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M.A. MASS COMMUNICATION

MSM-512

MANAGEMENT & MARKETING PRINCIPLES

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STRUCTURE

1.1 LEARNING OBJECTIVES

By the end of this lesson, you will be able to:

- **Describe the concept, definition, and characteristics of management.**

- **Understand the functions of management.**
- **Know the principles of management.**
- **Understand the role of the manager.**
- **Know the decision making role, process, and types.**

1.0 INTRODUCTION

Management is an important aspect of the economic life of man, which is an organized group activity. It is regarded as an indispensable institution in modern social organization marked by scientific thought and technological innovations. One of the other forms of management is necessary when a collective effort is made to satisfy the human being through any productive activity, occupation or profession.

Management controls man's productive activities through the coordinated use of material resources. Without the leadership provided by management, the resources of production remain resources and never become production. Therefore, in this lesson, First, we shall discuss the management concept and definitions. Then we shall review the characteristics of management, Functions of management, the role of manager. After that, we shall discuss on Decision making Concept, Characteristics, Types, Role, and Process of Decision Making.

1.2 MANAGEMENT CONCEPT

People form groups to accomplish their goals which they could not achieve as individuals. They face lots of complexities for managing their organisation or business with the course of time. So the need for the existence of management has increased tremendously. Management is essential not only for business/ organisations concerns but also for banks, schools, colleges, hospitals, hotels, religious bodies, charitable trusts, etc. Every organisation/business has some objectives of its own. These objectives can be achieved with the coordinated efforts of personnel through the process of management.

Management is a combination of art and science. Every idea or thought needs a systematic approach to be successful. Here the management is being studied as the part of communications between the media houses and the other organizations that provide information to the audience in an efficient way. For the acquisition of a reliable information media organization doing their business well. Management is a key issue for any organization to develop new business. This is the process of planning for a particular idea, leading and controlling the work of the members associated with the organization and using all available resources in the best way to reach the maximum goal. Management is the practice of coordinating with human and non-human resources to cater to the main objectives.

There are many views and definitions of management given by experts and scholars. However, no two definitions are identical and also no single definition has so far succeeded in including all the essentials of management.

Sometimes the term is used to mean the "group of managerial personnel" in an organisation, i.e., all those from the board of directors down to first-line supervisors. At other times management refers to the "process" of planning, organising, staffing, directing and controlling. Management is also used as a body of knowledge, a practice, and a discipline. Others have analysed it as an economic resource, a factor of production, a system of authority, a technique of leadership or as a means of coordination or decision-making.

Looking at different views, it is clear that it is very difficult to give a definition that covers all the aspects. Many experts explained this concept by following definitions.

1.2.1 DEFINITIONS OF MANAGEMENT

F.W. Taylor, known as the father of scientific management explained that - "It is an art of knowing what you want to do and then seeing that it is done the best possible manner".

According to **Harold Koontz and Heinz Weihrich**, "Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims".

According to **Robert L. Trewelly and M. Gene Newport**, "Management is defined as the process of planning, organising, actuating and controlling an organisation's operations to achieve coordination of the human and material resources essential in the effective and efficient attainment of objectives".

According to **Kreitner**, "Management is the process of working with and through others to effectively achieve organisational objectives by efficiently using limited resources in the changing environment".

Henry Fayol – "To Manage is to forecast, to plan, to organise, to command, to co-ordinate and to control".

Peter F. Drucker –"Management is work and as such it has its own skills, its own tools and its own techniques". "Management is the art of getting things done through and with people".

George R. Terry – "Management as a process "consisting of planning, organizing, actuating and controlling, performed to determine and accomplish the objectives by the use of people and other resources".

According to this definition, management is a process – a systematic way of doing things. The four management activities included in this process are: planning, organizing, actuating and controlling.

Planning means that managers think of their actions in advance.

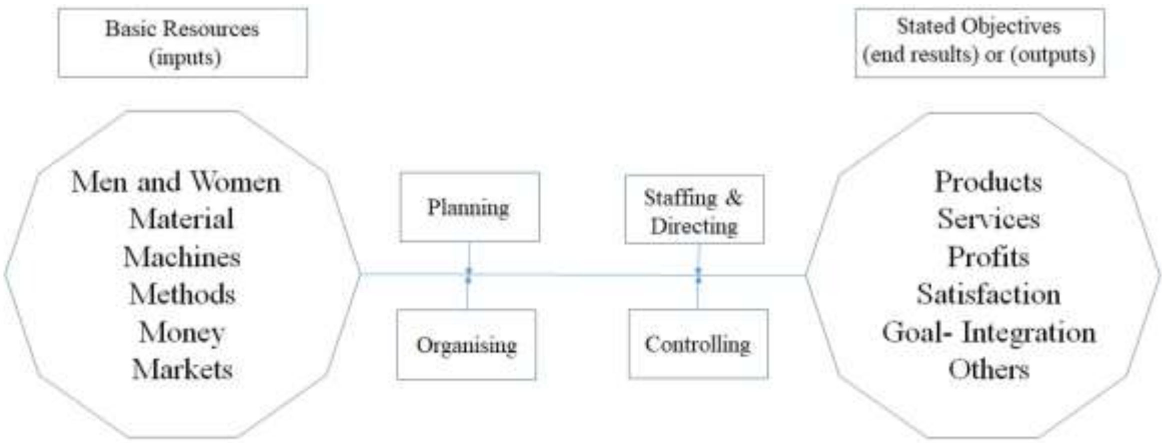
Organizing means that managers coordinate the human and material resources of the organization.

Actuating means that managers motivate and direct subordinates.

Controlling means that managers attempt to ensure that there is no deviation from the norm or plan. If some part of their organization is on the wrong track, managers take action to remedy the situation.

Management is the group of activities, which draft plans, prepare policies and arrange men, money, machine and materials required to achieve the objectives. The above definitions reveal that management is the activity of man who struggles for better living in the complex and competitive world. Besides, the management gives satisfaction to and rewards those who are engaged in the operation and ensuring an excellent performance. In other words, management is the process consisting of the functions of planning, organizing, staffing, directing and controlling the operations to achieve specified objectives.

The following figure gives a graphic presentation of this 'preferred' definition of management.



The Process of Management

To conclude, we can say that various definitions of management do not run contrary to one another. Management is the sum-total of all those activities that (I) determine objectives, plans, policies and programmes; (ii) secure men, material, machinery cheaply (iii) put all these resources into operations through sound organisation (iv) direct and motivate the men at work, (v) supervises and control their performance and (iv) provide maximum prosperity and happiness for both employer and employees and public at large.

1.2.2 CHARACTERISTIC OF MANAGEMENT

1. **Management is a process:** Management is a series of activity performed to manage in every field. This is a continuous process with unlimited dimensions. New ideas and trends make this process better to generates good results. In different situation your idea, opinion or the controlling may be different but this process never fails, if fails then it is up to the experience of the manager. The main motive of any type of process is the achievement of the goal.
2. **Dynamic activity:** It is a dynamic activity as it is shape and reshape with the development in the trends of market. Management is required in human life, arts and sciences by logical understanding of the environment. It is a practical approach to find out the best possible means of characteristics of a manager. Management seeks all type of skills as – human skill, conceptual skill and technical skill. it is place of innovations that must be adaptable within time.
3. **Art as well as Science:** It contains a systematic body of theoretical knowledge and it also involves the practical application of such knowledge. Management is also a discipline involving specialized training and an ethical code arising out of its social obligations. Based on these characteristics, management may be defined as a continuous social process involving the coordination of human and material resources to accomplish desired objectives. It involves both the determination and the accomplishment of organizational goals.
4. **Goal oriented activity:-** The primary concern of the organization is the achievement of the goal, so all the action taken by the company must be based on the activities of the manager. He must have pre-determined objective to accomplish the targeted goal. Any idea can make a difference if the makers designed that format well. Multinational companies breaking the boundaries of the nation because of their goal are multidimensional.

5. **Group activity:** Management comes into existence only when there is a group activity towards a common objective. Management is always concerned with group efforts and not individual efforts only. To achieve the goals of an organisation management plans- organises, co-ordinates, directs and controls the group effort.
6. **Decision-Making process:** Management implies making decisions regarding the organisation and operation of business in its different dimensions. The success or failure of an organisation can be judged by the quality of decisions taken by the managers. Therefore, decisions are the key to the performance of a manager.
7. **Effective integration and utilization:** The essence of management lies in the coordination of individual efforts into a team. Management reconciles the individual goals with organizational goals. As the unifying force, management creates a whole that is more than the sum of individual parts. It integrates human and other resources.

1.2.3 PRINCIPLES OF MANAGEMENT

As all processes need principles, so does management.Principles are like code, to be followed for efficient performance. These are the essence of research. Principles are laid down after careful analysis of the working. These are just like the guidelines for effective performance which are indispensable for any organisation.

Henry Fayol (in General and Industrial Management) observed, "This (principles of management as a code) code is indispensable. Be it a case of commerce, industry, politics, religion, in every concern, there must be principles." Even otherwise, those persons are respected who observe certain principles in life.

Following are the principles of management as laid down by Henry Fayol:

1. **Division of work:** In a large organisation, specialisation is the key to increased quality production. Thus the division of work according to capacity, ability, and aptitude is essential.
2. **Authority and responsibility:** Well defined responsibility gives maximum smoothness in work. The task of top management becomes easier and accountability possible if responsibility is well defined.

Authority, responsibility cannot be fulfilled, so authority, its decentralisation, and delegation are important for fixing responsibility. Authority should be linked to the official position and responsibility stemming from it.

3. **Discipline:** It is a distinctive feature of command. No co-ordination of work is possible and no responsibility meaningful without discipline. The requisites of discipline are (a) good supervision (b) clear and fair agreements on codes of conduct (c) judicious application of rewards and punishments.
4. **Unity of Command:** Command must emanate from one source. If there are multiple commanding authorities, it will create chaos. Thus, this principle means that an employee should receive orders from one superior only.
5. **Unity of Direction:** It is concerned with the functioning of the whole corporate organisation. It means that there should be one head and the directions must flow downward.
6. **Subordination:** Individual goals should be subordinated (or aligned) to the organisational goal. Obedience to superiors is also a distinctive feature of command, which comes from subordination.
7. **Remuneration:** It should be fixed for all services or personnel to avoid uncertainty and ambiguity.
8. **Centralisation:** Everything which goes to increase the importance of subordinates' role is decentralisation whereas everything which goes to reduce it is centralisation. Centralisation is essential to avoid misunderstandings and delays.
9. **Scalar Chain:** It suggests that the employees should be bound in a clear and well-defined chain of senior subordinate relationships, called a scalar chain. It is a line organisation that depicts it.
10. **Order:** It requires everything well placed and a place assured for everyone. The absence of order means chaos. Its presence ensures stability and efficiency.
11. **Equality:** It is a combination of kindness and justice. All equals are treated as equals. It removes conflicts and ensures compliance and subordination.
12. **Stability of Tenure:** The stability of the working period is essential to give confidence to the worker. The stability of tenure creates certainty and helps in effecting responsibility.

13. **Initiative:** The employees at all levels, should be given some freedom to the adopters of techniques and methods to accomplish their tasks. It will create initiative and enforce efficiency. It increases zeal and belongingness. Fayol advises managers to ensure as much initiative from employees as possible because it gives them a chance to utilise their skill and efforts to the maximum.
14. **Esprit de corps:** This principle is essential for teamwork. Organisation work is primarily teamwork.

Principles have been interpreted differently by thinkers and writers. Some principles have been given more importance than others.

1.2.4 FUNCTIONS OF MANAGEMENT

Though many writers have defined the functions of management differently, they have been clearly and unambiguously defined by Koontz and O Donnell to explain the process. These are as follows:

1. Planning 2. Organising 3. Staffing 4. Directing and Leading 5. Controlling.

Functions of Management

1. **Planning:** Planning is to set the goal and make a strategy to attain the main objectives. This is an overview of the future prospect and the road to reach the destination. Any company target its overall growth and make some future arrangement. Lack of planning could make your idea fail

or poor planning can disturb the performance of the company. Market research is also important before planning for the new or existing company.

2. **Organizing:** After empirical study and careful planning the main task is to assign the work to the most suitable person or group. Organizing involves the allotment of the authorities and the resources used for across an organization. Command to the network and a team approach is the main functions of the manager. This is also the function of the organizer to centralization and decentralization the workforce.
3. **Staffing:** Staffing roles to fill the places in organisation. It includes not only the selection and training of personnel but also putting them in the right positions. It involves manning and keep manned the positions provided in organisation structure. It thus requires defining manpower requirements, selecting candidates, training them and looking after them and the activities they perform.
4. **Leading:** Any organization can fail without a good leader. Leading is an ability that can influence or motivate the employee of the company. Leading means the use of shared culture and the values, also communicating the goal to an employee. Strong leadership is required to direct the team and maintain good relationships within the organization.
5. **Controlling:** Controlling means ensuring that every resource is used for the stated goal. Monitoring the activities of the team members and make the correction for their work is necessary. There is some standard of performance that can be compared by the manager. Through controlling function, the manager keeps the organization on track and motivates the employee all the way. Financial analysis is important to make the budget.

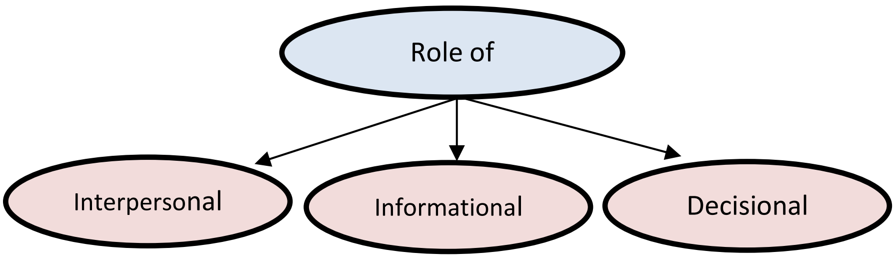
1.2.5 ROLE OF MANAGER

Management performs the functions of planning, organizing, staffing, directing and controlling for the accomplishment of organizational goals. Any person who performs these functions is a manager. A manager is responsible for every success or failure. The basic aim of all managers is the same in all types of organisations, that is, to create an environment in which organisational goals can be achieved with the minimum of resources with the help of people working in the organisation.

The greater part of every manager's time is spent in communicating and dealing with people. His efforts are directed towards obtaining information and evaluating progress towards objectives set by him and then taking corrective action. Thus, a manager's job primarily consists of the management of people. Though it is his duty to handle all the productive resources, the human factor is more important. A manager cannot convert the raw materials into finished products himself; he has to take the help of others to do this. The greatest problem before any manager is how to manage the personnel to get the best possible results. The manager in the present age has to deal efficiently with the people who are to contribute to the achievement of organizational goals.

Peter Drucker has advocated that the managerial approach to handle workers and work should be pragmatic and dynamic. Every job should be designed as an integrated set of operations. The workers should be given a sufficient measure of freedom to organize and control their work environment. It is the duty of every manager to educate, train and develop people below him so that they may use their potentialities and abilities to perform the work allotted to them. He has also to help them in satisfying their needs and working under him, he must provide them with the proper environment. A manager must create a climate that brings in and maintains satisfaction and discipline among the people. This will increase organizational effectiveness.

Recently, a manager is a responsible person for planning, motivating, controlling and coordinating in an organization. A manager is the executive function of the organization responsible for coordinating the entire system rather than performing a special task. He needs to develop and design the new tasks so that individuals or groups can be encouraged. Henry Mintzberg has identified ten roles common to the work of all managers. The ten roles are divided into three groups.



The performance of managerial roles and the requirements of these roles can be played at different times by the same manager and to different degrees depending on the level and function of management. The ten roles are described individually, but they form an integrated whole.

1. **Interpersonal Roles:** The interpersonal roles link all managerial work together. The three interpersonal roles are primarily concerned with interpersonal relationships.
    a) **Figurehead Role:** The manager represents the organization in all matters of formality. The top-level manager represents the company legally and socially to those outside of the organization. The supervisor represents the workgroup to higher management and higher management to the workgroup.
    b) **Liaison Role:** The manager interacts with peers and people outside the organization. The top-level manager uses the liaison role to gain favours and information, while the supervisor uses it to maintain the routine flow of work.
    c) **The leader Role:** It defines the relationships between the manager and employees.
2. **Informational Roles:** The informational roles ensure that information is provided. The three informational roles are primarily concerned with the information aspects of managerial work.
    a) **Monitor Role:** The manager receives and collects information about the operation of an enterprise.
    b) **Disseminator Role:** The manager transmits special information into the organization. The top-level manager receives and transmits more information from people outside the organization than the supervisor.
    c) **Spokesperson Role:** The manager disseminates the organization's information into its environment. Thus, the top-level manager is seen as an industry expert, while the supervisor is seen as a unit or departmental expert.
3. **Decisional Roles:** The decisional roles make significant use of the information and there are four decisional roles.
    a) **Entrepreneur Role:** The manager initiates change, new projects; identify new ideas, delegate idea responsibility to others.
    b) **Disturbance Handler Role:** The manager deals with threats to the organization. The manager takes corrective action during disputes or crises; resolves conflicts among subordinates; adapts to the environmental crisis.

c) **Resource Allocator Role:** The manager decides who gets resources; schedules, the budget set priorities and chooses where the organization will apply its efforts.

d) **Negotiator Role:** The manager negotiates on behalf of the organization. The top-level manager makes the decisions about the organization as a whole, while the supervisor makes decisions about his or her particular work unit.

Managers may be classified by level, position or title. For example, a supervisor is the first level person or the bottom segment. Then the middle managers, second and third level personnel, supervise the first-level supervisor. They may have less technical training than the lower level but has more qualifications as a team leader. Another level of management is the top level where they are called vice president or chief executive officer. They are responsible to handle all other levels of management and their decision affects the entire team. They must be top management skills to integrate with other companies. So there are so much to do for a manager and he must work according to the requirement of the organization.

CHECK YOUR PROGRESS-1

1. Who Said “Management as a process "consisting of planning, organizing, actuating and controlling, performed to determine and accomplish the objectives by the use of people and other resources"
   a) Harold Konntz
   b) George R. Terry
   c) Peter Drucker
   d) Kenneth O ‘Donell
2. The word________denotes a function, a task, a discipline.
   a) Management
   b) Leadership
   c) Motivation
   d) None of the above
3. Principles help managers to take decisions while performing functions of management.
   a) True, Principles are guidelines to take actions.
   b) False, Functions of management are not related with principles of management.

   c) Partly True, Principles denotes cause and effect relationship which may help functions.
   d) False, Functions of management are just actions.
4. In what order do managers typically perform the managerial functions?
   a) organising, planning, controlling, leading, staffing
   b) organising, leading, planning, staffing, controlling
   c) planning, organising, staffing, leading, controlling
   d) planning, staffing, organising, controlling, leading
5. What are the three interpersonal roles of managers?
   a) spokesperson, leader and coordinator
   b) figurehead, liaison and leader
   c) director, coordinator, disseminator
   d) communicator, organiser, spokesperson

1.3 DECISION MAKING

We all make decisions in our daily lives. Decisions can be minor or major. These can be regular and important. We take regular decisions with ease. For example, the decision to buy chocolate may be a routine decision, but important decisions are made in a planned manner. As such the decision to buy a house is a major decision.

A Decision means coming to a conclusion. It is the result of intuition, logic and planning. Decision making is an important task in business organizations. All managers make decisions based on their nature and function. These decisions determine the success or failure of a business organization.

MEANING

Decision making is a mental process. This is the way to choose the best option to do a job. Thus, it is a particular course of action chosen by a decision maker as the most effective option to achieve its goals. According to **D.E. McFarland**, "A decision is an act of choice-wherein an executive forms a conclusion about what must be done in a given situation. A decision represents a course of behaviour chosen from several possible alternatives".

According to **Peter F. Drucker**, “Whatever a manager does, he does through decision making” by taking a decision, a manager attempts to reduce the gap between the present and the desired situation. Whereas decision making is a process and a decision is the result of this process.

In the words of **Haynes and Massie**, "A decision is a course of action which is consciously chosen for achieving a desired result".

Therefore, decision making is a specific form of planning. In this, the best option is chosen from various options to fulfil certain objectives. It is a mental exercise that decides what to do.

1.3.1 CHARACTERISTICS OF DECISION MAKING

The essential characteristics of decision-making are given below:

1. **Goal Oriented:** Every decision helps in achieving the major or minor goals of an organization. It reduces the gap between where we are and where we want to go. A decision is considered good only if it helps in achieving organizational goals.
2. **Involves Choice:** It is necessary to have various options for decision making. Only then will you be able to choose one option, which will be the best solution to your problem. If there are not many options, then there will be no need to take any decision.
3. **Continuous process:** Decision making starts from the very beginning of the organization and continues throughout the life of the organization. Managers are regularly involved in decision making. Sometimes they have to take tough decisions for the organizations.
4. **Intellectual exercise:** Decision making is a thinking exercise. When it comes to making decisions. Then creativity, imagination, experience and intuition play a major role.
5. **Dynamic:** For making decision technique may vary with the nature of problem and time frame available to solve that problem.
6. **Situation:** The decision is taken only when the management is facing a problem. At that time, the manager can make one decision in a particular situation and the opposite in another situation. Sometimes he can also decide not to do any work according to the time and situation.
7. **Commitment of organisational resources:** Time, effort and material resources etc. play an important role in decision making. Resource commitment is involved both at the planning phase

and implementation phase of a decision. Therefore, it is very important to take right decisions at the right time, otherwise precious organizational resources may go wasted.

8. **Pervasiveness:** Decision making is pervasive. Manager at all levels i.e. top, middle, low and in all areas of management i.e., production, marketing, finance etc. are involved in making decision. Also, decision making is involved in all functions of management i.e. planning, organising, staffing, directing and controlling.

1.3.2 TYPES OF DECISIONS

Decision may be classified into following types:

1. **Routine and Strategic Decisions:**Regular decisions are related to routine or repetitive problems. They neither require the collection of new data nor conferencing with people. Therefore, they do not require much managerial judgment or deliberation. Such decisions are mainly taken by managers at the middle or lower level of management. Top management follows rules and regulations for such decisions. For example, departmental heads can easily determine the salary of a new employee based on the scales established for different categories of employees.

