, how much from whom, when and at what price. People in business buy to increase sales or to decrease costs. Purchasing agents are much influenced by quality, service and price.

- Conducting Market Research

Marketing managers carry out market research to gain a clear understanding of what an organization's customers really want. Marketing research enables these managers to identify new market opportunities, helping the organization create a market niche for its products or services. Market research also involves studying the organization's competitors so as to develop superior products and employ efficient marketing techniques. Companies conduct market research using questionnaires, face-to-face interviews or analyzing the buying habits of consumers.

- Developing the Marketing Strategy

Marketing managers are responsible for developing marketing strategies for their organizations. These strategies outline clearly how an organization will promote its products and services to its target market with an aim of increasing its sales volumes and maintaining a competitive edge over its competitors.

- Customer Relationship Management

The marketing manager performs the function of championing customer relationship management in the organization. The marketing manager collects this information from the organization's customer database to help create a customer satisfaction survey. Marketing managers then share this information with other employees to ensure they offer excellent customer service to their clients in order to build lasting relationships.

- Employee Management

Marketing managers are in charge of the marketing department and therefore are responsible for employees within their department. They assign duties and set targets for departmental staff. It is also the function of marketing managers to perform periodic performance evaluations of the staff working for them.

- Identifying New Business Opportunities

Marketing managers analyze market trends with an aim of identifying unexploited or new markets for the organization's products and services. Through studying the purchasing patterns of consumers, they can identify the peak and off-peak demand periods for their products. By employing sales forecasting, they can estimate future performance of the organization's products. Also through market analysis and forecasting, they can develop strategies to ensure the organization remains competitive.