

Commercial Studies  
class - X

Chapter - 2 Marketing And  
Sales.

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### Learning Objectives

After studying this chapter, you should be able to understand :

- 2.1. Meaning of Marketing
- 2.2. Objectives of Marketing
- 2.3. Importance of Marketing
- 2.4. Difference between Marketing and Sales
- 2.5. Meaning of Product
- 2.6. Difference between Products and Services
- 2.7. Meaning of Pricing
- 2.8. Objectives of Pricing

In common language, the term 'market' is used to refer to a place where buyers and sellers actually meet to buy and sell goods and services. However, in the real sense, market means a group of buyers and sellers interested in exchanging goods and services for money. For example, all those persons who want and can afford to buy a car will constitute the market for cars. Due to paucity of time it is always not possible for the consumers to approach the seller. As a result, seller discovers novel means of reaching out to the consumer through various means of communication like fax, phones, SMS and mass media like Radios, Television and the Internet.

According to **Philip Kotler**, "A market is the set of all actual and potential buyers of a product." In the words of **Prof. Jevons**, "A market means a body of persons who are in intimate business relations and carry on extensive transactions in any commodity." According to **Clark and Clark**, "A market is a centre in which the forces leading to exchanges of title to a particular product operate and towards which and from which the actual goods

Thus, a market is the aggregate of the measures, activities and attitudes of buyers and sellers which influence the demand for a product or service.

### 2.1. MEANING OF MARKETING

There are two approaches to marketing — traditional (product oriented) and modern (consumer oriented).

**Traditional Concept** — According to the traditional approach, marketing is the process by which goods are made available to the consumers by the manufacturers. It involves transfer of goods and services from producers to consumers for value. In this approach marketing begins after the goods are produced and ends with their sale. Thus, the traditional approach focuses merely on the physical process of distributing goods and services.

**Modern Concept** — According to the modern approach marketing means sensing, stimulating, servicing and satisfying the needs and wants of present and potential customers in a more efficient manner than the competitors. The main task of the organisation is to determine and satisfy the needs and wants of consumers.



According to **Philip Kotler**, "the marketing concept is a customer orientation backed by integrated marketing aimed at generating customer satisfaction as the key to satisfying organisational goals." Target market (the customers who are likely to buy the product), customer satisfaction, coordination (between all departments) and profitability are the elements of modern concept of marketing.

#### **Elements of Modern Concept of Marketing :**

- (i) **Target Market** : The customers who are likely to use the product/service constitute the target market. The product/service should be designed and developed keeping in view the needs and wants of the target market.
- (ii) **Customer Satisfaction** : Modern marketing seeks to satisfy customers through right product at right price, at right place and efficient after-sales service.
- (iii) **Integrated Marketing** : Marketing activities are coordinated with the activities of other departments to achieve customer satisfaction.
- (iv) **Profitability** : The focus is on achieving the long term goals of profitability and growth through customer satisfaction.

Some popular definitions of modern marketing are given below.

According to **William Stanton**, "Marketing is a total system of interacting business activities designed to plan, price, promote and distribute want satisfying goods and services to the benefit of present and potential customers."

In the words of **Philip Kotler**, "Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of values with others."

According to **H.L. Hansen**, "Marketing is the process of discovering and translating consumer wants into products and services and then making it possible for more and

more people to enjoy more and more of these products and services."

These definitions reveal the following **characteristics** of marketing.

**1. Marketing is an integrated process :** Marketing is not a single activity. It is rather a coordination of several inter-related activities. The interaction between different activities gives a unique character to marketing. Marketing is a managerial process in so far as it involves the functions of planning and control. Marketing is also a social process as it is concerned with the satisfaction of human needs.

**2. Marketing is customer oriented :** Marketing exists to identify and satisfy the wants of present and potential consumers. It starts and ends with the consumer. Customer is the focus of all marketing activities.

**3. Marketing is a system :** Marketing is a system comprising several sub-systems. Under marketing inputs (information about customers) are drawn from the society (supra system) and converted into outputs (want satisfaction) which are supplied to the society.

**4. Marketing is a part of total environment :** Marketing operates within the framework of total environment which comprises economic, social, legal, political, international and other forces. Changes in the environment influence marketing activities. Marketing is, therefore, a dynamic process as it keeps on adjusting to the changing environment.

**5. Marketing is creative :** Marketing creates time, place and possession utilities. Time utility is created by preserving goods for use in future. Place utility is created by carrying goods to places where they are needed most. Marketing creates possession utility by transferring products and services from producer to customer. Exchange process between buyer and seller is the essential element in marketing.

**6. Marketing is goal-oriented :** Marketing seeks to achieve benefits for both buyer and seller. It results in mutually beneficial



✓ **4. Higher Standard of Living :** Marketing is helpful in improving the standard of living of people by offering a wide variety of goods and services with freedom of choice. It has modernised the living standards of people through the supply of quality products at reasonable prices.

✓ **5. Large Scale Production :** Marketing makes mass selling possible and thereby facilitates large scale production. Economies of large scale production help to reduce the cost of production per unit.

✓ **6. Economic Development :** Marketing gives a boost to transportation, banking, insurance, warehousing and other economic activities. It makes the economy strong and stable by balancing production with consumption. In fact, marketing is the kingpin that keeps the economy moving ahead.