   Strategic decisions are more important so they are taken by the top level of management. Such decisions involve a long-term commitment that leaves a lasting impact on the future of the organization. These decisions are related to policy matters and hence need to be explored and analysed for possible alternatives. For example, the location of a new plant, launching a new product are some of the important decisions a firm needs to take.
2. **Programmed and Non-Programmed Decisions:**Programmed decisions are of a regular and repetitive nature, which are dealt with according to a specific process. A sequence of steps can be placed first so that decisions are highly structured. Because information on them is already available and can be processed in a pre-planned manner. Therefore they are called programmed. These are simple and have short-term effects, therefore, they are assigned to lower levels of management. For example, if an employee is absent from work for long periods of time without notice, the supervisor may deal with such a situation according to standard procedure without consulting the chief executive.

On the other hand, non-programmed decisions arise due to uncontrolled problems. These are novel or non-repetitive. There is no standard procedure to deal with such problems. Since, readymade decisions are not available and require a high degree of accuracy, they are usually made by the top level of management. For example, if a large number of employees absent themselves from work for long periods without notice, the supervisor cannot deal with such a situation without consulting the chief executive. This scenario illustrates a situational and unstructured problem that can be solved in the light of scientific analysis of situational factors and requires the involvement of top officials.

3. **Individual and Group Decisions:**Individual decisions are taken by individuals. They are taken either to smaller organizations or to organizations where autocratic style of management prevails. The analysis of various variables in such decisions is relatively straightforward.

   Group decisions, on the other hand, are taken by the organizational member's group. Decisions taken by a committee or board of directors are examples of group decisions. These decisions are generally important to an organization. They promote participatory decisions, but take longer and create difficulty in deciding responsibility.

1.3.3 ROLE OF DECISION MAKING

Decision making is deeply involved in the management process. It extends to all managerial functions and covers all areas of the enterprise.

The quality of decision making and the appropriate decision depends on the manager's skill, decision ability and ability. It involves thinking and decision making before doing so it is inherent in all managerial tasks. Each manager has to make many decisions while planning, organizing, staffing, directing and controlling. This is why decision making is often called the essence of management.

Decisions are made not only about the various elements of management and the matters involved such as setting organizational goals, designing techniques that govern the structure of the organization, etc., but managers have a variety of different issues related to functional areas such as production, marketing, distribution, procurement etc. Thus, it runs through the entire process of management and all subsystems of organizations.

In an organization, only decision making and implementing them can mobilize and use resources towards achieving the desired goals.

Right from the day when the size of the business used to be very small to the present time, decision making has been important. The only difference is that in today's business environment, decision making is becoming more and more complex.

1.3.4 STEPS IN DECISION MAKING PROCESS

The following process should be followed in arriving at a correct decision:

1. **Setting objectives:** Rational decision making involves concrete objectives. Therefore the first step in decision making is to know one's objectives. An objective is an expected outcome of future actions. Therefore, it is necessary to know what we are trying to achieve before deciding about future efforts. Accurate knowledge of goals and objectives brings purpose into planning and harmony in efforts. Furthermore, objectives are the criteria by which the end result is to be measured.
2. **Identify the problem:** The decision-making process begins with the discovery of a problem that requires a decision. For this, analysis of internal and external conditions is very important. A clear definition of the problem is very important because the correct answer can only be met with the right questions. Imagination, judgment, and experience are required to detect problems requiring managerial judgment.
3. **Diagnose the problem:** Once the problem is identified, the next step is to analyze the problem and determine its nature. Problems should be defined as its origin, scope, causes, importance, intensity, magnitude, etc. so that the manager can get all the important facts to diagnose the problem and analyse them carefully.
4. **Discover alternatives:** After diagnosing the problem, a manager has to develop an alternative solution. The decision-making process becomes a relevant, meaningful and challenging practice for managers when many more options are required to make a final decision. Managers should not make hasty decisions by jumping to the first possible option. They have an obligation to search for different options, as many options may not be clear and unambiguous. Some options

may be developed by managers, others may arise through research and analysis, creative thinking and innovation.

5. **Evaluate alternatives:** After exploring options, each option is evaluated to meet the management's objective. The possible consequences of alternatives can be estimated through casting and other equipment. An option must be thoroughly evaluated in terms of risk, time consumption, efficiency, and resource status. A cost-benefit analysis should be done. When choosing an option, both qualitative and quantitative factors must be taken into consideration.
6. **Select the best alternative:** The best option is selected after the evaluation i.e., the option that maximizes the result under the given condition. The final choice requires the manager to rely on his or her experience, skills, judgment, experimentation, research and analysis. Different weightage is given to various organization plans, policies, rules, a basic philosophy of management and other human factors.
7. **Implementation and follow up:** A decision remains on paper until it is implemented. Implementation requires the following steps:
   a) To communicate the decision to those responsible for its implementation.
   b) Securing maximum support.
   c) Commitment and acceptance from the employees concerned.
   d) Creating structure and administrative arrangements such as delegation of authority, allocation of resources, etc.

After the decision is put into practice, management must continuously monitor the results. This is to follow the aspect of the feedback or the decision-making process. Progress reports should be obtained from time to time. In case, the response indicates a flaw in the decision, necessary modifications should be made. This feedback can also be helpful in making future decisions.

1.4 CHECK YOUR PROGRESS-2

1. Decision making is (simplistically) typically described as which of the following?

   a) deciding what is correct

   b) putting preferences on paper

c) choosing among alternatives

d) processing information to completion

2. A decision for repetitive or routine problems for which the responses have been already been decided and been known to the person who will make the decision is called:

a) programmed

b) non-programmed

c) strategic

d) professional

3. Non programmed decisions are most likely to be made by:

a) middle management

b) lower management

c) top management

d) supervisory management

4. The first step in decision making is to:

a) establish priorities

b) establish specific goals and objectives

c) identify and define the problem

d) determine courses of the problem

5. Problems are usually of the following type(s):

a) crisis problems

b) routine problems

c) problems of failing to take advantage of opportunities.

d) all of the above.

1.5 SUMMARY

- Management is working through people with all efficiency and effectiveness. Nowadays, organizations are surrounded by many complexities and hence, successfully managing an organization has become a very difficult task. In simple words, management is the force that integrates various resources. And the organization is the process of bringing them together and coordinating to help meet the goal. Managers need to make extensive use of the most widely accepted principles of management because, without predetermined principles and policies, organizations cannot be managed efficiently and effectively in this era of global competition.

- Decision making is a mental process. This is the way to choose the best option to do a job. Thus, it is a particular course of action chosen by a decision-maker as the most effective option to achieve its goals.

1.6 KEYWORDS

Management: The process of dealing with or controlling things or people.

Manager: A person responsible for controlling or administering an organization or group of staff.

Decision Making: The action or process of making important decisions.

Organisation: An organized group of people with a particular purpose, such as a business or government department.

Decision: A conclusion or resolution reached after consideration.

1.7 SELF-ASSESSMENT TEST

1. Explain the concept of management. Review in brief the main functions of management.
2. What is meant by management? What are the characteristics of management?
3. "There is no important area of human activity than management since its task is that of getting things done through people". Discuss.
4. Briefly discuss the nature, scope and functions of management.
5. What are the functions of a manager? Is mere knowledge of management enough to become successful manager?
6. Discuss and illustrate the meaning, definition and characteristics of management in modern organizations.
7. What is decision-making? Why is it important for any organisation?
8. What do you understand by decision-making? What are its basic characteristics?

9. "Decision-making is the primary task of the manager". Discuss and explain the scientific process of decision-making.

10. Explain the various steps in the process of decision-making. Which one is most important and why?

1.8 ANSWERS TO CHECK YOUR PROGRESS

CHECK YOUR PROGRESS-I

1. b) George R. Terry
2. a) Management
3. a) True, Principles are guidelines to take actions.
4. c) planning, organising, staffing, leading, controlling
5. b) figurehead, liaison and leader

CHECK YOUR PROGRESS-2

1. c) choosing among alternatives
2. a) programmed
3. c) top management
4. b) establish specific goals and objectives
5. d) all of the above.

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SUBJECT: MANAGEMENT & MARKETING PRINCIPLES	
COURSE CODE: MSM-512	AUTHOR: DR. SUNAINA
LESSON NO.: 2	VETTER: PROF. HARISH ARYA
HUMAN RESOURCE DEVELOPMENT& FUTURE TRENDS IN MANAGEMENT	

STRUCTURE

2.0 LEARNING OBJECTIVES

By the end of this lesson, you will be able to:

- **Understand the concept of Human Resource Development.**
- **Explain the Leadership Concept and Qualities of the manger.**
- **Know the importance of the leader or manager.**
- **Explain the concept of Entrepreneurship.**

2.1 INTRODUCTION

Organizations are made up of people and work through people. Organizations cannot exist without people. The resources of men, money, material, and machinery are collected, coordinated and utilized through the people. These resources cannot fulfill the objectives of an organization. They need to be united in the team. It is through the joint efforts of the people that material and monetary resources are used effectively for the attainment of common purpose. No organization can achieve its goals without common efforts. All the activities of an organization are initiated and completed by the individuals who make up the organization. This resource is called human resources and is the most important factor of production.

To understand what human resource management is, one must first review what managers do. Most experts agree that all managers have five basic functions: planning, organizing, staffing, leading and controlling. Overall, these tasks represent the management process. In the previous lesson, we study in detail. In this lesson, we focus on staffing, personnel management or human resource management.

2.2 HUMAN RESOURCE DEVELOPMENT

Commonly the meaning of human resources is the people involve with an organization. It is the qualitative and quantitative aspects of the individuals so that organizational goals are achieved effectively. Human resources are used to maximize the performance of the employer so that the targeted objectives can be achieved. Human resource is the individual working with an organization. In the other context, they are human capital used to run a business. Human resource management refers to the practices and policies one needs to carry out “people” or personnel aspects of management, position including recruiting, training, rewarding and appraising. The main goal of human resource management (HRM) is to make effective use of people and reducing the risk of failure.

Michael J. Jucius defines "personnel management as a field of management which has to do with planning and controlling various operative functions of procuring, developing, maintaining and utilising labour force".

According to **Flippo** " personnel management is the planning organizing , directing and controlling of the procurement, development, compensations integration, maintenance and separation of human resources to the end that individual, professional and social objectives are accomplished''. (Flippo,1973)

As **Edward L. Gubman** observed in the Journal of Business Strategy, "the basic mission of human resources will always be to acquire, develop, and retain talent; align the workforce with the business; and be an excellent contributor to the business. Those three challenges will never change." (Gubman,2016)

The '**National Institute of Personnel Management**' of India has defined human resources as "that part of management which is concerned with the people at work and with their relationship within an enterprise. It aims to bring together and develop into an effective organization of the men and women who make up an enterprise and having regard for the well being of the individuals and working groups, to enable them to make their best contribution to its success. (NIPM,1973)

Human resource management is known by different names, e.g., personnel management, manpower management, personnel administration, staff management, etc. Based on the definition given above, the following features of human resource management can be identified:

1. **Comprehensive Function:** Human resource management is concerned with managing people at work. It covers all types of people at all levels in the organization. It applies to workers, supervisors, officers, managers and other types of personnel.
2. **People – Oriented:** It is concerned with employees as individuals as well as groups. It is the process of bringing people and organizations together so that the goals of each are met.
3. **Action-Oriented:** It focuses on getting a solution to personnel problems to achieve both organizational objective and employee personnel goals.

4. **Individual-Oriented:** Human resource management is concerned with the development of every member of organization.
5. **Continuous Function:** Management of human resources is a continuous process. In the words of Terry, “It cannot be turned on and off like water from a faucet”. It cannot be practiced only one hour each day or one day a week. It requires constant alertness and awareness of human relationships and their importance in everyday operations.
6. **Future-Oriented:** It helps an organization to achieve its objectives in the future by providing for competent and well-motivated employees. It attempts to obtain the willing cooperation of people for the attainment of the desired objectives.
7. **Challenging Function:** Managing human resources is a challenging job due to the dynamic nature of people. People have sentiments and emotions, so they cannot be treated like machines. It is, therefore, necessary to handle them tactfully. It is not simply managing people but administrating a social system.

2.2.1 THE FOUR C’S MODEL TO EVALUATING HUMAN RESOURCES

To evaluate the human resource outcomes researchers purposed four C’s model:-

1. **Competence** – HR management must look at how competent employee in their work, do they need any training to improve their skills? In the world of competition. It is always better to hire the best employee in their field and do take necessary action to develop the skills of the ongoing employee.
2. **Commitment:** For every stage of work and conduct an employee have to be in a committed attitude for the organization. Companies always supposed to be hardworking candidates so that targeted goals may be reached. A manager also needs to be committed and self-motivated.
3. **Congruence:** This is related to the trust and common purpose between employee and manager. In a work environment trust is an important factor that creates a harmonious relationship between the two. It can be generated by favourable and positive environment within the organization. The ability to tackle the conflict and solved according to the rules and regulations must be there, so that common issues pay equal justifications.

4. **Cost-effective:** The human resource management department must work for financial management by making cost-effective policies. It plays a lead role to implement these policies.

CHECK YOUR PROGRESS-1

Note: 1) Use the space below for your answers.

2) Compare your answers with those given at the end of this lesson.

1. Human resource management is known by

a) Personnel Management,

b) Staff management

c) Personnel Administration

d) All of the above

2. Who has defined personnel management as a field of management which has to do with planning and controlling various operative functions of procuring, developing, maintaining and utilising labour force?

a) Harold Koontz

b) Glueck

c) Michael Jucius

d) Flippo

3. Human Resource planning is compulsory for _______________.

a) effective employee development programme

b) base for recruitment

c) base for selection policy

d) all of these

4. "Human resource management" involves the elements of

a) planning, organising, and controlling

b) planning, organising and coordinating

c) leading, directing and coordinating

d) all of the above

5. The Human Resource management functions aim at

a) Ensuring that the human resources possess adequate capital, tool, equipment and material to perform the job successfully
b) Helping the organisation deal with its employees in different stages of employment
c) Improving an organisation’s creditworthiness among financial institutions
d) None of the above

2.3 LEADERSHIP

Leadership is to manage the work effectively so that one can successfully meet the objectives. It is a process in which one leader influences other people to achieve the targeted goal. As a common saying that ‘Good leaders are made not born’ clarify that the desire and will power can make a good leader. Lots of hard work is required to become a leader. A leader can be in any context- social, political or business firm. A good understanding of the phenomenon and deep knowledge of the concerned area must be needed for a leader. He must have a vision and ever-changing strategies for the business that creates value. Leadership can be achieved by monitoring the team and mentoring in an inspirational way.

While **Peter Drucker** defines: "The only definition of a leader is someone who has followers. To gain followers requires influence but doesn't exclude the lack of integrity in achieving this” (Yukl, 1989)

General Colin Powell defines “Great leaders are almost always great simplifiers, who can cut through argument, debate, and doubt to offer a solution everybody can understand.”

According to Keith Davis, “Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is a human factor that binds a group together and motivates it towards goals.” The leadership process consists of three factors 1. Leaders 2. Followers and 3. Variables. The process of leading has the following important elements.

1. The leader tries to influence the individual in a particular way.
2. Leadership makes interpersonal influence possible. It is rooted in feelings.
3. It is a dynamic and ever-evolving process; a manager must lead continuously.
4. It is exercised in a particular situation. The situation variables affect the effectiveness of leadership.

Although, Leadership is an art of influencing others to accomplish a project. It is a behaviour or a social process that directs the activity of a group towards the shared goals.

2.3.1 LEADERSHIP AND MANAGEMENT

Leadership is sometimes equated with managerial. Management is defined as the technique of executive leadership. A good leader is not necessarily a good manager, but an effective manager must have many qualities of a good leader. He can be more effective only if he has leadership qualities. A successful manager does not depend only on formal authority. As a leader, a manager must explain common objectives to his subordinates and motivate them to achieve those objectives.

2.3.2 TYPES OF LEADERSHIP

The problem of leadership style is related to deciding to what extent a manager should be dictatorial and to what extent he is a participant. Different leadership styles can be classified as follows:

1. Authoritarian or autocratic style.
2. Democratic or participative style and
3. Laissez-faire or free-rein style.

1. **Autocratic Leadership:** This type of leadership is a one-man orchestra. He shows the following characteristics:
    a. The orders he gives are obeyed.
    b. He sets policies for the group without their advice.
    c. He does not provide any information about future plans, but simply tells the group what immediate steps they should take.
    d. He praises or criticizes each member individually on his own initiative.
    e. He remains isolated for a large part of the time.
2. **Democratic Leadership:** This type of leader has the following qualities:
    a. Democrat gives orders only after consultation with the group.
    b. He observes that policies are handled in group discussions.
    c. He never asks people to do the things they are working on without giving them long-term plans.
    d. He makes it clear that praise or blame is a matter for the group.

e. He participates in the group as a member.

3. Laissez-faire Leadership: Such a leader shows the following qualities:

a. This leader does not lead.

b. He leaves the group entirely to itself.

c. He does not participate. He may be a person who has been given leadership based on technical knowledge but may be unable to assume any control over his subordinates.

2.3.3 FUNCTIONS OF LEADERSHIP

A leader builds confidence with his superior knowledge and builds enthusiasm by setting an example through his conduct and expression. In the process of coordinating efforts to initiate and manage important changes, it performs the following tasks:

1. A leader guides the group by establishing and explaining their goals.
2. A leader assimilates personal and common objectives. Their main job is to develop voluntary cooperation among employees.
3. To motivate employees to perform the tasks allotted to them.
4. A leader maintains order and discipline and creates positive feedback on behalf of group members.
5. A leader represents a group of his superiors and peers or his colleagues.

2.3.4 IMPORTANCE OF LEADERSHIP

A leader guides and directs the members of an organization towards established goals. He creates and maintains an environment conducive for the effective performance of the individuals for whom he is responsible. It is the quality of leadership that usually determines the failure or success of a business venture.

Leadership is the essence of direction and is provided by a manager who has leadership potential. The leader initiates change, reassuring people about enterprise goals. No organization can function effectively without leadership. Leadership is the cohesion or binding force that keeps the group intact or as it is, the disciplinary power that makes the group work towards the goals. He exudes the power that activates human action, the power that transforms chaos into order, the vision that turns despair or loss of hope into hope and half-hearted efforts into superior performance. In fact, there is no substitute for good leadership.

2.3.5 QUALITY OF A GOOD LEADER

It is a classic question about whether a leader is made or born. Can it be taught? The answer to this question varies. While it is inconceivable that leading is not easy, leaders must possess some essential qualities such as vision, integrity, trust, selflessness, commitment, creative ability, toughness, communication ability, risk-taking, and visibility. It is difficult to provide a complete list of leadership qualities. But the following types of qualities are found in successful leaders irrespective of their job and their leadership style –

1. A good leader must be physically and mentally healthy.
2. He should have the ability to see things from the perspective of others.
3. A successful leader must have confidence in his abilities to lead others.
4. A leader must be fair and objective in his dealings. Emotional balance, patience, honesty and integrity of character are important virtues of an effective leader.
5. A leader must take initiative, be open-minded and have the maturity of his decision.
6. The ability to think and argue precisely is essential to seeing the right problems in the right perspective.
7. A leader needs a sense of purpose and responsibility to motivate others to achieve goals.

CHECK YOUR PROGRESS-2

Note: 1) Use the space below for your answers.

2) Compare your answers with those given at the end of this lesson.

1. What do you call a style of leadership that takes account of others’ views, opinions and ideas?
   a) Laissez-faire
   b) People-oriented
   c) Democratic
   d) Autocratic
2. Which of the following statements about Leadership is false?

a) Leadership does not necessarily take place within a hierarchical structure of an organisation
b) Not every leader is a manger
c) When people operate as leaders their role is always clearly established and defined
d) All the above

3. A leader must know how to lead because
   a) This will keep his team motivated and effective by meeting their objectives
   b) Without challenges people will feel bored
   c) This is how leadership potential can be measured
   d) None of the above

2.4 ENTREPRENEURSHIP

Entrepreneurship is more than creating business. Entrepreneurship is creating, designing, running, launching and managing a new business idea or product. The part of any economic activity and service development is an entrepreneur. Every new product idea and service is motivated by the needs of the customer but developed initiated, and promoted by an entrepreneur only. Demand for opportunities, taking risks beyond security, and advancing an idea through reality should be characteristic of an entrepreneur. It is the passion or the thirst of an individual, who gives birth to a new business. New trends are sometimes settled by entrepreneurship. The development, prosperity, lifestyle of any economy is the brainchild of entrepreneurs belong to the same community. Thus, entrepreneurship is an integrated concept that innovatively allows an individual's business.

2.4.1 ENTREPRENEURS AND ENTREPRENEURSHIP

The country's economy mainly depends on entrepreneurs. An entrepreneur is often considered a person who sets up his or her own business or industry. The entrepreneur is the person who identifies the opportunities, gathers the necessary resources and is ultimately responsible for the performance of the organization. Entrepreneurs are action-oriented, highly motivated individuals who are ready to take risks to achieve goals. Entrepreneurship is a purposeful activity of an individual or a group of associated individuals, which is undertaken to sustain or pursue profit by production, or distribution of economic goods and services. It is often associated with adventure, risk-taking, innovative creativity. It deals with dynamic changes in the process of production, innovation in production, new uses for materials, etc.

The word “entrepreneur” is derived from the French word “entreprendre” which means to initiate or undertake. In the early sixteenth century, the Frenchmen who organised and led military expeditions were referred to as “entrepreneurs”. By French economist Richard Cantillon, the term entrepreneur was applied to business in the early 18th century. According to him, the entrepreneur buys the factor services at certain prices intending to sell their products at uncertain prices in the future. Entrepreneurs, who willing to take a risk have been the leaders that have produced our recent economic growth.

The concept of entrepreneurship is based on the theory of economy and society. The term entrepreneur is also coined by Frenchman J.B. Say around 1800. He said that the principal role of the entrepreneur is to take advantage of change, not to do things better but to do something different. He saw the entrepreneur as someone in the society who enhances and disrupts the status quo.

Jean Baptise says “An entrepreneur is one who combines the land of one, the labour of another and capital of yet another and thus produces a product. By selling the produce in the market, he pays interest on capital, rent on land, wages to labourers and what remains are his profits.”

According to the Linda Pinson “An entrepreneur as a person who starts a business to follow a vision, to make money, and to be the master of his/her soul (both financially and spiritually). Inherent in the venture is the risk of what the future may bring. Therefore, an essential key to success is that the entrepreneur also is an "educated" risk-taker.... "

International Labour Organisations (ILO) defines “Entrepreneurs are those people who have the ability to see and evaluate business opportunities, together with the necessary resources to take advantage of them and to initiate appropriate action to ensure success.”

Joseph Schumpeter, in his 1911 publication of “The theories of Economic Dynamics” was perhaps the first economist to support Says concept. He said that the entrepreneur is an advanced economy-a method of production not yet tested by experience in the branch of manufacturer concerned, a product with which consumers are not yet familiar, a new source of raw material or new market and the like. He viewed an entrepreneur is an innovator, who introduces something new in the economy.

Innovation may be called "an introduction of a new product, an introduction of new methods of production, developing new markets and finding fresh sources of raw materials and making the changes in the organization and management."

An entrepreneur, while facing risk and uncertainty, combines resources in new and different ways to create value, often accomplished through the formation and development of new business ventures. Entrepreneurship is also very much alive in existing companies. It can be found not only in business but in all sectors of society. Although the concept of entrepreneurship was developed and popularized in the context of a business environment.

2.4.2 CHARACTERISTICS OF SUCCESSFUL ENTREPRENEURS

1. **Commitment and Determination:** These attitudes are probably the most important personality traits in determining the relative success of an entrepreneur's enterprise. Most new ventures require entrepreneurs to be completely immersed in their business. Without this level of commitment, an entrepreneur has a very large margin for mistakes.

2. **Desire for responsibility:** Entrepreneurs feel a personal responsibility for the results of the venture in which they are connected. This willingness to accept the responsibility for the outcome of the entrepreneurial venture is closely related to the deep desire of entrepreneurs to maintain an internal locus of control.

3. **Opportunity Obsession:** Successful entrepreneurs are passionate about achieving goals. For them, a set goal comes from the recognition of opportunity out of chaos.

4. **Tolerance for Risk, Ambiguity and Uncertainty:** Successful entrepreneurs are not gamblers. They do not take wild risks. Rather, they are risk managers. Entrepreneurs have to be patient in the face of an uncertain situation.

5. **Self-Confidence:**Successful entrepreneurs have great confidence in themselves. They firmly believe that what they accomplish is under their control. They are optimistic.

6. **Creativity and Flexibility:** A creative entrepreneurial mind is required to deal with the changing demand of their customers and their businesses. The ability to react in a flexible way to continuous change requires a high level of creativity.

7. **Desire for Immediate Feedback:** Successful entrepreneurs have a strong desire to improve their performance. They are always ready to learn from mistakes.

8. **High Level of Energy:** They are more energetic with new creative ideas. They are always ready to work for long hours and hard work.

9. **Motivation to Excel:** Successful entrepreneurs are highly motivated and self-starters and are intrinsically motivated to compete against their own benchmarks.

10. **Leadership ability:** Successful entrepreneurs have the ability to make an impact without power. This strategy requires that the entrepreneur is more of an arbitrator or negotiator than a dictator. He is a visionary leader, not a dreamer.

2.4.3 TYPES OF ENTREPRENEURSHIP

1. **Small Business Entrepreneurship:** In developing and developed countries most of the business is small business. Worldwide in economic development small businesses played a big role because the idea to start a business on a small scale would be reached to a large entity. Sometimes they may not be profitable for the entrepreneur but not always. Such businesses lack the scale to attract venture capital and they are funded via friends/family or small business loans. For example, entrepreneurship includes hairdressers, grocery stores, electricians, carpenters, plumbers, consultants, etc.
2. **Scalable Start-Up Entrepreneurship:** For such kind of entrepreneurship people starts a new business according to the changing environment and to make a difference. Their funding comes from venture capitals and they hire the best employees. In this type of business model, scalable and repeatable business is the main goal of the entrepreneur. Once the target is achieved, they moved to the next level where the more capitalist approach is required to grow the business. There may be a risk sometimes for such kind of business because we could not calculate the margin at first level. Scalable start-ups only make up a small proportion of all businesses due to the risk capital and outsize returns. For example business through a digital platform like- social networking sites and online shopping sites etc.
3. **Large Company Entrepreneurship:** Large business maybe start with highly broad objectives, offering new products or services to the consumer. Multinational companies are working

worldwide to target each and every customer's needs. Their work area is broader with maximum effect. Sustainability is important for a large business model. New products are developed in order to meet changing customer needs and advanced technology. Often, companies do this by partnering with or buying innovative companies. For example – Amazon, Google, Microsoft, Apple, etc. is working worldwide.

4. **Social Entrepreneurship:** Social entrepreneurship is bringing about social change. It is mainly to pursue the social impact of the profit. It is a kind of semi-profitable business, basically to help the people but financial stability is also required. The motive of this business is to develop low-cost products and services to cater to the social needs and problem. For example -Non-government organization are the kind of business where the main aim is to help the needy and not for personal gain.

2.5 FUTURE TRENDS IN MANAGEMENT

Management practices has been changed by modern technology and different cultural trends. This new technology is diverting the concept of management into a new kind of exercise. The world of online media and technological changes in industry leads the business into a different framework. Although experience and knowledge are key skills for any business manager, but the ability to spot emerging trends before your competitor or customers can always be fine-tuned.

E-marketing and e-management is the newest kind of business strategies. E-Management is defined as- electronic management. It was coined by Francis Ohanyido as part of the new evolving concepts around e-Governance. It is about the process of getting people together to accomplish desired goals. E-Management comprises planning, organizing, staffing, leading or directing, and controlling an organization or effort for the purpose of accomplishing a goal through the deployment of information communication technology and manipulation of human resources, financial resources, and natural resources. There are some other factors which need to pay attention in the changing world for management. There new trends are applicable in all areas including small and large business.

1. **Mobile communication:** In every part of human life mobile accessibility play a vital role. Organizations try to create a good communication within the team member. It a necessary process for today's business world to be connected. This mobile communication has been made a drastic change to share information safely and instantly. So, it is important to handle the

internal and external communication system between organizations. Internet makes it convenient to share relevant business information in real time. It is the responsibility of the managing team to use the technology in best way.

2. **Employer -Employee Relations:** The relation between a company and its employee need more attention now a days. Workers may be treated well so that the work efficiency could increase. Organization must develop a method to understand the needs or requirement of their employee, so that a good work environment can be build. Companies are working on the employees work life balance. There must be a trust among the employer and employee. New strategies are adopted by the companies for their worker's office timing.
3. **Enterprise Resource Planning (ERP):** Enterprise resource planning (ERP) is a process used by companies to administrate the human resources, accounting, planning, purchasing, distribution (stock), production and manufacturing (sale, marketing). ERP software help the companies to implement and integrate resources with a single system. This is the way to technically manage the system and apply new optimized service to the companies. One software can handle the overall financial and other work simultaneously. This ERP system is beneficial for the large organization particularly, because of it customize data management services.

   In a company each department may connect with one software and the whole organization work with the same interface. For example- Tally ERP software is used in most of the companies to manage the accounting department. ERP applications also allow the different departments to communicate and share information more easily with the rest of the company. It collects information about the activity and state of different divisions, making this information available to other parts, where it can be used productively.

   ERP applications can help a corporation become more self-aware by linking information about the production, finance, distribution, and human resources together. Because it connects different technologies used by each part of a business, an ERP application can eliminate costly duplicate and incompatible technology. The process often integrates accounts payable, stock control systems, order-monitoring systems, and customer databases into one system.
4. **Consultancy Features:** Consultancy is referring as the giving expert advice in a particular field. The subject specific knowledge is the key feature for a consultant. Now a day many consultancy

firms are emerging because people want professional and expert advice in the related field. To become a consultant is a very attractive job today. All you need to solve the problem of your client. There are many types of consultancy options for the people like- Human resource consultant, public relation consultant, Strategy consultant, technology consultant, marketing consultant, legal consultant and one of the important for today's media is social media consultant.

5. **Crisis Management:** Crises, both internal and external, can hit even the best-managed organization. Sometimes organizations can anticipate crises, in which case managers develop contingency plans, and sometimes they can't. Take, for example, the sudden death of McDonald's CEO Jim Cantalupo. The company had a solid succession plan in place and immediately named Charlie Bell as new CEO. Only a few months later, Bell announced that he had terminal cancer. Even though the company had prepared for the event of its leader's untimely death, surely it couldn't have anticipated that his successor would also be stricken by a terminal illness at almost the same time.
6. No manager or executive can be completely prepared for these types of unexpected crises. However, how a manager handles the situation could mean the difference between disaster, survival, and even financial gain. No matter the crisis, there are some basic guidelines managers should follow to minimize negative outcomes. Managers should not become immobilized by the problem or ignore it. Managers should face the problem head on. Managers should always tell the truth about the situation and then put the best people on the job to correct the problem. Managers should ask for help if they need it, and finally, managers must learn from the experience to avoid the same problem in the future.
7. **Technology Automation:** Growth in technology automation to emerge as a key trend in the global management consulting services market. New technologies that automate certain consulting functionalities such as research, modelling, and analysis are considered to be important complements to consulting professionals' skills. It is now more important to work with new technologies to enrich the career in management and getting more statistically framed information for the business world.

8. **Internet takes over:** Within the next few years, the productivity industry will take up speed. Team management will be done more via internet. For quite some time, the internet has revolutionized how people live. Internet access and work online to team information is essential for productivity. Online activity will reduces the time it takes to do the assignments and other related work done.

   Partly because of the hectic lifestyle of constantly moving around and partly due to the need to be connected with the world, mobile applications are a great way to keep an eye on your workforce wherever you are. Moving team management online gives you the opportunity to consume information when it's suitable for you. Whether standing in a long line at the local coffee shop or flying from one meeting to another.

2.6 CHECK YOUR PROGRESS-3

Note: 1) Use the space below for your answers.

2) Compare your answers with those given at the end of this lesson.

1. ‘Entrepreneur’ is derived from the French word
   a) entrepre
   b) entrepreneu
   c) entreprendre
   d) entropronew
2. What is the process by which individuals pursue opportunities without regard to resources they currently control?
   a) Startup management
   b) Entrepreneurship
   c) Financial analysis
   d) Feasibility planning

3. What is an entrepreneur?

   a) Someone who invests time and money to start a business

   b) Someone who makes a lot of money

   c) Someone who takes a risk to make a profit

d) Both A & C

2.7 SUMMARY

- Human resource management refers to the practices and policies one needs to carry out "people" or personnel aspects of management, position including recruiting, training, rewarding and appraising. The main goal of human resource management (HRM) is to make effective use of people and reducing the risk of failure.
- Leadership is to manage the work in an effective manner so that one can successfully meet the objectives. Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is a human factor that binds a group together and motivates it towards goals.
- An entrepreneur is often considered a person who sets up his or her own business or industry. The entrepreneur is the person who identifies the opportunities, gathers the necessary resources and is ultimately responsible for the performance of the organization. Entrepreneurs are action-oriented, highly motivated individuals who are ready to take risks to achieve goals.

2.8 KEYWORDS

Human Resource Management (**HRM**): Is the practice of recruiting, hiring, deploying and **managing** an organization's employees.

Manager: a person responsible for controlling or administering an organization or group of staff.

Leader: Is the person who leads or commands a group, organization, or country.

Leadership: Is the action of leading a group of people or an organization.

Entrepreneur: Is a person who sets up a business or businesses, taking on financial risks in the hope of profit.

Entrepreneurship: It is the activity of setting up a business or businesses, taking on financial risks in the hope of profit.

2.9 SELF-ASSESSMENT TEST

1. What is the role of Human Resource Development?
2. Define Human Resource Development and discuss the perceptual process in detail.
3. What are the HRD functions?

4. How do you describe a leader?
5. What are the five leadership skills?
6. What is the qualities of good leader?
7. What do you understand by Leadership? Examine the different styles of Leadership.
8. Define Leadership types with examples.
9. What are the five basic functions of leadership?
10. Define the best definition of entrepreneurship.
11. What do you mean by entrepreneur and entrepreneurship?
12. What are the 10 characteristics of successful entrepreneurs?
13. Define entrepreneurship and its types with examples.

2.10 ANSWERS TO CHECK YOUR PROGRESS

CHECK YOUR PROGRESS-1

1. d) All of the above
2. c) Michael Jucius
3. d) all of these
4. d) all of the above
5. b) Helping the organisation deal with its employees in different stages of employment

CHECK YOUR PROGRESS-2

1. c) Democratic
2. c) When people operate as leaders their role is always clearly established and defined
3. a) This will keep his team motivated and effective by meeting their objectives

CHECK YOUR PROGRESS-3

1. c) entreprendre
2. b) Entrepreneurship
3. d) Both A & C

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SUBJECT: MANAGEMENT AND MARKETING PRINCIPLES	
COURSE CODE: MSM-512	AUTHOR: DR. M.R.P. SINGH
LESSON NO.: 03	VETTER: DR. B.S. BODLA
UPDATED BY DR. SUNAINA	
DEFINITION AND CORE CONCEPT, MARKETING TOOLS, P'S-PRODUCT, PRICE, PLACE AND PROMOTION	

STRUCTURE

3.0 LEARNING OBJECTIVES

After going through this lesson, you will be able to:

- **Understand the concepts of marketing and management.**
- **Learn the terminology of management and marketing.**
- **Understand the relation between the concepts of marketing.**
- **Appreciate the importance of marketing mix.**

3.1 INTRODUCTION

'Marketing is so basic that it cannot be considered as separate function. It is the whole business seen from the point of view of its final result, that is, from the customer's point of view'.
- Peter Ducker.

Marketing is ancient art, it has been practiced in one form or the other, for a very long time. Today, it has become the most vital function in the world of business. Marketing helps in identifying unfulfilled needs and wants, of the customers defines the market, its size and decides the appropriate products & services and for the market.

Marketing is not a task of finding clever ways to sell the company's products. Many people confuse marketing with its functions, such as advertising and selling. Marketing is not only the art of selling what you make but knowing what to make. It is the art of identifying and understanding customer needs and creating solutions that deliver satisfaction to the customers, profit to the producers, and benefits to the stakeholders. Market leadership is gained by creating customer satisfaction through product innovation, product quality, and customer service. If these are absent, no amount of advertising, sales promotion, or salesmanship can help.

We can sum up marketing or an art that involves

- Identifying potential markets
- Assessing customer needs
- Convert the needs into ideas of potential products
- Get the product to the target market
- Assure customer satisfaction
- Assuring the profit for the company

William Davidson observed: 'While great devices are invented in the laboratory, great products are invented in the marketing department'. Every idea does not make a great product. The job of marketers is to think from customer’s point of view and to develop offers that are meaningful and attractive to target customers. A lot of changes are taking place in the global economy. Old business road maps are not followed any more. Organisations leave learnt that it is hard to build a reputation and easy to lose it. It is the special responsibility of marketers to understand the needs and wants of the market place and to help their Organisation to create solutions that are acceptable to the customers' approval. Today's smart Organisation are not merely looking for sales; they are investing in long term, mutually satisfying customer relationships based on delivering quality, service and value.

3.2 DEFINITIONS AND TERMINOLOGY

There are many definitions of marketing. It has been defined in various ways by different writers.

There are varying perceptions and viewpoints on the meaning and content of marketing. Some important definitions are:

- 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 value with others.
- Marketing is the process by which an organization relates creatively, productively and profitably to the market place.
- Marketing is the art of creating and satisfying customers at a profit.
- Marketing is getting the right goods and services to the right people at the right places at the right time at the right price with the right communication and promotion.
- Much of marketing is concerned with the problem of profitably disposing what is produced.
- Marketing is the phenomenon brought about by the pressures of mass production and increased spending power.
- Marketing is the performance of business activities that direct the flow of goods and services from the producer to the customer.
- Marketing is designed to bring about desired exchanges with target audiences for the purpose of mutual gain.
- Marketing activities are concerned with the demand stimulating and demand fulfilling efforts of the enterprise.
- Marketing is the function that adjusts an organization's offering to the changing needs of the market place.
- Marketing is a total system of interacting business activities designed to plan, promote, and distribute need satisfying products and services to existing and potential customers.

- Marketing is a view point, which looks at the entire business process as a highly integrated effort to discovery, arouse and satisfy consumer needs.

It is obvious from the above definitions that marketing has been viewed from different perspectives. Now it is imperative to discuss the important terms on which definition of marketing rests: needs, wants, and demands; products; value, cost, and satisfaction; exchange, transactions and relationships; markets; and marketers. These terms are also known as the core concepts in marketing.

NEEDS, WANTS AND DEMANDS

Marketing starts with human needs and wants. A human need is a state of felt deprivation of some basic satisfaction. People need food, air, water, clothing and shelter to survive. These needs are not created by their society or by marketers; they exist in the very texture of human biology and the human condition.

They also have a strong desire for recreation, health, education, and other services. They also can have preferences for particular versions and brands of basic goods and services

Wants are desires for specific satisfiers of these needs. For example, one needs food and wants a pizza, needs clothing and wants a Raymond shirt. These needs are satisfied in different manners in different societies. While people needs are few, their wants are unlimited. Human wants are continually shaped and reshaped by social forces and institutions.

Demands are wants for specific products that are backed by ability and willingness to buy them. For example, many people want to buy a luxury car but they lack in purchasing power. Companies must therefore measure not only how many people want their products, but, how many would actually be willing to buy and finally be able to buy them.

Marketers do not create need, they simply influence wants. They suggest to consumers that a particular product or brand would satisfy a person's need for social status. They do not create the need for social status but try to point out that a particular product would satisfy that need. They try to influence demand by making the product attractive, affordable, and easily available.

PRODUCTS

Product can be defined as anything that can be offered to someone to satisfy a need or want. The word product brings to mind a physical object, such as T.V., Car, and Camera etc. The expression 'products and services is used to distinguish between physical objects and intangible ones. Products have utility value People do not buy beautiful cars to look at, but because it supply transportation service. Thus, physical products are really vehicles that deliver services to people.

Services are also supplied by other vehicles such as persons, places, activities, organizations and ideas. If people are bored, they can go to a musical concert (persons) for entertainment, travel to beautiful destination like Shimla (place), engage in physical exercise (activity) in health clubs, join a laughing club (organization) or adopt a different philosophy about life (idea). The term product covers physical products, service products, and other vehicles that are capable of delivering satisfaction of a need or want.

VALUE, COST, AND SATISFACTION

How consumers choose among the various products that may satisfy a given need is an interesting phenomenon. If a student needs to travel five kilometres to his college every day, he may choose a number of products that will satisfy this need: a bicycle, a motorcycle, automobile and a bus. We call these alternatives the ‘Product choice set.’ Assume that the student wants to satisfy different needs in travelling to his college, like speed, safety, ease and economy. These Constitute the ‘need set.’ Each product has a different capacity to satisfy different needs. For example, bicycle will be slower, less safe and need more effort than an automobile, but would be more economical. Now, the student has to decide which product delivers minimum satisfaction.

Here comes the concept of value. The student will form an estimate of the value of each product in satisfying his needs. He might rank the products from the most need satisfying to the least need satisfying. Value is the consumer’s estimate of the product’s overall capacity to satisfy his or her needs. The student can imagine the characteristics of an ideal product that would take him to his college in a split second with absolute safety, no effort and zero cost. The value of each actual product would depend on how close it came to this ideal product.

Assume the student is primarily interested in the speed and case of getting to college. If the student was offered any of the above mentioned products at no cost, one can predict that he would choose an automobile. Here comes the concept of cost. Since each product involves a cost, the student will not necessarily buy automobile. The automobile costs substantially more than bicycle or motorcycle.

Therefore, he will consider the product's value and price before making a choice. He will choose the product that will produce the most value per rupee.

Today's consumer behaviour theorists have gone beyond narrow economic assumptions of how consumers form value in this mind and make product choices. These modern theories on consumer behaviour are important to marketers because the whole marketing plan rests on assumptions about how customers make choices. Therefore the concept of value, cost and satisfaction are crucial to the discipline of marketing.

EXCHANGE, TRANSACTIONS AND RELATIONSHIPS

Marketing emerges when people decide to satisfy needs and wants through exchange.

There are four ways people can obtain products they want:

1) **Self-production:** People can relieve hunger through hunting, fishing, or fruit gathering. In this case there is no market or marketing.
2) **Coercion:** Hungry people can steal food from others.
3) **Begging:** Hungry people can approach others and beg for food. They have nothing tangible to offer except gratitude.
4) **Exchange:** Hungry people can approach others and offer some resource in exchange, such as money, another food, or service.

Marketing arises from this last approach to acquire products. Exchange is the act of obtaining a desired product from someone by offering something in return. For exchange to take place, five conditions must be satisfied:

- There are at least two parties.
- Each party has something that might be of value to the other party.
- Each party is capable of communication and delivery.
- Each party is free to accept or reject the offer.
- Each party believes it is appropriate or desirable to deal with the other party.

MARKETING

Is described as a value creating process and normally leaves both the parties better off than before the exchange. Two parties are said to be engaged in exchange if they are negotiating and moving towards an agreement. The process of trying to arrive at naturally agreeable terms is called negotiation. If an agreement is reached, we say that a transaction takes place. Transactions are the basic unit of exchange. A transaction consists of a trade of values between two parties. Exchange a time of agreement, and a place of agreement. Usually a legal system arises to support and enforce compliance on the part of the transaction.

A transaction differs from a transfer. In a transfer A gives X to B but does not receive anything tangible in return. When A gives B a gift, a subsidy, or a charitable contribution, we call this a transfer.

MARKETS

The concept of exchange leads to the concept of market. A market consists of all the potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy that need or want.

The size of market depends upon:

- The number of persons who exhibit the need,
- Have resources that interest others,
- And are willing to offer these resources in exchange for what they want.

Originally the term market stood for the place where buyers and sellers gathered to exchange their goods, such as a village square. Economists use the term market to refer to a collection of buyers and sellers who transact over a particular product or product class; i.e. the housing market, the grain market, and so on. Marketers, however, see the sellers as constituting the industry and the buyers as constituting the market. Business people use the term markets colloquially to cover various groupings of customers. They talk need markets (such as diet-seeking market); product markets (such as the shoe market); demographic markets (such as the youth market); and geographic markets (such as the Indian market). The concept is extended to cover non-customer groupings as well, such as voter markets, labour markets, and donor markets.