✓ **7. Foreign Exchange Earner :** Marketing helps in exploring foreign markets and in exporting goods and services. It is through marketing that a country earns valuable foreign exchange.

✓ **8. Creation of Utilities :** Marketing includes all activities involved in the creation of place utility, time utility and possession utility. Place utility is created by making goods available at the places where they are needed. Time utility is created by making goods available at the right time. Possession utility is created when goods are transferred to those who need them.

## 2.4. DIFFERENCE BETWEEN MARKETING AND SALES

Quite often marketing and sales are used as interchangeable terms. In fact marketing is a much wider term than sales. Sales refers to the activities involved in obtaining orders from customers and directing the flow of goods and services to them. It involves transfer of ownership and possession of goods and services.

The main points of difference between marketing and selling are as follows.

**1. Scope :** Selling involves exchange of goods for money between the sellers and buyers. It is concerned with the distribution of goods already produced. Marketing is a wider term. It includes not only selling but other activities such as marketing research, product planning and development and advertising, etc.

**2. Focus :** Selling focuses on the needs of the seller, and marketing, on the needs of the buyer. Selling is mainly concerned with increasing the sales volume and no attempt is made to find out the needs of customers. Under marketing, needs of customers are determined first and then suitable products are developed to satisfy their needs.

**3. Beginning and End :** Selling begins after the products are manufactured and comes to an end with their transfer to the buyer. Marketing begins before production and continues after the sale. Market research and after-sale service are important elements of marketing.

**4. Orientation :** Selling is internally oriented because it seeks to maximise profits through increased volume of sales. On the other hand, marketing is externally oriented as it seeks to achieve profits through customer satisfaction. Selling aims at short-term profit maximisation whereas marketing aims at long-term stability and growth.

**5. Demand Creation :** Selling presupposes the existence of demand for the firm's product. On the other hand, marketing involves creation and maintenance of consumer demand.

Marketing involves the design of the products acceptable to customers and transfer of ownership from the seller to the buyer. On the other hand, selling involves procuring orders from customers and delivering the products to them. Selling is product-oriented, while marketing is customer-oriented. Selling begins after the production, because it is concerned with sale of goods already produced. Marketing, on the contrary, begins before the production cycle in order to identify customers' wants. Selling comes to an end with the delivery of the product to the customer. But



relationship by satisfying wants of customers and by generating revenue for the seller.

**7. Marketing is an art as well as a science :** Satisfying human wants is an art requiring continuous practice. It involves application of knowledge and skills to create utilities for both buyer and seller. Marketing is a science in the sense that it contains an organised body of knowledge borrowed from economics, psychology, sociology, anthropology, law and other disciplines. Marketing is, therefore, interdisciplinary in nature.

**8. Marketing is wider than market :** Market implies potential buyers and sellers of a product or service. Marketing consists of not only the buyers and sellers but all institutions and activities involved in planning, pricing, promoting and distributing want satisfying products and services.

**9. Marketing is pervasive :** Marketing is required in business as well as in social and other organisations. In non-business organisations, marketing is necessary for spreading socially useful ideas and programmes of family planning, adult education, communal harmony, national integration, environmental protection, etc. Such marketing is called social marketing.

## 2.2. OBJECTIVES OF MARKETING

The main objectives of marketing are as follows :

**1. Creation of Demand :** A business firm can sell goods and services only when there are customers willing to buy them. Therefore, the first purpose of marketing is to create demand for goods and services. For this purpose, marketing finds out the needs and preferences of customers. Then advertising, personal selling, sales promotion and other methods are used to create demand and to persuade customers to buy.

**2. Customer Satisfaction :** (Modern marketing is customer oriented. Today, all marketing activities begin and end with the customers. The focus is on selling satisfaction rather than on selling a specific product or service.

**3. Market Share :** Every business firm seeks to have a reasonable share of the total demand. In a competitive market, aggressive selling efforts are necessary to make products and services popular. Good quality goods are offered at reasonable prices to capture a large share in the market.

**4. Profitability and Growth :** Marketing seeks to achieve long-term goals of profitability and growth by satisfying the wants of customers. In order to survive and grow, a good business must create and satisfy customers. If the customers are not satisfied, business will fail to earn and survive. Therefore, modern marketing begins and ends with the customers.

**5. Goodwill :** Marketing aims at building the reputation of the enterprise over a time. The enterprise attempts to earn a name for itself and build its position in the market by selling quality products at reasonable prices, and through efficient after sales services.

**6. Standard of Living :** Marketing aims at improving the living standards of people by (a) providing a wide variety of products and services (b) supplying new and better quality products (c) creating more employment opportunities.

## 2.3. IMPORTANCE OF MARKETING

Marketing offers the following benefits.

**1. Generation of Revenue :** Marketing is the only source from which business can generate revenue to meet its expenses and to earn profits. The survival and growth of a business enterprise depends on the effectiveness and efficiency of marketing.

**2. Customer Satisfaction :** Marketing helps to identify and satisfy the needs and wants of consumers. Modern marketing begins and ends with the customers.

**3. Employment Generation :** Marketing offers challenging and rewarding jobs to a large number of persons. It also generates employment in production by enlarging the scale of distribution and production.



Questions:

- 1) Define the traditional concept and modern concept of marketing.
2. What is Marketing? Discuss the Elements of Modern Concept of Marketing.
3. Discuss the objectives of marketing.
4. Discuss the importance of marketing.
5. Distinguish between Marketing and sales.