MARKETING, MARKETERS, AND MARKETING MANAGEMENT

The concept of markets brings the full circle to the concept of marketing. Marketing means human activities taking place in relation to markets. Marketing means working with markets to actualize potential exchanges for the purpose of satisfying human needs and wants. If one party is more actively seeking an exchange than the other party, we call the first party a marketer and the second party a prospect. A marketer is someone seeking a resource from someone else and willing to offer something of value in exchange. The marketer is seeking a response from the other party, either to sell something or to buy something. Marketer can be a seller or a buyer. Suppose several persons want to buy an attractive house that has just become available. Each buyer will try to market himself or herself to the seller. In the event that both parties actively seek an exchange, we say that both of them are marketers such a situation in marketing is called reciprocal marketing.

In the normal situation, the marketer is a company serving a market of end users in the face of competitors. The company and the competitors send their respective products and messages directly and/or through marketing intermediaries i.e. middlemen and facilitators to the end users.

Marketing management takes place when at least one party to a potential exchange gives thought to objectives and means of achieving desired responses from other parties. According to American Marketing Association, 'Marketing Management is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives'. This definition recognizes that marketing management is a process involving analysis, planning, implementation, and control; that it covers ideas, goods and services; that it rests on the notion of exchange; and that the goal is to produce satisfaction for the parties involved.

3.2.1 MARKETING CONCEPTS

Firms vary in their perceptions about business, and their orientations to the market place. This has led to the emergence of many different concepts of marketing. Marketing activities should be carried out under some well-thought out philosophy of efficient, effective, and responsible marketing. There are six competing concepts under which organisations conduct their marketing activity.

EXCHANGE CONCEPT

The exchange concept of marketing, as the very name indicates, holds that the exchange of a product between the seller and the buyer is the central idea of marketing. While exchange does form a significant part of marketing, to view marketing as more exchange will result in missing out the essence of marketing. Marketing is much broader than exchange. Exchange, at best, covers the distribution aspect and the price mechanism. The other important aspects of marketing, such as, concern for the customer, generation of value satisfactions, creative selling and integrated action for serving customer, are completely overshadowed in exchange concept.

PRODUCTION CONCEPT

It is one of the oldest concepts guiding sellers. The production concept holds that customers will favour those products that are widely available and low in cost. Managers of production-oriented organisations concentrate on achieving high production efficiency and wide distribution coverage.

The assumption that consumers are primarily interested in product availability and low price holds in at least two types of situations:

1) Where the demand for a product exceeds supply. Here consumers are more interested in obtaining the product than in its fine points. The suppliers will concentrate on finding ways to increase production.
2) Where the product's cost is high and has to be brought down through increased productivity to expand the market.

THE PRODUCT CONCEPT

The product concept holds that consumers will favour those products that offer quality or performance. Managers in these product-oriented organisations focus their energy on making good products and improving them over time.

These managers assume that buyers admire well-made products and can appraise product quality and performance. These managers are caught up in a love affair with their product and fail to appreciate that the market may be less "turned on" and may even be moving in different direction.

The product concept leads to "marketing myopia", an undue concentration on the product rather than the need. Railroad management thought that users wanted trains rather than transportation and overlooked the growing challenge of the airlines, buses, trucks, and automobiles. Slide-rule manufacturers thought that engineers wanted slide rules rather than the calculating capacity and overlooked the challenge of pocket calculators.

THE SELLING CONCEPT

The selling concept holds that consumers, if left alone, will ordinarily not buy enough of the organization’s products. The organization must therefore engage in aggressive selling and promotion effort.

The concept assumes that consumers typically show buying inertia or resistance and have to be coaxed into buying more, and that the company has available a whole battery of effective selling and promotion tools to stimulate more buying.

The selling concept is practiced most aggressively with “sought goods”, those goods that buyers normally do not think of buying, such as insurance, encyclopedias, and funeral plots. These industries have perfected various sales techniques to locate prospects and hard-sell them on the benefits of their product. Hard selling also occurs with sought goods, such as automobiles. Most firms practice the selling concept when they have overcapacity. Their aim is to sell what they make rather than make what they can sell.

Thus selling, to be effective, must be preceded by several marketing activities such as needs assessment, marketing research, product development, pricing and distribution

Indeed, marketing based on hard selling carries high risks. It assumes that customers who are coaxed into buying the product will like it; and if they don’t, they won’t bad-mouth it to friends or complain to consumer organizations. And they will possibly forget their disappointment and buy it again. These are indefensible assumptions to make about buyers.

One study showed that disappointed customers bad-mouth the product to eleven acquaintances, while satisfied customers may good-mouth the product to only three.

THE MARKETING CONCEPT

The marketing concept holds that the key to achieving organizational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors.

Theodore Levitt drew a perceptive contrast between the selling and marketing concepts. Selling focuses on the needs of the seller; marketing on the needs of the buyer. Selling is preoccupied with the seller’s need to convert his product into cash; marketing with the idea of satisfying the needs of the customer by means of the product and the whole cluster of things associated with creating, delivering and finally consuming it.

Market focus: No company can operate in every market and satisfy every need. Nor can it even do a good job within one broad market: Even mighty IBM cannot offer the best customer solution for every computer need. Companies do best when they define their target markets carefully. They do best when they prepare a tailored marketing program for each target market.

Customer orientation: A company can define its market carefully and still fail at customer-oriented thinking. Customer-oriented thinking requires the company to define customer needs from the customer's point of view, not from its own point of view. Every product involves tradeoffs, and management cannot know what these are without talking to and researching customers. Thus a car buyer would like a high-performance car that never breaks down, that is safe, attractively styled, and cheap. Since all of these virtues cannot be combined in one car, the car designers must make hard choices not on what pleases them but rather on what customers prefer or expect. The aim, after all, is to make a sale through meeting the customer's needs.

Why is it supremely important to satisfy the customer? Basically because a company's sales each period come from two groups: customers and repeat customers. It always costs more to attract new customers than to retain current customers. Therefore customer retention is more critical than customer attraction.

Coordinated marketing: Unfortunately, not all the employees in a company are trained or motivated to pull together for the customer. Coordinated marketing means two things. First, the various marketing functions-sales-force, advertising, product management, marketing research, and so on- must be coordinated among themselves. Too often the sales-force is mad at the product managers for setting "too high a price" or "too high a volume target" Sometimes the advertising director and a brand manager cannot agree on the best advertising campaign for the brand. These marketing functions must be coordinated from the customer point of view. Second, marketing must be well coordinated with the other departments. Marketing does not work when it is merely a department; it only works when all employees appreciate the effect they have on customer satisfaction.

Profitability: The purpose of the marketing concept is to help organizations achieve their goals. In the case of private firms, the major goal is profit; in the case of non-profit and public organizations, it is surviving and attracting enough funds to perform their work. Now the key is not to aim for profits as such but to achieve them as a byproduct of doing the job well.

This is not to say that marketers are unconcerned with profits. Quite the contrary, they are highly involved in analyzing the profit potential of different marketing opportunities. Whereas salespeople focus on achieving sales-volume goals, marketing people focus on identifying profit-making opportunities.

THE SOCIAL MARKETING CONCEPT

In recent years, some people have questioned whether the marketing concept is appropriate organizational philosophy in an age of environmental deterioration, resource shortages, explosive population growth, world hunger and poverty, and neglected social services. The question is whether companies that do an excellent job of sensing, serving, and satisfying individual consumer wants are necessarily acting in the best long-run interests of consumers and society.

The societal marketing concept holds that the organization's task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's well-being.

The societal marketing concept calls upon marketers to balance three considerations in setting their marketing policies, namely, company profits, consumer want satisfaction, and public interest. Originally, companies based their marketing decisions largely on immediate company profit calculations. Then they began to recognize the long-run importance of satisfying consumer wants, and this introduced the marketing concept. Now they are beginning to factor in society's interests in their decision-making. The societal marketing concept calls for balancing all three considerations. A number of companies have achieved notable sales and profit gains through adopting and practicing the societal marketing concept.

3.2.2 MARKETING MIX

The marketers deliver value to the customer basically through his market offer. He takes care to see that the offer fulfils the needs of the customer. He also ensures that the customer perceives the terms and conditions of the offer as more attractive vis-à-vis other competing offers. Marketing Mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market. It is the sole vehicle for creating and delivering customer value.

It was James Collation, a noted marketing expert, who coined the expression marketing mix and described the marketing manager as a mixer of ingredients. To quote him, "The marketing man is a decider and an artist – a mixer of ingredients, who sometimes follow a recipe developed by others and sometimes prepares his own recipe. And, sometimes he adapts his recipe to the ingredients that are readily available and sometimes invents some new ingredients, or, experiments with ingredients as no one else has tried before'. The dynamics of the marketing process and the versatility of the marketing process and the versatility of the marketing mix tool cannot be described any better. Subsequently Neil H. Borden, another noted marketing expert, popularized the concept of marketing mix. It was Jerome McCarthy, the well known American Professor of marketing, who first described the marketing mix in terms of the four Ps. There are -

- **Product:** The most basic marketing mix tool is product, which stands for the firm's tangible offer to the market including the product quality, design, variety features, branding, packaging, services, warranties etc.
- **Price:** A critical marketing mix tool is price, namely, the amount of money that customers have to pay for the product. It includes deciding on wholesale and retail prices, discounts, allowances, and credit terms. Price should be match up with the perceived value of the offer, or else buyer will turn to competitors in choosing their products.
- **Place:** This marketing mix tool refers to distribution. It stands for various activities the company undertakes to make the product easily available and accessible to target customers. It includes deciding on identify, recruit, and link various middlemen and marketing facilitators so that products are efficiently supplied to the target market.
- **Promotion:** The fourth marketing mix tool, stands for the various activities the company undertakes to communicate its products' merits and to persuade target customers to buy them. It includes deciding on hire, train, and motivate salespeople to promote its products to middlemen and other buyers. It also includes setting up communication and promotion programs consisting of advertising, personal selling, sales promotion, and public relations.

Marketing mix or 4 Ps of marketing is the combination of a product, its price, distribution and promotion. It must be designed by marketers in such a manner that these four elements together must satisfy the needs of the organisation's target market, and at the same time, achieve its marketing objectives.

3.3 CHECK YOUR PROGRESS

Note: 1) Fill in the blanks for your answers.

2) Compare your answers with those given at the end of this lesson.

1. Marketing is the art of creating and ……………….customers at a profit.
2. ………………is the consumer's estimate of the product's overall capacity to satisfy his or her needs.
3. The whole marketing plan rests on assumptions about how …………….make choices.
4. The exchange concept of marketing holds that the exchange of a product between the……………………………
5. The selling concept is practiced most aggressively with …………………..

3.4 SUMMARY

- Marketing starts with the customers and ends with customers. Meaning thereby, marketing starts with the identification of needs and wants of customers and ends with satisfying it with product or services. Marketing has its origin in the fact that humans are creatures of needs and wants. Need and wants create a state of discomfort, which is resolved through acquiring products that satisfy these needs and wants. Most modern societies work on the principle of exchange, which means that people specialize in producing particular products and trade them for the other things they need. They engage in transactions and relationship building.
- A market is a group of people who share a similar need. Marketing encompasses those activities involved in working with markets, that is, the trying to actualize potential exchanges. Marketing management is the conscious effort to achieve desired exchange outcomes with target markets. The marketer's basic skill lies in influencing the level, timing, and composition of demand for a product, service, organization, place, person or idea. Marketing can be vital to an organization's

success. In recent years numerous service firms and non-profits organisations have found marketing to be necessary and worthwhile.

3.5 KEYWORDS

Market: a regular gathering of people for the purchase and sale of provisions, livestock, and other commodities.

Marketer:a person or company that advertises or promotes something.

Marketing Mix: a combination of factors that can be controlled by a company to influence consumers to purchase its products.

3.6 SELF-ASSESSMENT TEST

1. Define marketing and discuss in brief the various concepts of marketing.
2. “Marketing starts with consumers and ends with consumers.” Explain.
3. Elaborate the concept of marketing mix or 4 P’s of marketing.
4. Explain the following terms:
    a) Need, wants and demand
    b) Product
    c) Value, cost and satisfaction
    d) Exchange, transaction and relationships
5. Does the marketing concept imply that marketers should confine themselves only to those needs and wants that consumers say they want to satisfy?

3.7 ANSWERS TO CHECK YOUR PROGRESS

1. Satisfying
2. Value
3. Customers
4. seller and the buyer
5. “sought goods”,

3.8 REFERENCES/SUGGESTED READINGS

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SUBJECT: MANAGEMENT AND MARKETING PRINCIPLES	
COURSE CODE: MSM-512	AUTHOR: DR. M.R.P. SINGH
LESSON NO.: 04	VETTER: PROF. H. BANSAL
UPDATED BY DR. SUNAINA	
MARKET SEGMENTATION, TARGETING AND POSITIONING AND ANALYZING THE MARKETING ENVIRONMENT	

STRUCTURE

4.0 LEARNING OBJECTIVES

After going through this lesson, you will be able to:

- **Explain segmentation process, its need and benefits.**
- **Explain how to segment markets**
- **Describe the importance of positioning**

- **Analyse the marketing environment for an organization.**

4.1 INTRODUCTION

Markets consist of people or organization with wants, money to spend, and the willingness to spend it. However, the buyers' needs are not identical. Therefore, a single marketing program for the entire market may not be successful. A sound marketing program starts with identifying the differences that exist within a market, a process called, market segmentation, and deciding which segments will be treated as target markets. Market segmentation is customer oriented and consistent with the marketing concept. It enables a company to make more efficient use of its marketing resources. After evaluating the size and potential of each of the identified segments, it targets them with a unique marketing mix.

The marketer can must persuade the customers that a particular product will satisfy their needs better than competitive products. To do so, marketers need to develop a special image for their products in the consumer's mind relative to competitive products. They have to convince the customers that they fill a special niche in the market place. The marketing environment is the set of conditions within which the company operates and it consists of all the actors and forces that affect the company's ability to transact effectively with its target market. The company's micro-environment consists of the actors in the company's immediate environment that affect its ability to serve its audience like the suppliers, market intermediaries, customers, competitors, and publics. The company's macro-environment consists of six major forces: demographic, economic, natural, political, technological, and cultural.

4.2 MARKETING SEGMENTATION

Market segmentation is defined as "the process of taking the total, heterogeneous market for a product and dividing it into several sub- markets or segments, each of which tends to be homogeneous in all significance. The markets could be segmented in different ways. For instance, instead of mentioning a single market for 'shoes', it may be segmented into several sub-markets, e.g., shoes for executives, doctors, college students etc. Geographical segmentation on the very similar lines is also possible for certain products.

REQUIREMENTS FOR MARKETS SEGMENTATION

For market segmentation to become effective and result oriented, the following principles are to be observed:

(1) Measurability of segments,

(2) Accessibility of the segments, and

(3) Represent ability of the segments.

The main purpose of market segmentation is to measure the changing behaviour patterns of consumers. It should also be remembered that variations in consumer behavior are both numerous and complex. Therefore, the segments should be capable of giving accurate measurements. But this is often a difficult task and the segments are to be under constant review.

The second condition, accessibility, is comparatively easier because of distribution, advertising media, salesmen, etc. Newspaper and magazines also offer some help in this direction. For example, there are magazines meant exclusively for the youth, for the professionals etc.

The third condition is the representative ability of each segment. The segments should be large and profitable enough to be considered as separate markets. Such segments must have individuality of their own. The segment is usually small in case of industrial markets and comparatively larger in respect of consumer products.

BENEFITS OF SEGMENTATION

1. The manufacturer is in a better position to find out and compare the marketing potentialities of his products. He is able to judge product acceptance or to assess the resistance to his product.
2. The result obtained from market segmentation is an indicator to adjust the production, using man, materials and other resources in the most profitable manner. In other words, the organization can allocate and appropriate its efforts in a most useful manner.
3. Any change required may be studied and implemented without losing markets. As such, as product line could be diversified or even discontinued.
4. It helps in determining the kinds of promotional devices that are more effective and their results.
5. Appropriate timing for the introduction of new products, advertising etc., could be easily determined.

BASIS FOR SEGMENTING MARKETS

As explained above, market segmentation consists in identifying a sufficient number of common buyer characteristics to permit sub division of the total demand for a product into economically viable segments. These segments fall between two extremes of total homogeneity and total heterogeneity. The various segments that are in vogue are as follows:

1. Geographic segmentation: Chronologically this kind of segmentation appeared first, for planning and administrative purposes. The marketer often find it convenient to sub-divide the country into areas in a systematic way. The great advantages of adopting this scheme are that standard regions are widely used by Government and it facilitates collection of statistics. Most of the national manufacturers split up their sales areas into sales territories either state-wise or district-wise.

2. Demographic segmentation: Under this method, the consumers are grouped into homogeneous groups in terms of demographic similarities such as age, sex, education, income level, etc. This is considered to be more purposeful since the emphasis ultimately rests on customers. The variables are easy to recognize and measure than in the case of the first type, as persons of the same group may exhibit more or less similar characteristics. For example, in the case of shoes, the needs and preferences of each group could be measured with maximum accuracy.

(a) Age groups: Usually age groups are considered by manufacturers of certain special products. For example, toys. Even in the purchases made by parents, children exert a profound influence. The market segmented on the basis of the age groups is as follows: (I) children, (ii) teenagers, (iii) adults, (IV) grown-ups.

(b) Family life-cycle: This is yet another method falling under demographic segmentation. The concept of a family life cycle refers to the important stages in the life of an ordinary family. These stages are called 'decision-making units' (Dumps). A widely accepted system distinguishes the following eight stages: (I) Young, single, (ii) Young, married, no children, (iii) Young, married, youngest child under six, (iv) Young, married, youngest child over six, (v) Older, married with children, (vi) Older, married, no children under eighteen, (vii) Older single, (viii) Others. Although the distinction between the young and the old is not explicit the concept provides a useful basis for breaking down the total population into sub-group for a more detailed analysis.

(c) Sex: Sex influences buying motives in consumer market, e.g. in the case of many products women demand special styles. Bicycle is an example. This kind of segmentation is useful in many respects. Women are now going in for jobs. A number of new products are now being demanded, e.g. frozen food, household appliances, etc. Successful attempts to remove barriers of discrimination against women have generated many market opportunities.

3. Socio-psychological segmentation: The segmentation here is done on the basis of social class, viz., working class, middle income groups, etc. Since marketing potentially is intimately connected with the "ability to buy", this segmentation is meaningful in deciding buying patterns of a particular class.

4. Product segmentation: When the segmentation of markets is done on the basis of product characteristics that are capable of satisfying certain special needs of customers, such a method is known as product segmentation. The products, on this basis, are classified into:

1. Prestige products, e.g. automobiles, clothing.
2. Maturity products, e.g. cigarettes, blades.
3. Status products, e.g. most luxuries.
4. Anxiety products, e.g. medicines, soaps.
5. Functional products, e.g. fruits, vegetables.

The argument in favor of this type of product segmentation is that it is directed towards differences among the products which comprise markets. Where the products involved show great differences, this method is called a rational approach.

5. Benefit segmentation: Russell Hally introduced the concept of benefit segmentation. Under this method, the buyers form the basis of segmentation but not on the demographic principles mentioned above. Here consumers are interviewed to learn the importance of different benefits they may be expecting from a product. These benefits or utilities may be classified into generic or primary utilities and secondary or evolved utilities. The following table would explain this aspect.

Product category	**Generic or primary utilities**	**Secondary or evolved utilities**
Tooth-paste	Cleaning	Good taste, breath freshening, brightness

Shampoo	Cleaning	Shiny hair, thickening hair
Aspirin	Pain control	Speed of action, taste
Automobiles type	Convenience	Economy seeking, status, quality, i.e., speed

But choosing the benefit as emphasized is not any easy job, for the various utilities may shift from time to time.

6. **Volume segmentation**: Another way of segmenting the market is on the basis of volume of purchases. Under this method the buyers are single unit purchasers. This analysis is also capable of showing the buying behaviour of different groups.

7. **Marketing-factor segmentation**: The responsiveness of buyers to different marketing activities is the basis for this type of segmentation. The price, quality, advertising, promotional devices etc., are some of the activities involved under this method.

It is pertinent here to ask how these considerations influence marketing. The answer is simple as the present day marketing is consumer-oriented and consumers' psychology, their social and economic characteristic form the corner stone of marketing decisions. It is this recognition accorded to consumers that has given rise to the concept of market segmentation.

MARKETS ON THE BASIS OF SEGMENTATION

On the basis of the intensity of segmentation, marketing strategies to be adopted may be classified into:

1. Undifferentiated Marketing: When the market is not divided into segments and the marketer conceives of the total market concept. In the case of fully standardized products and where substitutes are not available, differentiation need not be undertaken. Under such circumstances firms may adopt mass advertising and other mass methods in marketing, e.g., Coca Cola.

2. Differentiated Marketing: A firm may decide to operate in several or all segments of the market and devise separate product-marketing programmes. This also helps in developing intimacy between the producer and the consumer. In recent years most firms have preferred a strategy of differentiated marketing, mainly because consumer demand is quite diversified. For example, cigarettes are now manufactured in a variety of lengths and filter types. This provides the customer an opportunity to select his or her choice from filtered, unfiltered, long or short cigarettes. Each kind offers a basis for segmentation also. Though the differentiated marketing is sales-oriented, it should also be borne in mind that it is a costly affair for the organization.

3. Concentrated Marketing: Both the concepts explained above imply the approach of total market either with segmentation or without it. Yet another option is to have concentrated efforts in a few markets capable of affording opportunities. Put in another way, 'instead of spreading itself thin in many parts of the market, it concentrates its forces to gain a good market position in a few areas’. Then new products are introduced and test marketing is conducted, and this method is adopted. For a consumer product 'Boost' produced by the manufacturers of Horlicks, this method was adopted. The principle involved here is 'specialization' in markets which have real potential. Another notable feature of this method is the advantage of one segment is never offset by the other. But in the case of the first two types, good and poor segments are averaged.

4.2.1 TARGETING

Market segmentation reveals the market-segment opportunities facing the firm. The firm now has to evaluate the various segments and decide how many and which ones to serve.

EVALUATING THE MARKET SEGMENTS

In evaluation of different market segments, the firm must look at three factors, namely segment size and growth, segment structural attractiveness and company objectives and resources.

(a) Segment size and growth: The first question that a company should ask is whether a potential segment has the right size and growth characteristics. Large companies prefer segments with large sales volumes and overlook small segments. Small companies in turn avoid large segments because they would require too many resources. Segment growth is a desirable characteristic since companies generally want growing sales and profits.

(b) Segment structural attractiveness: A segment might have desirable size and growth and still not be attractive from a profitability point of view. The five threats that a company might face are:

(i) Threat from industry competitors: A segment is unattractive if it already contains numerous and aggressive competitors. This condition may lead to frequent price wars.

(ii) Threats from potential entrants: i.e. from new competitors who, if enter the segment at a later stage, bring in new capacity, substantial resources and would soon steal a part of the market share.

(iii) Threat of substitute products: A segment is unattractive if there exists too many substitutive products because it would result in brand switching, price wars, low profits etc.

(iv) Threat of growing bargaining power of buyers: A segment is unattractive if the buyers possess strong bargaining power. Buyers will try to force price down, demand more quality or services, all at the expense of the seller's profitability.

(v) Threat of growing bargaining power of suppliers: A segment is unattractive if the company's suppliers of raw materials, equipment, finance etc., are able to raise prices or reduce the quality or quantity of ordered goods.

(c) Company objectives and resources: Even if a segment has positive size and growth and is structurally attractive, the company needs to consider its own objectives and resources in relation to that segment. Some attractive segments could be dismissed because they do not match with the company's long-run objectives. Even if the segment fits the company's objectives, the company has to consider whether it possesses the requisite skills and resources to succeed in that segment. The segment should be dismissed if the company lacks one or more necessary competences needed to develop superior competitive advantages.

SELECTING THE MARKET SEGMENTS

A company can consider five patterns of target market selection.

1. Single segment concentration: In the simplest case, the company selects a single segment. This company may have limited funds and may want to operate only in one segment, it might be a segment with no competitor, and it might be a segment that is a logical launching pad for further segment expansion.

2. Selective specialization: Here a firm selects a number of segments, each of which is attractive and matches the firm's objectives and resources. This strategy of 'multi-segment coverage' has the advantage over 'single-segment coverage' in terms of diversifying the firm’s risk i.e. even if one segment becomes unattractive, the firm can continue to earn money in other segments.

3. Product specialization: Here the firm concentrates on marketing a certain product that it sells to several segments. Through this strategy, the firm builds a strong reputation in the specific product area.

4. Market specialization: Here the firm concentrates on serving many needs of a particular customer group. The firm gains a strong reputation for specializing in serving this customer group and becomes a channel agent for all new products that this customer group could feasibly use.

5. Full market coverage: Here the firm attempts to serve all customer groups with all the products that they might need. Only large firms can undertake a full market coverage strategy. e.g. Philips (Electronics), HLL (Consumer non-durables).

Large firms going in for whole market can do so in two broad ways— through undifferentiated marketing or differentiated marketing.

4.2.2 POSITIONING

Suppose a company has researched and selected its target market. If it is the only company serving the target market, it will have no problem in selling the product at a price that will yield reasonable profit. However, if several firms pursue this target market and their products are undifferentiated, most buyers will buy from the lowest priced brand. Either, all the firms will have to lower their price or the only alternative is to differentiate its product or service from that of the competitors, thereby securing a competitive advantage and better price and profit. The company must carefully select the ways in which it will distinguish itself from competitors.

Suppose a scooter manufacturer, say Honda Activa, gets worried that scooter buyers see most scooter brands as similar and, therefore, choose their brand mainly on the basis of price. Realizing this, Bajaj may decide to differentiate their scooters physical characteristics.

"Differentiation is the act of designing a set of meaningful differences to distinguish the company's offer from competitors' offers”.

May be Activa claims its scooter to be different from others because of its highest fuel efficiency and economy, Jupiter claims-maximum durability and added physical features, whereas a third brand may have claimed highest mileage. Thus, all scooters appeal differently to different buyers. If it wishes, any scooter manufacturer can show this comparison chart to potential buyers. Not all buyers will notice or be interested in all the ways one brand differs from another. Such firm will want to promote those few differences that will appeal most strongly to its target market.

Positioning is the act of designing the company's offer so that is occupies a distinct and valued place in the target customer's minds. Positioning calls for the company to decide how many differences and which differences to promote to the target customers.

What differences to promote: A company should promote its major strengths provided that the target market values these strengths. The company should also recognize that differentiation is a continuous process. It would seem that the company should go after cost or serviceto improve its market appeal relative to competitors. However, many other considerations arise.

1. How important are improvements in each of these attributes to the target customers?
2. Can the company afford to make the improvements, and how fast can it complete them?
3. Would the competitors also be able to improve service if the company started to do so, and in that case, how would the company react?

This type of reasoning can help the company choose or add genuine competitive advantages.

Communicating the Company's positioning: The Company must not only develop a clear positioning strategy, it must also communicate it effectively. Suppose a company chooses the "best in quality" positioning strategy. It must then make sure that it can communicate this claim convincingly. Quality is communicated by choosing those physical signs and cuts that people normally use to judge quality. Quality is often communicated through other marketing elements.

4.2.3 MARKETING ENVIRONMENT

A company's marketing environment consists of the factors and forces that affect the company's ability to develop and maintain successful transactions and relationships with its target customers. Every business enterprise is confronted with a set of internal factors and a set of external factor.

The internal factors are generally regarded as controllable factors because the company has a fair amount of control over these factors, it can alter or modify such factors as its personnel, physical facilities, marketing-mix etc. to suit the environment.

The external factors are by and large, beyond the control of a company. The external environmental factors such as the economic factors, socio- cultural factors, government and legal factors, demographic factors, geo- physical factors etc.

As the environmental factors are beyond the control of a firm, its success will depend to a very large extent on its adaptability to the environment, i.e. its ability to properly design and adjust internal variables to take advantages of the opportunities and to combat the threats in the environment.

The micro environment consists of the actors in the company's immediate environment that affects the ability of the marketers to serve their customers. These include suppliers, competitors, customers, public, market intermediaries (like agents). Economic, political, socio cultural, demographic and natural environment are a part of their macro environment.

4.3 CHECK YOUR PROGRESS

Note: 1) Use the space below for your answers.

2) Compare your answers with those given at the end of this lesson.

Q. 1 What is market segmentation ?

Ans……

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Q,2 Describe the benefit segmentation?

Ans……

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Q.3 What is positioning in Marketing?

Ans……………………………………………………………………………………………………
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4.4 SUMMARY

- Market segmentation is process of dividing the total market into several sub-markets, or segments, each of which tends to be homogeneous. There are three important principles applied for market segmentation: measurability of segments, accessibility of the segments, and represent ability of the segments. In market targeting, we evaluate each market segment and finally select the appropriate segment company finds worth entering. After targeting, marketers attempt to develop a special image for its products in consumer mind relative to competitive products; this is known as market positioning. A business enterprise operates within the framework of environment factors. These environment factors must be duly considered in planning a marketing strategy. The company's marketing environment consists of micro and macro environmental factors. Micro-environmental factors include suppliers, company, customers, intermediaries, competitors and publics. Macro environmental factors consisting of factors: demographic, economic, political, technological, natural, cultural, and international.

4.5 KEYWORDS

Pertinent: relevant or applicable to a particular matter

Homogeneous: consisting of parts all of the same kind. eg."a homogeneous society"

4.6 SELF-ASSESSMENT TEST

1. Discuss the significance of segmentation. Also write in brief different bases of segmentation.

2. What do you mean by market targeting? Write in brief the process of evaluating and selecting the market segment for targeting.

3. Write a detailed note on market positioning with suitable examples.

4. Discuss in brief the micro and macro environmental factors. Also write its impact on marketing.

4.7 ANSWERS TO CHECK YOUR PROGRESS

1. Market segmentation is defined as "the process of taking the total, heterogeneous market for a product and dividing it into several sub- markets or segments, each of which tends to be homogeneous in all significance
2. Russell Hally introduced the concept of benefit segmentation. Under this method, the buyers form the basis of segmentation but not on the demographic principles mentioned above. Here consumers are interviewed to learn the importance of different benefits they may be expecting from a product.
3. Positioning is the act of designing the company's offer so that is occupies a distinct and valued place in the target customer's minds. Positioning calls for the company to decide how many differences and which differences to promote to the target customers.

4.8 REFERENCES/SUGGESTED READINGS

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SUBJECT: MANAGEMENT AND MARKETING PRINCIPLES	
COURSE CODE: MSM-512	AUTHOR: DR. M.R.P. SINGH
LESSON NO.: 05	VETTER: PROF. H. BANSAL
UPDATED BY DR. SUNAINA	
PROMOTION MIX: ADVERTISING, SALES PROMOTION AND PUBLIC RELATIONS	

STRUCTURE

5.0LEARNING OBJECTIVES

After reading this unit, you will be able to:

- **Define advertising, sales promotion, personal selling and public relations.**
- **Differentiate between various forms of promotional tools.**
- **Explain the role and objectives of promotional tools in marketing.**

5.1 INTRODUCTION

In the previous lesson we read about Marketing Segmentation, Targeting, Positioning and Marketing Environment and in this lesson, we shall discuss about Promotion Mix, Advertising, Sales Promotion and Public Relations.

5.2 PROMOTION MIX

Broadly speaking, promotion means to push forward or to advance an idea to gain its acceptance and approval. Promotion is any communicative activity whose main object is to move forward a product, service or idea in a chain of distribution. It is an effort by a marketer to inform and persuade buyers to accept, use, recommend, and repurchase the idea, good or service which is being promoted. Thus, promotion is a form of communication with an additional element of persuasion. The promotional activities always attempt to affect knowledge, attitudes, preferences, and behavior of recipients i.e. buyers.

In any exchange activity, communication is absolutely necessary. The company may have the best product, package etc. but still people may not buy the product if they haven’t heard of it. The marketer must communicate to his prospective buyers and provide them with adequate information in a persuasive language. People must know that the right product is available at the right place and at the right price. This is the job of promotion in marketing.

Thus promotion is the process of marketing communication involving information, persuasion and influence. Promotion has three specific purposes.

1. It communicates marketing information to consumers, users, and prospects.
2. Besides just communication, promotion persuades and convinces the buyers.
3. Promotional efforts act as powerful tools of communication providing a cutting edge to its entire marketing programme. Thus promotion is a form of non-price competition.

Promotion is thus responsible for awakening and stimulating demand, capturing demand from rivals and maintaining demand for products even against keen competition. Every company can choose from the following tools of promotion, popularly known as the promotion-mix variables:

1. Advertising,

2. Sales Promotion,
3. Personal Selling,
4. Public Relations

5.2.1 ADVERTISING

Advertising is perhaps the most important tool of promotion that companies use to direct persuasive communication to target buyers and publics. Advertising is defined by the American Management Association as “any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor”. Advertising through various media like magazines, newspapers, radio, television, outdoor displays etc., has many purposes: “long-term build-up the organization’s corporate image (institutional advertising), or long-term build-up of a particular brand (brand advertising), information dissemination about a sale, service or event (classified advertising), announcement of a special sale (sale or promotional advertising) and advocacy of a particular cause (advocacy advertising”.

Organizations obtain their advertising in different ways. In small companies, advertising is handled by someone in the sales or marketing department who works with an advertising agency. Large companies on the other hand, set up their own advertising departments, whose job is to develop the total budget, approve advertising agency ads and campaigns, dealer displays etc.

In developing an advertising programme, marketing managers must always start with the identification of the target market and buyer motives then proceed to make the five major decisions in developing advertising programmes, known as the five Ms:

1. What are the advertising objectives (Mission)
2. How much can be spent (Money)
3. Which message should be sent (Message)
4. What media should be used (Media)
5. How should the results be evaluated (Measurement)

A) SETTING THE ADVERTISING OBJECTIVE

The first step in developing an advertising programme is to set the advertising objectives. These objectives must flow from prior decisions on the target market, market positioning and marketing mix.

The objectives can be classified on the basis of the aim which can be either to (a) inform the target about the product features, performance, service available, a price change or new uses etc. (called informative advertising) or

(b) to persuade the prospect to may be remain brand loyal, or switch brands, or to purchase now etc. (called persuasive advertising) or

(c) to remind the buyer or the prospect about the product or its features, price where to buy it from etc. (called reminder advertising).

The choice of the advertising objectives should be based on a thorough analysis of the current marketing situation, e.g. if the product has reached its maturity stage in its product-life cycle, and the company is the market leader, and if the brand usage is low, the proper objective should be to stimulate more brand usage (as in the case of colgate toothpaste or surf). On the other hand, if the product is new and at the introduction stage of the PLC and the company is not a market leader, but its brand is superior to the leader, (as in the case of captain cook salt) then the proper objective may be to convince the prospects about the brands superiority.

B) DECIDING ON THE ADVERTISING BUDGET

After determining the objectives, the company can proceed to establish its advertising budget for each product. Every company would like to spend the amount required to achieve the sales goal. But how should it decide how much to spend on advertising. There are several methods from which a company can choose from while deciding on how much to spend:

(a) What-all-you-can-afford method: Many companies set the promotion budget at what they think the company can afford. However, this method completely ignores the role of promotion as an investment and the immediate impact of promotion on sales volume. It leads to an uncertain annual promotion budget.

(b) Percentage of sales method: Many companies set their promotion expenditure at a specified percentage of sales (either current or anticipated). A number of advantages are claimed for the percentage of sales method. First, it means that promotion expenditures would vary with what the company can "afford". Second, it encourages management to think in terms of the relationship between promotion cost, selling price and profit per unit. Third, it encourages competitive stability to the extent that competing firms spend approximately the same percentage of their sales on promotion.

(c) Competitive parity method: Some companies set their promotion budget to achieve parity with their competitors. Two arguments have been advanced for this method. One is that the competitors' expenditures represents the collective wisdom of the industry and second is that maintaining a competitive parity helps prevent promotion wars.

(d) Objective-task method: This method calls upon marketers to develop their promotion budgets by defining their specific communication objectives, determining the tasks that must be performed to achieve these objectives, and estimating the costs of performing these tasks. The sum of these costs is the proposed promotion budget. This method has the advantage of requiring management to spell out its assumptions about the relationship between the amount spent, exposure levels, trial rates and regular usage.

C) DECIDING ON THE MESSAGE

Many studies on 'sales effect of advertising expenditures' neglect the message creativity. One study found that the effect of the creativity factor in a campaign is more important than the amount of money spent. Only after gaining attention can a commercial help to increase the brand's sales.

Advertisers go through the following steps to develop a creative strategy- message generation, message evaluation and selection and message execution.

Message Generation: In principle, the product's message (theme, appeal) should be decided as part of developing the product concept; it expresses the major benefit that the brand offers. Many creative advertisers proceed inductively by talking to consumers, dealers, experts and competitors. Consumers are the major source of good ideas. Their feelings about the strength and shortcomings of existing brands provide important clues to creative strategy.

Message Evaluation and Selection: The advertiser needs to evaluate the alternative messages. A good ad normally focuses on one central selling proposition without trying to give too much product information, which dilutes the ad's impact. Messages should be rated on desirability, exclusiveness and believability.

Message Execution: The impact of the message' depends not only upon 'what is said' but also on 'how it is said'. Some ads aim for rational positioning (designed to appeal to the rational mind) e.g. Surf-washes clothes whitest, whereas other advertisements aim for emotional positioning, which appeal to the emotions of love, tenderness, care etc.

The choice of headlines, copy and so on, can make a difference to the ad's impact. The advertiser usually prepares a copy strategy statement describing the objective, content, support and tone of the desired ad. Creative advertisers find a style, tone, words, and format fit for executing the message. All of these elements must deliver a cohesive image and message. Since few people read the body copy, the picture and headline must summarize the selling proposition.

D) DECIDING ON THE MEDIA

The advertiser's next task is to choose advertising media to carry the advertising message. The steps are deciding on desired reach, frequency and impact, choosing among major media types, selecting specific media vehicles, and deciding on media timing.

(a) Deciding on reach frequency and impact: Media selection is the problem of finding the most cost-effective media to deliver the desired number of exposures to the target audience. But what do we mean by the desired number of exposures? Presumably, the advertiser is seeking a certain response from the target audience- e.g. a certain level of product trial. The impact of exposures on audience awareness depends on the exposure's reach, frequency and impact.

Reach (R): The number of different person or households exposed to a particular media schedule at least once during a specified time period.

Frequency (F): The number of times within the specific time period that an average person or household is exposed to the message.

Impact (I): (a) The qualitative value of an exposure through a given medium e.g. a woman's product in Femina would have a higher impact than in the Dalal Street.

(b) Choosing among Major Media Types: The media planner has to know the capacity of the major media types to deliver, reach, frequency and impact. The major media types are newspapers, television, direct mail radio, magazines, and outdoor.

Media planners make their choice among these media categories by considering several variables, the most important ones being the following:

Target-Audience Media Habits: e.g. Internet, television and radio are the most effective media for reaching teenagers.

Product: Women’s dressers are best shown in colored magazines.

Massage: A message announcing a major sale tomorrow will require radio or newspapers.

Cost: Television is very expensive, whereas newspaper advertising is comparatively much cheaper. What counts are the cost per thousand exposures and not the total cost?

(c) Selecting specific media vehicles: Now the media planner searches for the most cost-effective media vehicle. There are hundreds of magazines and newspapers specially targeted at special audience which a planner chooses from. Similarly on the television media, there are several channels and programmes from which a choice can be made. However, every media vehicle entails a certain cost and has certain customer coverage. How to select the most cost-effective media is done using the “Cost-Per-Thousand Criterion” e.g. if a full page, four color advertisement in India Today costs Rs. 80,000/- and has a readership of 20 lac people, the cost of reaching each one thousand persons is approximately Rs. 40/- The same advertisement in Business Today may cost Rs. 25,000 but reach only 50,000 people, the cost per thousand people would be approximately Rs. 500/. Similarly, the media planner would rank reach magazine by cost per thousand and favor those magazines with the lowest cost per thousand for reaching the target consumers.

Media planners are increasingly using more sophisticated measures of media effectiveness and employing them in mathematical models for arriving at the best media-mix. Many advertising agencies use computer programmes to select the initial media and then make further improvements based on subjective factors cited in the model.

(d) Deciding on media timing: The advertiser faces a macro scheduling problem and a micro scheduling problem.

Macro-scheduling Problem: The advertiser has to decide how to schedule the advertising in relation to seasonal & business cyclic trends. Suppose 70% of a product’s sales occur between June & September, the firm has three options-either it could follow the seasonal pattern, to oppose the seasonal pattern or to be constant throughout the year.

Micro-scheduling Problem: The micro scheduling problem calls for allocating advertising expenditures within a short period to obtain the maximum impact.

E) EVALUATING ADVERTISING EFFECTIVENESS

Good planning and control of advertising depends critically on measures of advertising effectiveness. Most advertisers try to measure the communication effect of an ad that is its potential effect on awareness, knowledge or preference. They would like to measure the sales-effect but often find it is too difficult to measure. Yet both can be researched.

Communication-Effect Research: Communication-effect research seeks to determine whether an ad has been able to communicate effectively i.e. copy testing. It can be done before an ad is put into media and after it is printed or broadcast.

There are three major methods of advertising pre-testing:

(a) Direct-rating method: Which asks consumers to rate alternative ads?

(b) Portfolio tests: entail a group of consumes to view and/or listen to a portfolio of advertisements and then they are asked to recall all the ads and their content, aided/unaided by the interviews.

(c) Laboratory tests: use equipment to measure consumer's physiological reactions-heartbeat, blood pressure, pupil dilation etc. which measures the ad's attention-getting power.

Sales Effect Research: Communication-effect advertising research helps advertisers assess advertising's communication effects but reveals little about its sales impact.

Advertising's sales effect is generally harder to measure than communication effect. Sales are influenced by many factors besides advertising, such as the product's features, price, availability & competitors' actions. Researchers try to measure sales impact through analyzing either historical or experimental data. The historical approach involves correlating past sales to past advertising expenditures on a current basis using advanced statistical techniques. Other researchers use experimental design to measure the sales impact of advertising. Instead of spending the normal percentage of advertising to sales in all territories, the company spends more in some territories and less in others. These are called high-spending and low-spending tests. If the high-spending tests produce substantial sales increases, it appears that the company has been under spending. If they fail to produce more sales and if low-spending tests do not lead to sales decreases, then the company has been overspending. These tests, of course, must be accompanied by good experimental controls.

F) ADVERTISING AGENCIES AND PROFILE OF ADVERTISING IN INDIA

Today, the advertising job has become so complex and large, that normally no business firm chooses to handle the function directly. They employ the services of advertising agencies. These agencies carry forward the task of planning, execution and evaluation of the promotional campaigns of companies.

Stanton has defined an advertising agency as "an independent company rendering specialized services in advertising in particular and marketing in general." They are independent concerns working as a specialist, an agent or consultant of the advertiser. They perform all activities right from preparation and development of advertising copy to the evaluation of the effectiveness of the advertising programme.

Advertising agencies render a lot of services to advertisers like:

1. Copy writing,
2. Photographing,
3. Media planning,
4. Buying of space,
5. Marketing research,
6. Public relations,
7. Merchandising,
8. Sales promotion,
9. Forwarding the advertising material etc.

All these specialized services help the advertisers in raising the effectiveness of advertising.

G) ADVERTISING IN THE INDIAN PERSPECTIVE

In a country like India, where we find diverse languages, low-income levels, large-scale illiteracy, the growth in advertising has also been slow as a natural consequence. An experienced marketing man in

India feels that the greatest difficulty in India is to find a common link of communication for the entire country. The advertising campaigns are usually not conceived in Indian languages and are often translations of the original advertisement in English. The advertising themes lack Indian images, associations and expressions. India being a country of villages, the ultimate task before the advertising men is to make the advertising appeal simple. No doubt to reach and influence the rural market is a challenge.

However, in the past decades, we had multifaceted changes in our socio-economic set-up, an increase in the pace of industrialization & an increase in the level of income of the general masses. There was development in the field of education and all these developments have paved wider avenues for advertisements. The technological sophistication in the field of mass communication has also been instrumental in making the advertising come of age.

Indian advertising practices are under-going a sea change and the credibility would probably be to the rising tempo of industrialization in all the sectors of the Indian economy. Of late, the Indian businessmen have learnt to appreciate and visualize the social responsibility of business. Hence, it is pertinent that advertising is given new orientation. With these developments, advertising has become a communication device as well as an indispensable weapon in the armoury of today’s business. Even the area of advertising research needs special attention. Advertising thus is a sensitive tool of promotion-mix with a very wide coverage and now that the level of consumerism and competition is reaching its peak in India too, business houses have understood that they need the effective tool of advertising to promote the special selling proposition of product to their prospects.

5.2.2 SALES PROMOTION

“Sales Promotion is a direct and immediate inducement that adds an extra value to the product so that it prompts the dealers, distributors or the ultimate consumers to buy the product.”

According to the American Marketing Association, “Sales promotion means to give short term incentives to encourage purchase or sale of a product or service. Sales promotion includes those activities that supplement both personal selling and advertising, and co-ordinate them and help to make them effective, such as display, shows and expositions, demonstrations and other non-recurrent selling efforts not in the ordinary routine”.

Sales promotion helps in solving the short-term problems of the marketing manager, the impact of these methods is not very lasting or durable and the results of these efforts are not as lasting as those of advertising and personal selling. Sales promotion is more of a catalyst and a supporting communication effort to advertising and personal selling.

A) OBJECTIVES OF SALES PROMOTION

Sales promotions, as a tool of communication and promotion, fulfils the following objectives:

(a) Sales promotion helps in introducing new products.
(b) It also helps in overcoming any unique competitive situation.
(c) It is useful for unloading the accumulated inventory or stock of the goods in the market.
(d) It can be used for overcoming the seasonal slumps in sales.
(e) Sales promotion helps in getting new accounts i.e. clients or customers.
(f) It helps in retrieving the lost accounts.
(g) It acts as a support and supplement to the advertising effort.
(h) It also acts as a support and supplement to the salesmen's efforts.
(i) It aims at persuading salesmen to sell the full line of the products and not just concentrate on a few products.
(j) It helps in persuading the dealer to buy more stock from the company i.e. to increase the size of the order.
(k) Its objective is to create a stronger and quicker response from the consumers.
(l) It also helps to boost dropping sales of any product of the company.

B) SALES PROMOTION TECHNIQUES

The sales promotion techniques or tools have three distinctive features:

(a) Communication- Sales promotion attracts the attention of the consumer and gives him such information that he is led to the product or service.

(b) Incentive: they give some incentive, concession, inducement or contribution that gives added value to the consumer.

(c) Invitation: They give a distinct invitation to the consumer to enter into a transaction with the dealer or the company.

The various tools or techniques of sales promotion are described below:

1. **Sales promotional letters:** Several companies utilize the medium of letters for sales promotion. Sometimes they are used to give information about the company's products, at other times; they are used as reminders for the customers to continue to buy a particular brand. Some letters also seek information from the customers regarding various aspects of their purchases.
2. **Point of purchase (POP) displays:** This is the most widely used sales promotional tool. Various kinds of display materials like posters, danglers, stickers, mobile wobblers and streamers are used at the retailer's outlet to induce customers to purchases. POP displays are generally useful in the case of products like liquors for which advertising is prohibited. At times, to enhance the display effect, manufacturers use different approaches such as illuminated designs and motion displays etc. companies use the technique of mass display within the limited space available in the retail store. The stocks are artistically arranged to gain maximum attention. Displays of various types such as window displays, wall display, counter displays or floor displays are also used. The retailer's role is very important from the point of view of displays.
3. **Customer service programmes:** At times, the company organizes and conducts customer service programmes or camps with the aim of providing service to the customers at different points of purchase.
4. **Demonstrations:** Companies do product demonstrations for sales promotion, especially when they are introducing a new product in the market. Demonstrations may be organized at the retail stores by the company salesmen for the benefit of retailers as well as consumers. Door to door demonstrations and institutional demonstrations are also considered to be highly specialized form of sales promotion. Sometimes demonstrations are organized for influential people such as journalists, media-men, opinion leaders, etc, who are invited to see the demonstration of the product. Demonstration is a good sales promotion technique which involves the cooperation of the sales representatives and the prospective customers.

5. **Free samples:** Free samples of the product are offered to persuade the consumers to try them out. By offering free samples to a large section of the new market, a company seeks to gain an entry into that market. For using this tool, the product should be of low cost and subject to frequent purchases. e.g., soaps, detergents, toothpastes, tea, etc.

6. **Contests:** Contests of various kinds are also commonly used as sales promotion tool. There are dealer contests which are exclusively for the dealers of the company and consumer contests for the general public. Companies spend a large amount of money on these contests because they have to be publicized widely and the expenditure on the attractive prizes is also to be covered. Consumer contests may be in the form of quiz contests, beauty contests, scooter and car rallies, lucky draws, suggesting a brand name, writing a slogan, suggesting a logo, etc. The consumer has to be induced to get interested in the contest and purchase the product associated with it.

7. **Premiums and free offers, price-off schemes and installment offers:** In the Indian markets today, these tools are being used extensively by different companies. A premium offer is given for a particular product and alongwith it is a free offer of another product to be given free to anybody buying the product, for e.g., an Arial bar free with a pack of Arial washing powder.

   Price-off schemes are also introduced by different companies from time to time. e.g. Kelvinator and Allwyn refrigerators, Hawkins pressure cooker, etc. Other companies give the installment offer to the consumer for buying their product which is usually high priced and give the consumers the facility of paying a certain amount of money as down payment and pay the balance amount in a specified number of equal installments. This sales promotion measure has been found to be very effective.

8. **Coupons:** These are certificates which promise price reduction to consumer on specified items. Coupons generally perform specific functions for the company. Firstly, they encourage the consumers to make use of the bargain offered and secondly they also serve as an inducement to the channel members for stocking the items of that company. Coupons may be distributed through newspaper and magazine advertisements or by direct mail or along with the package consisting the product. Coupons are generally used while introducing a new product or for strengthening the image of the product.

9. **Catalogues:** Catalogues carry essential information on the products offered by the company. A well-designed catalogue carries complete information relating to the products, their pictures, size specifications, colours, packing, uses and prices. The products are listed and indexed properly in order to facilitate order booking and processing.
10. **Trade fairs and exhibitions:** These tools are based on the premise that 'seeing is believing' and are extensively used. These fairs and exhibitions provide the companies with the opportunity of introducing and displaying their products. This brings the company's products and consumers in direct contact with each other. Trade fairs and exhibitions are very effective in international marketing and a lot of trade orders and enquiries are generated at the international level also.
11. **Gifts:** Companies also distribute gifts to people like customers, dealers and other influential people. These gifts may include pens, pencils, calendars, diaries, decoration pieces, etc. The gifts generally carry the company's name and logo. These gifts are intended to create goodwill amongst the various people towards the company and indirectly help in furthering the sales of the company.
12. Sponsoring major national and international events: Companies associate themselves with the major national and international events such as sports like cricket, hockey, tennis, golf, etc. The business houses generally sponsor the event as a whole or may associate themselves with specific aspects of the events. e.g., companies of soft drinks, cigarette manufacturers, etc. The purpose behind sponsoring is to remain a part of the news and got the best of sales promotional efforts in the form of benefits.

5.2.3 PERSONAL SELLING

It is essential to communicate, persuade and motivate the target customers in order to make the product and price known and acceptable to the target consumers. For this, personal selling is adopted as an effective tool. The company's sales persons who may be referred to as the salesmen or sales representatives or sales executives, who are on its payroll, communicate with the target consumers, so as to make an order of sale and motivate them to positively respond to it and finally to clinch the deal.

According to the American Marketing Association, “Personal selling can be defined as an oral presentation, in conversation with one or more prospective purchasers, for the purpose of making sales”. According to F.E. Webster, Jr. "Personal selling is a highly distinctive form of promotion. Like other forms of promotion, personal selling is basically a method of communication, but unlike others it is a two-way, rather than unidirectional communication. It involves not only the individual but social behaviour. Each of the persons in face-to-face contact, salesman and prospect influences the other. The outcome of each sales situation depends heavily upon the success that both the parties experience in communicating with each other and reaching a common understanding of needs and goals. The main task involved in personal selling is to match specific products with specific consumers so as to secure transfer of ownership".

According to K.B. Hass- "Personal selling basically consists of the interpretation of product and service features in terms of benefits and advantages to the buyer and of persuading the buyers to buy the right kind and quantity of the product."

A)OBJECTIVES OF PERSONAL SELLING

Personal selling helps in the following major areas:

(a) To improve the sales volume of the company's different products.

(b) To ensure the proper mix of products in the total sales volume.

(c) To increase the market share of the company.

(d) To increase the profits of the company.

(e) To reduce the overall selling expenses.

(f) To gain new accounts and improve business growth.

(g) It helps in the appointment of dealers and expansion of the distribution channel.

(h) To secure channel members co-operation in stocking as well as selling the products of the company.

(i) To achieve the desired proportion of cash and credit sales.

(j) To provide pre-sale and after-sale services.

(k) To train the dealers and customers.

(l) To assist and support other promotional measures.

(m) To help in collecting the amounts due from the market.

(n) To help in gathering and reporting marketing intelligence.

5.2.4 PUBLIC RELATIONS

Public relations is a very important and resourceful tool of the promotion mix. According to Kotler, “Public relations induces a variety of programmes designed to improve, maintain or protect a company of product image. e.g., through press conferences, seminars, speeches, annual reports, charitable donations, etc.”

The major tools in public relations are:

- **(i) Publications:** annual reports, brochures, articles, company magazines and newsletters.
- **(ii) Events:** special events like news conference, anniversary celebration of the company, sponsoring sports and cultural events.
- **(iii) News:**the companies find and create favorable news.
- **(iv) Speeches:** by company executives at trade associations, sales meetings, etc.
- **(v) Identity Media:**companies also use such devices as company logos, stationery, business cards, uniforms, etc., which help in identifying the company.

Public relations (PR) is another important marketing tool, which until recently, was treated as a marketing step-child. The PR department is typically located at corporate headquarters; and its staff is so busy dealing with various publics- stockholders, employees, legislators, community leaders- that PR support for product marketing objective tends to be neglected.

A) OBJECTIVES OF PUBLIC RELATIONS

1. Social awareness can be created through the PR promotion plan, regarding a product, service, person, organizer, etc.
2. It helps to build credibility by communicating the message for example, in editorials of newspapers, etc.
3. It assists in the launch of new products. It assists in repositioning of a product.
4. It helps in building up consumer interest in a particular product category.
5. It also helps in influencing the specific target groups.
6. Public relations help to define products that have faced problems or complaints from the public.
7. It helps to build the corporate image in such a way that it projects favorably on its products.

8. Some of the important activities that a PR department performsare as under:
   (a) **Press relations-** The aim of press relations is to place newsworthy information into the news media to attract attention to a person, product or service.
   (b) **Corporate communication-** This activity covers internal and external communications and promotes understanding of the organization.
   (c) **Lobbying-** It involves dealing with legislators and government officials to promote or defeat legislation and regulation.
   (d) **Counseling-** Counseling involves advising management about public issues and company position and image.

5.3 CHECK YOUR PROGRESS

Note: 1) Use the space below for your answers.

2) Compare your answers with those given at the end of this lesson.

Q.1 What is advertising?

Ans…………………………………………………………………………………………………

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Q.2 Define Sale promotion?

Ans…………………………………………………………………………………………………

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Q.3 Discuss about the Point of purchase (POP) displays?

Ans…………………………………………………………………………………………………

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5.4 SUMMARY

- Promotion is one of the most important components of a company's overall marketing mix. The purpose of promotion is to inform, persuade, and remind customers. It must be integrated into firm’s strategic planning because effective execution requires that all elements of marketing mix-product, price, place and promotion- be coordinated. The methods of promotion are—advertising, sales promotion, personal selling and public relations. While deciding on the promotional mix (combination of advertising, sales promotion, personal selling and public relations), management should consider – the nature of the market and product, the stage of the product's life cycle and funds available for promotion. The key to a successful promotional campaign is to carefully plan and coordinate all the components of promotion.

5.5 KEYWORDS

Presumably: it may be presumed.

Retrieving: regain possession of, bring back.

5.6 SELF-ASSESSMENT TEST

1. Discuss in brief the role of promotion in marketing effort of a company. Also write a short note on public relations.
2. What is advertising? How advertising budget is decided? What are different advertising media?
3. Define personal selling and discuss its objectives.
4. What is sales promotion? Discuss in brief some important tools of sales promotion.

5.7 ANSWERS TO CHECK YOUR PROGRESS

1. Advertising is defined by the American Management Association as “any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor”.

2. “Sales Promotion is a direct and immediate inducement that adds an extra value to the product so that it prompts the dealers, distributors or the ultimate consumers to buy the product’’ or “Sales promotion means to give short term incentives to encourage purchase or sale of a product or service.
3. Point of purchase is most widely used sales promotional tool. Various kinds of display materials like posters, danglers, stickers, mobile wobblers and streamers are used at the retailer's outlet to induce customers to purchases. POP displays are generally useful in the case of products like liquors for which advertising is prohibited. At times, to enhance the display effect, manufacturers use different approaches such as illuminated designs and motion displays etc

5.8 REFERENCES/SUGGESTED READINGS

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2. Philip Kotler- Marketing Management (PHI)
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SUBJECT: MANAGEMENT AND MARKETING PRINCIPLES	
COURSE CODE: MSM-512	AUTHOR: ANJU VERMA
LESSON NO.: 06	VETTER: DR. B.S. BODLA
UPDATED BY DR. SUNAINA	
BRAND EVALUATION AND NEW TRENDS IN MARKETING	

STRUCTURE

6.0 LEARNING OBJECTIVES

After reading this unit, you will be able to:

- **Define brand evaluation and describe its methods.**
- **Describe the steps involved in building a new brand.**
- **Identify new marketing trends.**
- **Explain experiential marketing and IMC.**

6.1 INTRODUCTION

A brand is a name or a symbol and its associated tangible and emotional attributes - that is intended to identify the goods or services of one seller in order to differentiate them from those of competitors.

6.2 BRAND EVALUATION

A brand designates a product or service as being different from competitors' products and services by certain key values specific to a particular brand. It is the associations which consumers make with the brand that establish an emotional and a rational 'pact' between the supplier and the consumer. This security of demand means a security of future brand earnings, and this is defined as brand evaluation.

ORIGIN OF BRAND EVALUATION

Ten years ago Interbrand conducted the first ever brand valuation for Rank Hovis McDougal (RHM). This exercise succeeded in putting the worth of the company's brands as a figure on the balance sheet. RHM's management wanted this information to fight a hostile takeover bid. With the brand value information, the RHM board was able to go back to investors and argue that the bid was too low, and eventually repel it.

It was the wave of brand acquisitions in the late 1980's that exposed the hidden value in highly branded companies and brought brand valuation to the fore. Some of these acquisitions included Nestlé buying Rowntree, United Biscuits buying and later selling Keebler, Grand Metropolitan buying Pillsbury and Danone buying Nabisco's European businesses. All these acquisitions were at high multiple price tags.

The amount being paid for the acquisition of a strongly branded company was increasingly higher than the value of the company's net tangible assets. This resulted in huge levels of 'goodwill' arising on acquisition. This 'goodwill' actually disguised a mix of intangible assets - brands, copyrights, patents, customer loyalty, distribution contracts, staff knowledge, etc.

NEED FOR BRAND EVALUATION

Although public perceptions of brand valuation are often focused on balance sheet valuations, the reality is that the majority of valuations are now actually carried out to assist with brand management and strategy. The values associated with the product or service is communicated through the brand to the consumer. Consumers no longer want just a service or product but a relationship based on trust and familiarity. In return businesses will enjoy an earnings stream secured by loyalty of customers who have 'bought into' the brand.

METHODS OF BRAND EVALUATION

Today, a widely accepted method of valuing a company or business is to discount the profit or cash flows it produces to a net present value.

Interbrand, the original pioneers of Brand Valuation employ an economic use method, which is the most widely accepted and has made Interbrand a worldwide authority in this field. It is based on the premise that brands, when well managed, affect the way that consumers behave in the market and the brand owner derives an economic benefit as a result. Broadly speaking Interbrand's brand valuation methodology comprises four elements:

1. **Financial Analysis** - To identify business earnings and 'Earnings from Intangibles' for each of the distinct segments being assessed.
2. **Market Analysis** - To measure the role that a brand plays in driving demand for services in the markets in which it operates and hence to determine what proportion of earnings from intangibles are attributable to the brand (this is measured by an indicator referred to as the 'Role of Branding Index').
3. **Brand Analysis** - To assess competitive strengths and weaknesses of the brand and hence the security of future earnings expected from that brand (this is measured by an indicator referred to as the 'Brand Strength Score').
4. **Legal Analysis** - To establish that the brand is a true piece of 'property' Brand valuation techniques originally developed in response to mergers and acquisitions activity: valuing the brands owned by a company to help calculate the true value of the business.

BENEFITS OF BRAND EVALUATION

Valuation has various intangible and tangible benefits.

INTANGIBLE BENEFITS OF BRAND VALUATION

1. **Enhances Confidence:** Brand credibility shows the faith & confidence of public at large in the product, Valuation if reflected in the books of accounts further enhances the public loyalty to the product and hence becomes a force multiplier.
2. **Indicator of effective utilization:** The value in the brand building is generated in the reverse direction when compared to the capital expenditure.
3. **Credibility to the real worth:** If you evaluate your brand only at the time of disposal it has a lesser influence and will always leave a doubt of its real worth, in the mind of both the buyer as well as the seller where as if the brand is continuously valued has a different impact and gives much more creditability to the real worth.

   Strategy development: Companies are applying brand valuation techniques in order to understand and manage their brands better.

TANGIBLE BENEFITS OF BRAND VALUATION

1. **Merger & Acquisition:** It is of critical importance for an acquirer, as well as for the vender to understand and evaluate their real worth for negotiating the correct price.
2. **Disposal:** The current focus on brands has led many companies to recognize that they cannot support properly all their brands or certain brands could be worth more to a third party than to their current owner. Brand evaluation technique can be used to judge which brand to dispose of and their possible economic worth to a third party.
3. **Licensing:** Brand licensing, either to third parties or internally to its own subsidiary, is am increasingly common practice. Brand valuation assists in formulating this strategy.
4. **Fund Raising:** Brand valuation are playing an increasing prominent role in the area of fund raising, particularly from the public as brand represent robust asset against which to seek funds is much easier.
5. **Discount Rate:** Robust strength also assists in arranging the large funds at lower cost.

DEVELOPING NEW BRANDS

Customer based brand equity occurs when the consumer has a high level of awareness and familiarity with the brand and holds some strong, favourable and unique brand associations in memory. In some cases, brand awareness alone is sufficient to get a favourable response from consumer. But in most cases, the brand strength, favourability and uniqueness of the brand associations play a critical role.

SOURCES OF BRAND EQUITY

Brand Awareness: It consists of brand recognition and brand recall performance. Brand recognition is capability of consumer to identify brand among a variety of brand.

Brand Image: It is the impression about the brand before any consumer. It can be either positive or negative. A positive brand image can be created by marketing programs that link strong, favourable and unique association to brand in memory.

Then comes, durability of brand association. This is created by convincing the consumer that the brand possesses relevant attributes and benefits that satisfy their needs and wants.

Lastly, uniqueness of brand association. The essence of brand positioning is that the brand has a sustainable competitive advantage or "unique selling proposition" that induces the consumer to buy a particular brand.

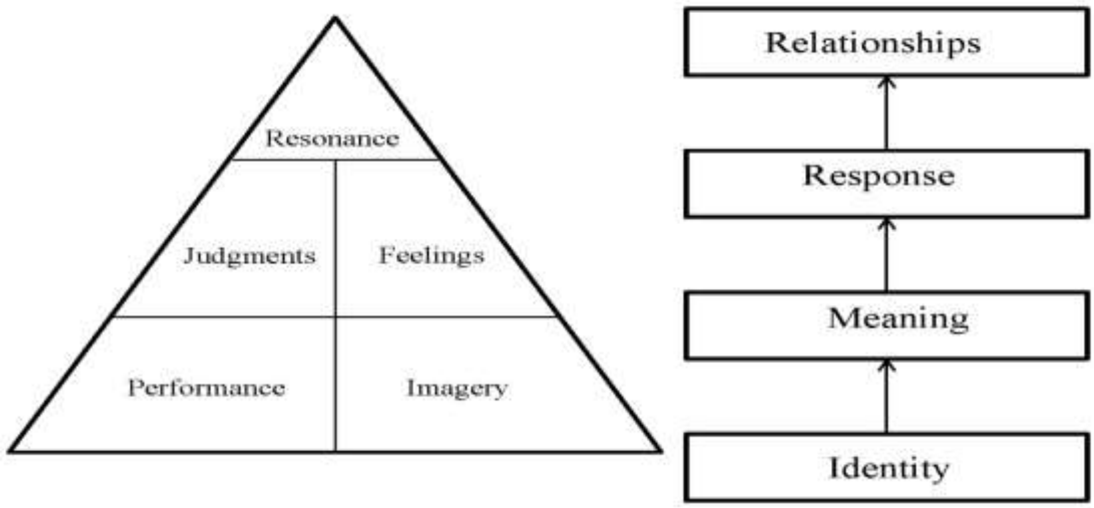
BUILDING A STRONG BRAND- THE FOUR STEPS

The steps for building a strong brand are as follows:

- Ensure identification of the brand with consumers and an association of the brand in customers mind with a specific product class or consumer need.
- Firmly establish the totality of brand meaning in the mind of consumers by strategically linking a host of tangible and intangible brand associations with certain properties.
- Elicit the proper customer responses to this brand identification and brand meaning.
- Convert brand response to create an intense, active loyalty relationship between customers and the brand.

BRAND BUILDING BLOCKS

Performing the four steps as mentioned in fig. 1 is a complicated and difficult process. To provide some structure, it is useful to think of sequentially establishing six "brand building blocks" with customers. These blocks can be assembled in terms of a brand pyramid.



Source: Strategic Brand Management by Revin Lane Kellar (Figure 1: Brand Pyramid)

It relates to aspects of brand awareness, for example, how often and easily the brand is recalled under various situations. Brand awareness links the brand with brand name, logo, and symbol and with certain associations in memory. So achieving the right brand identity involves creating brand salience with customers. It helps the customer to identify the product category and making sure that customers know which of their 'need' the brand is designed o satisfy.

BRAND PERFORMANCE

The product itself is at the heart of brand equity, because it has the primary consideration of the consumers experience with brands – what they think and expect from a product. To create brand loyalty and resonance, the expectations of the consumer must be met favourably. The performance has five essential elements to meet the expectations of the consumer:

1. Primary characteristics and secondary features
2. Product reliability, durability and serviceability
3. Service effectiveness, efficiency and empathy
4. Style and design
5. Price

But these attributes vary by product or service category. Some categories have few features, eg. Bread. But some categories have numerous features, for eg. TV, audio system, computer system, etc.

BRAND IMAGERY

It deals with the extrinsic properties of the product or service. It is the way in which the brand attempts to meet the consumer's psychological and social needs. The basic consideration is the user profile, purchase and usage situation. Lastly, history, heritage and experiences of consumer about the brand also count.

BRAND JUDGMENT

It focuses on consumer's personal opinion and evaluation with regard to the brand. It means how consumers perceive a particular brand from other brands. They make their judgment by considering 'brand quality', which is defined in terms of overall evaluation of brand calculated by consumers. The second factor is 'brand credibility'. This is explained by three important elements viz perceived expertise, trustworthiness and liability. It must be competitive and innovative. It must consider the interest of consumer and finally, the image of the manufacturer or company associated with the brand must be good. The other factors are 'brand consideration' and brand superiority.' Consideration is more important than awareness. It must induce or motivate them to think about brand superiority, meaning a brand must set itself as unique and better than other available brands.

BRAND FEELING

It is defined as the consumer's emotional responses and reaction with respect to a brand. Brand feelings also relate to the social currency evoked by that brand. The main elements are: (soothing type feeling), Fun (upbeat type of feelings), Excitement (energetic feelings), security (feeling of safety and comport), social approval (positive feelings) and lastly self-respect (feeling of pride and accomplishment).

BRAND RESONANCE

This is the last step of model refers to the extent of intensity, or depth of psychological bond that customer with brand as well as the level of activity engendered by this loyalty. Specially, brand resonance can be broken down into four categories.

1. Behavioural loyalty – repeat purchases

2. Attitudinal attachment – favourable perception
3. Sense of community – a sense of affiliation with other users of brand
4. Active engagement – strongest affirmation with brand.

TYPES OF BRAND NAMES

Brand names are of six types explained as:

1. Descriptive: It explains the functions or provides detailed information to consumers. Example, Singapore Air lines uses descriptive brands.
2. Suggestive: There are certain brand names which are suggestive of a benefit or a function. Example, Agilent Technologies.
3. Compound Brand **:** When a brand name combines two or more, often unexpected words, like – red hat
4. Classical: Meritor is an example using Latin, Greek or Sanskrit language for a brand.
5. Arbitrary: When a real word is used as a brand, but the word does not have association with company. Example is apple.
6. Fanciful: It is coined word with no obvious meaning. Example – avanade is a fanciful name without any proper meaning.

6.3 NEW TRENDS IN MARKETING

The strategy and tactics behind marketing programs have changed dramatically in recent years as firms have dealt with the enormous shift of the “new economy” in their external marketing environment. Changes in economic, technological, political – legal, sociocultural, and competitive environments have compelled marketers to develop new approaches and philosophies. Kotler identified five major forces of this new economy.

1. Digitalization and connectivity through mobile services.
2. Disintermediation and reintermediation via new middlemen of various sorts.

3. Customization and customization through tailored products and by providing customers ingredients to make products themselves.
4. Industry convergence through the blurring of industry boundaries.
5. New customers and company capabilities.

In the face of tighter budgets and the general demand for greater effectiveness in marketing many marketers are starting to employ more creative and innovative ways to reach out to their target customers. Many have started marketing cooperatively in order to share costs among two or more marketers who are trying to reach the same consumers.

HOW BUSINESS PRACTICES ARE CHANGING

The change in technology and economy are eliciting a new set of beliefs and practices on the part of business firms.

1. From organizing by product units to organizing by customer segments.
2. From focusing on Profitable transactions to focusing on customer lifetime value.
3. From focusing on Just the financial scorecard to focusing also on the marketing scorecard.
4. From focusing on shareholders to focusing on stakeholders.
5. From marketing does the marketing to everyone does the marketing. Every employee has an impact on the customer and must see the customer as the source of company's prosperity.
6. From building brands through advertising to building brands through performance.
7. From focusing on customer acquisition to focusing on customer retention.
8. From no customer satisfaction measurement to in-depth customer satisfaction measurements.
9. From over-promise, under-deliver to under promise, over-deliver.

HOW MARKETING PRACTICES ARE CHANGING

E-business describes the use of electronic means and platform to conduct a company's business. The advent of Internet has greatly increased the ability of companies to conduct their business faster, more accurately, more timely with reduced cost, and with the ability to customize and personalize customer offerings. **E-commerce** means that in addition to providing information to visitors about the company, its history, philosophy, product and job opportunities, the company or site offers to facilitate the selling of product and services online.

E-purchasing means companies decide to purchase goods, services and information from various online suppliers.

E-marketing describes company efforts to inform, communicate, promote and sell its products and services over the internet.

There are four major internet domains through which E-business takes place.

1. Business to consumer (B2C)
2. Business to Business (B2B)
3. Consumer to Consumer (C2C)
4. Consumer to Business (C2B)

CUSTOMER RELATIONSHIP MARKETING (CRM)

In addition to e-marketing, CRM is used to improve quality of service and to meet the requirement of consumer successfully. CRM enables a company to provide excellent real-time customer service by developing a relationship with each valued customer through the effective use of individual account information.

Customer relationship marketing holds that a major driver of company profitability is the aggregate value of the company's customer base. Winning companies are more productive in acquiring, keeping and growing customers through various strategies as:

- Reducing the rate of customer defection
- Increasing the longevity of the customer relationship
- Enhancing the growth potential of each customer through share-of- wallet, cross-selling and up-selling.
- Making low profit customers more profitable
- Focusing disproportionate effort on high value customers.

ONE-TO-ONE MARKETING

Don Peppers and Martha Rogers have popularized the concept of one- to-one marketing. In rationalizing their approach, they cite a number of trends in the marketing environment such as shift from transaction based marketing to relationship marketing, advances in communication technologies and a continued fragmentation of mass media.

One-to-One marketing is based on several fundamental concepts.

- Focus on individual consumers through consumer data base
- Response to consumer dialogue via interactivity
- Customize products and services

PERMISSION MARKETING

The practice of marketing to consumers only after gaining their express permission, is gaining popularity as a tool with which company can break through the clutter and build customer loyalty. Today consumers are bombarded with large number of marketing communications every day, if marketers want to get attention of consumer, they first need to get his/her permission with some kind of inducement like a free sample, sales promotion or discount, a contest, and so on. By eliciting consumer cooperation in this manner, marketers can potentially develop stronger relationships with consumers so that they are open to receiving further communication in future.

6.4 EXPERIENTIAL MARKETING

After economic reforms, marketing has changed the entire consumer behavior; it has intensified more competition in brands. Earlier we were using product- feature based brands to induce consumers. Now we have new differentiator in marketing. This is called Experiential Marketing. This new marketing mix is trying to bring brands to life through experience. Experiential Marketing is to stimulate in active manner, to engage consumer in a personal life experience, to allow them to be receptive with the brand in a personalized environment. Many marketers are practising this like Indica, Pepsodent, NIIT and Pepsi. Eperiential marketing is also about choosing customers, selling your dreams. Here dreams are not products but experiences.

Experiential marketing has the following elements which in different combinations can be used as new marketing mix strategy:

1. The company’s core business activity.
2. Marketing communication strategy.
3. Consumer research
4. Promotional strategy
5. Integrated marketing strategy.
6. All marketing tools – advertising, media interactive, promotion, onsite promotion, direct response from consumers.

Experiential marketing focuses on customer experiences. Traditional marketing fails to gauge sensory, motional, Cognitive behavioral relationship needs. But in the case of experiential marketing it has philosophy, neurobiology, psychology and sociological theory of the consumer.

KEY ELEMENTS OF EXPERIENTIAL MARKETING

Colour: They have to be in line with the image of your company; they have to be attractive and gain the customer's attention.

Act: "Act" is about behaviors and lifestyles. It's about getting people to do something and express a lifestyle.

Relate: "Relate" is about relating to cultures, relating to other people and relating to your reference groups. It's about creating a sense of social identity.

Feel: Feelings are quite different from sensory impressions, because they suggest the whole realm of moods and emotions.

Think: With "Think" we are getting into something that stimulates people's intellect or their creativity.

6.5 INTEGRATED MARKETING

When all the company’s departments work together to serve the customer’s interests, the result is “integrated marketing.” Integrated marketing works on two levels.

1. The various marketing functions like sales force, advertising, customer service, product management, marketing research must work together.
2. Marketing must be embraced by the other departments, they must also ‘think customer’.

To foster teamwork among all departments, the company carries out internal marketing as well as external marketing. Internal marketing is marketing of the task of hiring, training and motivating able employees who want to serve consumers well. External marketing is directed at people outside the company. In fact, internal marketing must precede external marketing.

INTEGRATED MARKETING COMMUNICATION

The wide range of communication tools, message and audiences makes it imperative that companies move towards integrated marketing communication (IMC)".

As defined by American Association of Advertising Agencies, IMC is a concept of marketing communications planning that recognizes the added value of a comprehensive plan. Such a plan evaluates the strategic role of a variety of communications disciplines- for example, general advertising, direct response, sales promotion and public relations and combines these disciplines to provide clarity, consistency and maximum impact.

INTEGRATED DIRECT MARKETING

However, companies are increasingly recognizing the importance of integrating their marketing communications. To get a right mix of communication tools, to establish a right overall communication budget and right allocation of fund to each communication tool, integrated marketing communication, integrated direct marketing, and maxi marketing has been variously used.

6.6 CHECK YOUR PROGRESS

Note: 1) Use the space below for your answers.

2) Compare your answers with those given at the end of this lesson.

Q.1 What is Market Analysis ?

Ans……………………………………………………………………………………………………

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Q. 2 describe the five essentials of Brand Performance ?

Ans……

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Q.3 Discuss about one-to-one marketing?

Ans……

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6.7 SUMMARY

- A brand is a trademark or combination of trademarks that, is intended to identify goods and services of one seller in order to differentiate them from those of competitors. The value of the brand is the amount another party is prepared to pay for it. Sometimes this is easily ascertainable when one company purchases a brand but no other asset of another company.
- There are several applications of brand valuation such as brand management and development, enhancing management communication, benchmarking of competitors, monitoring value year on year, merger and acquisition, joint venture negotiations.
- Customer based brand equity occurs when the consumer has a high level of awareness and familiarity with the brand. The brand equity has some strong, favourable and unique association to get a memorable status in the mind of consumers. Various sources of brand equity contribute to get a strong brand. The brand building blocks help to create right brand identity, brand meaning and brand responses.

6.8 KEYWORDS

Elicit: draw out (a response)

Holistic: treating the whole thing rather than just particular isolated symptoms

In tandem: arranged one behind another, together, alongside each other

Inherent: existing in a thing as natural or permanent quality

6.9 SELF-ASSESSMENT TEST

1. What do brands mean to you? What are your favorite brands and why?
2. Can you list the procedure of building of new brand? What are thesources of brand equity?
3. Enlist the various types of brand. What are the essential elements of a strong brand?
4. Explain briefly latest trends in marketing practices?
5. What do you see as the role of Internet for building brands?

6.10 ANSWERS TO CHECK YOUR PROGRESS

1. To measure the role that a brand plays in driving demand for services in the markets in which it operates and hence to determine what proportion of earnings from intangibles are attributable to the brand is called market analysis.

2 1. Primary characteristics and secondary features

2. Product reliability, durability and serviceability

3. Service effectiveness, efficiency and empathy

4.Style and design

5. Price

3. One-to-One marketing is based on several fundamental concepts. It is focus on individual consumers through consumer data base and response to consumer dialogue via interactivity. It also customize products and services .

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SUBJECT: MANAGEMENT AND MARKETING PRINCIPLES	
COURSE CODE: MSM-512	AUTHOR: DR. SUNAINA
LESSON NO.: 07	VETTER: PROF. VIKRAM KAUSHIK
SOCIAL MARKETING	

STRUCTURE

7.0 LEARNING OBJECTIVES

The objectives of this lesson are as follows:

- **To understand the concept of Social Marketing through Definitions.**
- **To understand the difference between Social Marketing and Commercial Marketing.**
- **To study the Product Designing and Distribution in Social Marketing**

7.1 INTRODUCTION

Marketing is a social and managerial process, it must have social environmental approach. Unfortunately very few business organisations cared for it. Social Marketing came into being as a separate discipline in 1970s as a result of the acceptance of environmental approach by the Western countries. Nowadays, social marketing principles are being used in developing countries in different social areas such as health promotion, population control environment conservation, economic development, racism and human rights.

Social Marketing is not a new phenomenon as its roots can be seen in the development strategies, social reform campaigns in olden days. In ancient, social reforms movements, such as, abolition of sati (Self-immolation) system, abolition of untouchability, prevention of child marriages, woman education etc. were successfully organised during Pre-independence era in India.

In this lesson, we shall discuss about some basic concept of Social marketing. We shall discuss about some definitions of Social Marketing given by some authorities of the field. Then we shall focus on the difference between Social Marketing and Commercial Marketing. Finally, we shall focus on Product Designing and Distribution in Social Marketing.

7.2 SOCIAL MARKETING

Social marketing as its name implies a marketing of social ideas. Social marketing as a term, however, is still a mystery to most, misunderstood by many, and increasingly confused with others such as behavioural economics and social media.

Social Marketing focus on influencing behaviours that will improve health, prevent injuries, protect the environment, contribute to communities, and more recently, enhance financial well-being. Many social marketing expertsshave their own definitions of Social Marketing.

AllenAnderson's defines-SocialMarketingis “the application of commercial marketing concepts and tools to influence the voluntary behaviour of target audiences to improve their lives or the society of which they are part.”

According to **Rob Donovan's- SocialMarketing** “is the application of commercial marketing principles and the tools for that primary goal the public good.”

According to **Philip Kotler- Social Marketing** is "the design, implementation, and control of programs seeking to increase the acceptability of a social idea or practise in a target group."

According to **W. Smith, Academy for Educational Development- Social Marketing** “is a process for influencing human behaviour on a large scale, using marketing principles for the purpose of societal benefit rather than commercial profit."

Social marketing is about influencing behaviours that it utilizes a systematic planning process and applies traditional marketing principles and techniques, and that its intent is to deliver a positive benefit for society. There are several common themes in these definitions. Social marketing is about:-

1. Influencing behaviours.
2. Utilizing a systematic planning process that applies marketing principles and techniques.
3. focusing on priority target audience segments and
4. delivering a positive benefit for society

7.2.1SOCIAL MARKETING DIFFER FROM COMMERCIAL MARKETING

There are a few important differences between social marketing and commercial marketing.

	Commercial Marketing	**Social Marketing**
Product	Selling of tangible goods and services	Selling desired behaviour
Primary Objective	Primary objective in commercial marketing is to satisfy customer by selling products to them and fulfilling their needs and earn profit	The primary objective of social marketing is to benefit society in term of social gain
Focus	Focus on physical products or services	Focus on to reach the target audience and change the behaviour.
Marketing tools	Marketing tools use for selling products	Marketing tool use for changing behaviours.
Satisfying needs	In commercial marketing, marketers satisfy individual needs.	In commercial marketing, marketers satisfy individual needs.

For a variety of reasons, we believe social marketing is more difficult than commercial marketing. By considering the financial resources, the competition has to make smoking look cool, watching endless television entertaining, and consuming high-fat food the norms. And consider the challenges faced when trying to influence people to do any of the following:

- Give up an addictive behaviour (e.g., stop smoking).
- Change a comfortable lifestyle (e.g., walk to the nearest railway station instead of hiring an autorickshaw).
- Resist peer pressure (e.g., be sexually abstinent).
- Go out of their way (e.g., mentor teens in the neighbourhood).
- Be uncomfortable (e.g., give blood).
- Establish new habits (e.g., exercise five day a week).
- Spend more money (e.g., buy recycled paper).
- Hear bad news (e.g., get an HIV test).
- Risk relationships (e.g., take the keys from a drunk driver).
- Give up leisure time (e.g., volunteer).
- Reduce pleasure (e.g., take shorter showers).
- Spend more time (e.g. physically meet family and friends rather that chat over the phone).
- Learn a new skill (e.g., create and follow a budget).
- Remember something (e.g., take reusable bags to the grocery store).
- Risk retaliation (e.g., drive within the speed limit).

Based on these differences, social marketing shares a lot of similarities with commercial marketing. They are:-

1. **Customer orientation is critical:**The marketer knows that the offeredproduct, price place will need to appeal to the target audience solving a problem they have orsatisfying a need.
2. **Exchange theory is fundamental:** The target audience must perceive benefits that equal or exceed theperceived cost they associate withperforming the behaviour.
3. **Marketingresearch is used throughout the process:** The marketer build effective strategies by researching and understandingthe specific needs, desires, beliefs andattitudes of target adopters.

4. **Audiences are segmented:**Strategies mustbe tailored to the unique wants, needs,resources and current behaviour ofdiffering market segments.
5. **All four P's are considered:** Product, Price, Place and Promotion, a winningstrategy requires an integrated approachwhile utilizing all relevant tools inthe toolbox not just relying onadvertising and other persuasivecommunications.
6. **Results aremeasured and used for improvement:** Feedback is valued and seen as theadvice on how to do better next time.

Social marketing campaigns are advertising tools that attempt to influence attitude and behaviour related to social cause. For example, social advertising campaigns have been used to influence behaviour related to energy conservation, pollution, tobacco prevention, family planning, breast cancer screening, and etc.

Social Marketing aims at achieving the following objectives:-

1. Satisfaction of Customer needs.
2. Improvement of quality of life.
3. Implementation of long term policy for customers and society's welfare.
4. Freedom from all sorts of pollution and ecological destructions.

7.2.2 PRODUCT DESIGNING AND DISTRIBUTION IN SOCIAL MARKETING

Philip Kotler argues that social marketing is often used to influence an audience to change its behaviour for the sake of one or more of the following:

- improving health – health issues
- preventing injuries – safety issues
- protecting the environment – environmental issues
- Contributing to the community – community-building issues.

"Social marketing seeks to influence social behaviours not to benefit the marketer, but to benefit the target audience and the general society." This technique has been used extensively innational health programs, especially for contraceptives and oral rehydration therapy (ORT), and is being used with more frequency in India for such diverse topics as prevent malaria, prevent polio, stop HIV/AIDS, drug abuse, heart disease and organ donation.

Like commercial marketing, the primary focus is on the consumer on learning what people want and need rather than trying to persuade them to buy what we happen to be producing. Marketing talks to the consumer, not about the product. The planning process takes this consumer focus into account by addressing the elements of the "marketing mix." This refers to decisions about 1) the conception of a Product, 2) Price, 3) distribution (Place), and 4) Promotion. These are often called the "Four Ps" of marketing. Social marketing also adds a few more "P's."

PRODUCT

The social marketing "product" is not necessarily a physical offering. A continuum of products exists, ranging from tangible, physical products (e.g., condoms), to services (e.g., medical exams), practices (e.g., breastfeeding, ORT or eating a heart-healthy diet) and finally, more intangible ideas (e.g., environmental protection).

In order to have a viable product, people must first perceive that they have a genuine problem, and that the product offering is a good solution for that problem. The role of research here is to discover the consumers' perceptions of the problem and the product, and to determine how important they feel it to take action against the problem.

A product is anything that can be offered to a market to satisfy a want or need. The social marketing "product" is not necessarily a physical offering. In social marketing you are selling a desired behaviour (e.g., exercise, recycle). The product promoted by social marketers is not a tangible product or service but a benefit derived from a specific behavior, such as cardiovascular health from walking daily, safety in the event of a car accident by wearing a seat belt. Your social marketing campaign, however, may also include the creation, distribution, and promotion of a physical good (e.g., solar lanterns, organic seeds, contraceptives eg., condoms and oral pills), a service (e.g., yoga classes, blood donation), an experience (e.g., reading 20 minutes to a child at night), an event (e.g., workshop on natural gardening, solar cooker classes), a person (e.g., Red Cross urging us to be prepare for emergencies), a property (e.g., walking trails), and an organization (e.g., community health clinic).

Philip Kotler states that from the customer's perspective, a product is more than its features, quality, name, and style and identifies three product levels that can be identified and developed: Core Product, Actual Product, and Augmented Products.

The **Core Product** is the benefit the target audience wants and expects in exchange for performing the behaviour (e.g., moderate physical activity will make me feel better, look better and live longer, Protection from physical abuse, saving someone's life etc).

The **Actual Product** is the specific behaviour you will be influencing your target audience to buy (e.g., call for help if you are being abused, become an organ donor).

The **Augmented Product** includes any additional goods (tangible objects) and services that you may develop, distribute, sell, and promote (e.g., Helpline for domestic abuse, National Organ Donor Card).

In Social Marketing, the social marketer has to provide social products to the customers at the right time and at the right place so that they are really benefited. The place of distribution should be well communicated and accessible to the consumers.

PRICE

"Price" refers to what the consumer must do in order to obtain the social marketing product. This cost may be monetary, or it may instead require the consumer to give up intangibles, such as time or effort, or to risk embarrassment and disapproval. If the costs outweigh the benefits for an individual, the perceived value of the offering will be low and it will be unlikely to be adopted. However, if the benefits are perceived as greater than their costs, chances of trial and adoption of the product is much greater.

In setting the price, particularly for a physical product, such as contraceptives, there are many issues to consider. If the product is priced too low, or provided free of charge, the consumer may perceive it as being low in quality. On the other hand, if the price is too high, some will not be able to afford it. Social marketers must balance these considerations, and often end up charging at least a nominal fee to increase perceptions of quality and to confer a sense of "dignity" to the transaction. These perceptions of costs and benefits can be determined through research, and used in positioning the product.

PLACE

"Place" is where and when the target audience will perform the desired behaviour, acquire any related goods and receive any associated services. We live in a convenience oriented world in which many of us place an extremely high value on our time, trying to save some of it for our families, friends and favourite leisure activities. As a social marketer, you will want to be keenly aware that your target audience will evaluate the convenience of your offer relative to other exchanges in their lives.And the convenience bar has been raised for all marketers by companies and services such as the BHIM mobile payment system, ATM machines of banks, home delivery by kirana stores.

For a tangible product, this refers to the distribution system including the warehouse, trucks, sales force, retail outlets where it is sold, or places where it is given out for free. For an intangible product, place is less clear-cut, but refers to decisions about the channels through which consumers are reached with information or training. This may include doctors' offices, shopping malls, mass media vehicles or in-home demonstrations. Another element of place is deciding how to ensure accessibility of the offering and quality of the service delivery. By determining the activities and habits of the target audience, as well as their experience and satisfaction with the existing delivery system, researchers can pinpoint the most ideal means of distribution for the offering.

PROMOTION

Finally, the last "P" is promotion. Because of its visibility, this element is often mistakenly thought of as comprising the whole of social marketing. However, as can be seen by the previous discussion, it is only one piece. Promotion consists of the integrated use of advertising, public relations, promotions, media advocacy, personal selling and entertainment vehicles. The focus is on creating and sustaining demand for the product. Public service announcements or paid ads are one way, but there are other methods such as coupons, media events, editorials, "Tupperware"-style parties or in-store displays. Research is crucial to determine the most effective and efficient vehicles to reach the target audience and increase demand. The primary research findings themselves can also be used to gain publicity for the program at media events and in news stories.

ADDITIONAL SOCIAL MARKETING "P'S"

PUBLICS

Social marketers often have many different audiences in order to make their program order to be successful. "Publics" refers to both the external and internal groups involved in the program. External publics include the target audience, secondary audiences, policymakers, and gatekeepers, while the internal publics are those who are involved in some way with either approval or implementation of the program.

PARTNERSHIP

Social and health issues are often so complex that one agency can't make a dent by itself. You need to team up with other organizations in the community to really be effective. You need to figure out which organizations have similar goals to yours not necessarily the same goals and identify the ways on which you can work together.

POLICY

Social marketing programs can do well in motivating individual behaviour change, but that is difficult to sustain unless the environment they're in support change for the long run. Often, policy change is needed, and media advocacy programs can be an effective complement to a social marketing program.

PURSE STRINGS

Most organizations that develop social marketing programs operate through funds provided by sources such as foundations, governmental grants or donations. This adds another dimension to the strategy development namely, where will you get the money to create your program?

7.3 CHECK YOUR PROGRESS

Note: 1) Use the space below for your answers.

2) Compare your answers with those given at the end of this lesson.

Q.1 What do you mean by social marketing?

Ans…………………………………………………………………………………………………

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Q. 2 What is the meaning of 'price' in social marketing?

Ans……………………………………………………………………………………………………
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Q.3 what is the meaning of 'Policy' in P'S?

Ans……………………………………………………………………………………………………
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7.4 SUMMARY

- Social Marketing is a process of changing behaviour and attitudes of the public (Target group) for achieving social, economic, political and business objectives. Social Marketing refers to the development of awareness among consumers, organisations (i.e. social, political, business etc.) and general public regarding long term interests of the business world.
- There are a few important differences between social marketing and commercial sector marketing. Social marketers are focused on selling behaviour, while commercial marketers are more focused on selling goods and services. Commercial sector marketers position their products against those of other companies, while the social marketer competes with the audience's current behaviour and associated benefits. The primary benefit of a sale in social marketing is the welfare of an individual, a group, or society, whereas in commercial marketing it is shareholder wealth.
- Social Marketing technique has been used extensively innational health programs, especially for contraceptives and oral rehydration therapy (ORT), and is being used with more frequency in India for such diverse topics as prevent malaria, prevent polio, stop HIV/AIDS, drug abuse, heart disease and organ donation.

7.5 KEY WORDS

Social Marketing: Social Marketing is a process for influencing human behaviour on a large scale, using marketing principles for the purpose of societal benefit rather than commercial profit.

Commercial Marketing: Marketing is the process of creating, communicating, and delivering value to the customers in order to retain the benefit of the organization and stakeholders as a whole.

Marketing Mix: The marketing mix refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market. The 4Ps make up a typical marketing mix - Price, Product, Promotion and Place.

7.6 SELF-ASSESSMENT TEST

1. Define the term Social Marketing?
2. How does Social Marketing works?
3. What is the concept of Social Marketing?
4. What are the four P’s of Social Marketing?
5. Differentiate between Social Marketing and Commercial Marketing?
6. Write a short note on social Marketing Mix?

7.7 ANSWERS TO CHECK YOUR PROGRESS

1. Social marketing as its name implies a marketing of social ideas. Social marketing as a term, however, is still a mystery to most, misunderstood by many, and increasingly confused with others such as behavioural economics and social media.
2. Price refers to what the consumer must do in order to obtain the social marketing product. This cost may be monetary, or it may instead require the consumer to give up intangibles, such as time or effort, or to risk embarrassment and disapproval. If the costs outweigh the benefits for an individual, the perceived value of the offering will be low and it will be unlikely to be adopted.
3. By policy making social marketing programs can do well in motivating individual behaviour change, but that is difficult to sustain unless the environment they're in support change for the long run. Often, policy change is needed, and media advocacy programs can be an effective complement to a social marketing program.

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SUBJECT: MANAGEMENT AND MARKETING PRINCIPLES	
COURSE CODE: MSM-512	AUTHOR: DR. SUNAINA
LESSON NO.: 08	VETTER: PROF. VIKRAM KAUSHIK
ROLE AND IMPORTANCE OF SOCIAL MARKETING	

STRUCTURE

8.0 LEARNING OBJECTIVES

The main objective of this lesson is to make the student learn on the subject matter of the Social Marketing vis-a-vis its role and importance. After going through this lesson, you will be able to:

- **To understand the concept of Social Marketing.**
- **To understand the Role of Social Marketing.**
- **To study the Importance of Social Marketing.**
- **To study the prospects for Social Marketing.**

8.1 INTRODUCTION

Social marketing is a marketing concept that lays emphasis on social consciousness as part of the overall marketing plan. Social marketing is when a company markets a product not only with consumer and company needs in mind, but also the long-term well-being of society as a whole. Companies that produce effective social marketing campaigns incorporate social and ethical considerations into the marketing plan. There are many ways a company can accomplish this goal.The purpose of social marketing for a company is to meet its needs and the needs of a consumer while considering the long-term good of society. In this type of marketing, a company uses its socially conscious stance as a way to attract consumers who may appreciate the company's desire to market its products with consideration for society. As a result, the company's concern for society, seemingly over profit, positions the company in a favourable light and may help in selling more products.

So social marketing is there, strong and still growing as a force that keeps business going and influences society in a big way. In the previous lesson, you learn about the basic concept of Social Marketing. In this lesson, we shall discuss about role, importance and prospects for Social Marketing. We shall also understand the importance of Social Marketing in environment.

8.2 ROLE OF SOCIAL MARKETING

Social marketing has a wider scope. In recent years, Social marketing is attracting the interest of Non-profit institutions like educational institutions, hospitals, Govt. organisations and Non-Govt. organisations for marketing their services. Social marketing techniques have been used successfully in health promotion programmes such as family welfare, heart care, human organ donations, physical fitness and immunisation, awareness against AIDS, smoking and drinking.

Social marketing techniques are being applied in important areas such as provision of safe drinking water, soil conservation, preservation of wild life, forestation, protection of environment etc.

Social leaders have been applying social marketing strategies in areas like protection of human rights, abolition of casteism and racism. Since the 1970s, the western countries have accepted environmental approach for developmental strategies. Business organisations have been applying social marketing techniques for implementation of their business policies, satisfying consumers, long term welfare of the Society, attracting investors, motivating and training the workers.

Social Marketing emphasises upon focusing on behaviours, use of Traditional Marketing Principles and Techniques and selecting and influencing a Target Market.

1. **Focusing on behaviours:** In social marketing, the social marketer focuses on influencing desired behaviour by (a) accept a new behaviour (e.g., composing food waste) (b) reject a potentially undesirable behaviour (e.g., reject smoking), which is why we refer more often to behaviour influence than behaviour change (c) modify a current behaviour (e.g., increase physical activity from three to five days of the week or decrease the number of fat grams consumed), or (d) abandon an old undesirable behaviour (e.g., stop talking on a cell phone while driving).
2. **Use of Traditional Marketing Principles and Techniques:**Since many non-profit and government-based organizations carry out social change in a haphazard manner. The American Marketing Association defines marketing as “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.” The most fundamental principle underlying this approach is the application of a customer orientation to understand the barriers target audiences perceive to adopting the desired behaviour and benefits they want and believe they can realize. The process begins with an environmental scan to establish a purpose and focus for the plan. A situation analysis (SWOT-strengths, weaknesses, opportunities, and threats) helps to identify the organizational strengths the plan can maximize and weaknesses to minimize, environmental opportunities to take advantage of and threats to prepare for. Marketers then select target markets that they can best affect and satisfy. They establish clear objectives and goals. The product is positioned to appeal to the desires of the target market, and the game requires that they do this more effectively than the competition.The need of each of the major intervention tools in the marketer’s toolbox, the “4Ps,”to influence target audiences: Product, Price, Place, and Promotion, also referred to as the marketing mix. An evaluation methodology is established, leading to a budget and implementation plan. Once a plan is implemented, ideally first with a pilot, results are monitored and evaluated.
3. **Selecting and influencing a Target Market:**A market place is arich collage of diverse populations, each having a distinct set of wants and needs. Marketers know what appeals to one individual may not appeal to another and therefore divide the market into similar groups (market segments), measure the relative potential of each segment to meet organizational and marketing

objectives, and then choose one or more segments (target audiences) on which to concentrate our efforts and resources. For each target, a distinct mix of the 4Ps is developed, one designed to uniquely appeal to that segment's barriers, benefits, and the competition.

8.3 IMPORTANCE OF SOCIAL MARKETING IN ENVIRONMENT

The developmental strategies adopted so far are responsible for all sorts of pollution, (i.e. air, water, sound,etc.) Imbalanced ecologyhas endangered the very existence of human beings. For example, detergents used for cloth washing is responsible for water pollution and loss of aquatic lives. Popular plastic products are not disposable and create environmental problems. All sorts of vehicles add to air and sound pollution. On the contrary, the govt. has spent crores of rupees on oil import bill. A number of researchstudies have shown that consumables like tobacco products, injurious, cosmetics are injurious to health. Still injurious products are being poured in the market. Mcdonalds and Kentucky, the pioneers of 'Fast food Culture' are making huge profits at the cost of consumer health. The indifferent attitude of marketers has brought irreparable loss to human life and the universe. Wrong marketing strategies are resulting in creating health problems, slims, pollution and ecological imbalance, the cost of which must be borne by the organisations which are making huge profits.

The Indian society has been facing problems such as, poverty, population explosion, illiteracy, lower capital formation and other social problems. The development strategies adopted so far have resulted in degradation in social, cultural, environmental and health care, therefore the need of application of social marketing principles is felt urgently to enrich the life of Indian citizen. A research study has illustrated that the industrial units situated in Champur. Mumbai, emit more than 111 tonnes of hazardous carbon dioxide daily. According to observation of Centre of Science Environment, Delhi, out of the total water reservoir in India, more than 70% water is polluted. The NEERI (National Environmental Engineering Institute, Nagpur) has shown that ill-habits of people have resulted in 60% water pollution while industrialisation is responsible for 40% water pollution in India. Due to consumption of polluted water, more than 15 lakh children die of diarrhoea per year.The major aluminium corporate in Orissa are damaging environment and are responsible for the displacement of more than 2000 tribal families.

Out of 3119 cities in India, only 209 cities are having sewage water treatment plants. The river Yamuna gets daily 2 crore litre untreated water. Calcutta and Mumbai have noise above 80 decibels. Bhopal gas Tragedy (1984) affected more than 2500 citizens; more than 40000 were handicapped and blind and still are suffering from various diseases. Ozone layer has been depleting because of the pollution agents like chlorofluoro carbon and methyl chloroform emitted by cold storages, refrigerators and greed houses. Due to this we experience hot waves having intensity of 45 to 500c in our country. The worst oil spill during the 1991 gulf war killed thousands of sea birds, fish and other aquatic lives. Deforestation is not only ruining environment but causing economic loss of ₹2.30 billion per year India. In Agra city, the pollution created by industries is ruining the beauty of the world famous 'Taj Mahal'.

Deforestation in India is going on at a fast speed, ruining valuable flora and fauna coupled with irreparable loss to soil to soil. So the need of the hour is to protect environment from further loss. Business organisations, marketers, Govt. Organisation and NGOs, social organisations must apply principles of social marketing to achieve their respective goals coupled with the goal of enriching, cultural and health facilitates. In India, social marketing principles are being used for achieving business as well as health care, population control, adult education etc. Still social marketing has a long to go in a developing country like India.

8.4 PROSPECTS FOR SOCIAL MARKETING

In the 21st Century Social Marketing principles could certainly benefit the organisation (i.e. social, educational, health, political and business), the consumers and change the socio-economic and an environmental system, Information Technology has made the communication systems very dynamic, interactive and effective. So the whole world has become a 'Global Village'.

In the world of Marshal Goldsmith "new technologies, new organisations and the rise of global village will have a propound effect on our sense of community in the years ahead. Two trends stand out: the explosion of our potential to communicate instantaneously and massively across the globe and, closely aligned with our ability to create communities of our choice". In future, social marketers will have to adopt information technology to build rapport with target groups, gaining support of the masses to social reform campaigns, health promotion campaigns and creating awareness regarding environment protection for themselves and future generations.

8.5 CHECK YOUR PROGRESS

Note: 1) Use the space below for your answers.

2) Compare your answers with those given at the end of this lesson.

Q.1 Where the social marketing techniques are applied ?

Ans…………………………………………………………………………………………………

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Q. 2Discuss on 'Selecting and influencing a Target Market' ?

Ans…………………………………………………………………………………………………

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Q.3 what is the meaning of SWOT?

Ans…………………………………………………………………………………………………

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8.6 SUMMARY

- Social marketing has a wider scope. In recent years, Social marketing is attracting the interest of Non-profit institutions like educational institutions, hospitals, Govt. Organisations and Non-Govt. Organisations for marketing their services. Social marketing techniques have been used successfully in health promotion programmes such as family welfare, heart care, human organ donations, physical fitness and immunisation, awareness against AIDS, smoking and drinking.

- The Indian society has been facing problems such as, poverty, population explosion, illiteracy, lower capital formation and other social problems. The development strategies so far adopted resulted in degradation in social, cultural, environmental and health care, therefore the need of application of social marketing principles is felt urgently to enrich the life of Indian citizen.
- Deforestation in India is going on at a fast speed, ruining valuable flora and fauna coupled with irreparable loss to soil to soil. So the need of the hour is to protect environment from further loss. Business organisations, marketers, Govt. Organisation and NGOs, social organisations must apply principles of social marketing to achieve their respective goals coupled with the goal of enriching, cultural and health facilitates. In India, social marketing principles are being used for achieving business as well as health care, population control, adult education etc. Still social marketing has a long to go in a developing country like India.

8.7 KEYWORDS

Commercial Marketing: Marketing is the process of creating, communicating, and delivering value to the customers in order to retain the benefit of the organization and stakeholders as a whole.

Social Marketing: Social Marketing is a process for influencing human behaviour on a large scale, using marketing principles for the purpose of societal benefit rather than commercial profit.

8.8 SELF-ASSESSMENT TEST

7. Define the term Social Marketing?
8. Define the role of Social Marketing?
9. What is the Importance of Social Marking in present scenario?
10. Write a note on Social Marketing?
11. Define the importance of Social Marketing in environment?
12. Write a note on prospects for Social Marketing?

8.9 ANSWERS TO CHECK YOUR PROGRESS

1. Social marketing techniques are being applied in important areas such as provision of safe drinking water, soil conservation, preservation of wild life, forestation, protection of environment etc.
2. Marketers know what appeals to one individual may not appeal to another and therefore divide the market into similar groups (market segments), measure the relative potential of each segment to meet organizational and marketing objectives, and then choose one or more segments (target audiences) on which to concentrate our efforts and resources. For each target, a distinct mix of the 4Ps is developed, one designed to uniquely appeal to that segment's barriers, benefits, and the competition.
3. SWOT-strengths, weaknesses, opportunities, and threats

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SUBJECT: MANAGEMENT AND MARKETING PRINCIPLES	
COURSE CODE: MSM-512	AUTHOR: DR. SUNAINA
LESSON NO.: 09	VETTER: PROF. VIKRAM KAUSHIK
MONITORING AND EVALUATION OF SOCIAL MARKETING PROGRAMMES	

STRUCTURE

9.0 LEARNING OBJECTIVES

After reading this lesson, you must be able to:

- **To understand the value of evaluation and monitoring.**
- **To Setting clear goals, unambiguous aims and SMART objectives.**
- **To understand the key evaluation questions that needs answer.**
- **To create a baseline to measure the success of your project.**
- **To devising effective process monitoring and evaluation techniques.**
- **To study the difference between output and outcome measures and creating an effective evaluation framework.**

- **To develop a full economic evaluation including calculating return on investment and developing a cost-benefit ratio.**

9.1 INTRODUCTION

Social marketing is one strategy to change social norms by providing key messages of gender equality, inclusiveness, appropriate behaviour and respectful relationships. It is important to research, monitor, and evaluate a social marketing campaign in order to develop and implement an effective campaign and to determine if the campaign met its objectives and achieved change.

When researching, monitoring, and evaluating a social marketing campaign, five basic questions need to be considered: **What** will be researched, monitored, and evaluated? **Why** is this measurement important? **How** will the measurements be conducted? **When** during the campaign, will the measurements be conducted? **How** much the measurements will costs?

After learning the Social Marketing concept, this lesson is aimed at monitoring and evaluation tools to measure progress and the overall success of your behaviour change project.

9.2 MEANING OF EVALUATION AND MONITORING

Monitoring refers to measurements conducted sometime after you launch your social marketing efforts but before it is completed. Its purpose is to help you determine whether you need to make midcourse corrections that will ensure that you reach your ultimate marketing goals.On the other hand, **Evaluation** is a measurement and final report on what happened, answering the bottom-line question: Did you reach your goals for changes in behaviours, knowledge, and attitudes?

9.3 DEVELOP A PLAN FOR MONITORING ANDEVALUATION

While developing a plan for monitoring and evaluation of social marketing, you should answer sequentially the following questions:

1. Why are you conducting this measurement and who is the audience for the results?
2. What will you measure?
3. How will you conduct these measurements?
4. When will these measurements be taken?
5. How much will it cost?

WHY ARE YOU CONDUCTING THIS MEASUREMENT?

The purpose for the measurement often shapes what you measure, how you measure, and when, consider the differing implications for your plan for each of the following potential reasons for your effort. The audiences for the measurement results will also vary, depending on your purpose.

- To fulfil a grant requirement.
- To do better the next time we conduct this same campaign.
- To get continued, even increased funding.
- To help us decide how to prioritize and allocate our resources going forward.
- To alert us to midcourse corrections we need to make in order to achieve goals.

WHAT WILL YOU MEASURE?

To measure the evaluation purpose is likely to fall into one or more of five categories: inputs, outputs, outcomes, impacts, and return on investment (ROI).

1. **Input Measures:**The easiest and most straightforward measures are those itemizing resources used to develop, implement and evaluate the campaign. The most common elements include money spent and staff time allocated. In many cases, there will also be additional contributions to the effort to report on, including any volunteer hours, existing materials, distribution channels utilized, and partner contributions.
2. **Outputs Measures:**The next easiest measures are those describing your campaign's outputs, sometimes referred to as process measures, which focus on quantifying your marketing activities as much as possible. They represent how you utilized program inputs and are distinct from outcome measures, those focusing on your target audience's response to these activities. i.e. Number of materials distributed and media channels utilized, Reach and Frequency of communications, Free media coverage, Paid media impressions and cost per impression, Implementation of program elements (e.g., whether on time, on budget).
3. **Outcome Measures:** Measuring outcomes is a little more rigorous, as you are now assessing customer response to your outputs, most likely involving some type of primary research surveys. Ideally, these measures were determined by the goals you established, the specific measureable results you want your program to achieve one or more of the following types: Changes in

behaviour, Changes in behaviour intent, Changes in awareness and knowledge, Changes in belief, Responses to campaign elements, Customer satisfaction levels, Partnerships and contributions created, Policy changes.

4. **Impact Measures:**This measure is the most rigorous, costly, and controversial of all measurement types. In this category, you are attempting to measure the impact that the changes in behaviour you achieved (e.g., more residents saving water) have had on the social issue your plan is addressing (e.g., availability of water). It would indeed be great to be able to report on the following types of impact measures in addition to outputs and outcomes:
   - Lives saved (e.g., from training residents in high rise buildings on an evacuation plan in the event of fire breakout)
   - Disease prevented (e.g., from increased physical activity)
   - Injuries avoided (e.g., from safer workplace practices)
   - Water quality improved (e.g., from industries not depositing their trash in rivers)
   - Water supply increased (e.g., from increased purchases of dual-flush toilets)
   - Air quality improved (e.g., decreased use of single occupancy vehicles)
   - Landfill reduced (e.g., from composting food waste)
   - Wildlife and habitats protected (e.g., from not purchasing animal based products)
   - Animal cruelty reduced (e.g., from increases in spaying and neutering)
   - Crimes prevented (e.g., from training women on self-defence)
   - Financial well-being improved (e.g., from microcredit loans for small land- holding farmers)

The reality is that not only are these measures rigorous and costly to determine, but it may in fact be inappropriate and inaccurate to try to connect your campaign activities with these impacts, even though they were designed with them in mind.

5. **Return on investment:** Determine and reporting on ROI has several benefits. It can provide a solid rationale for continued funding for successful programs, funding that might be cut if it is perceived that the program is too costly or is a large-budget item. This will help agency directors to address tough budget questions from policymakers, peers, even the media. Second, findings can help administrators to allocate resources, providing a “disproportionate” share to programs

with the highest ROI based on a rational, "apples to apples" comparison. And finally, if more and more programs calculate this, we can build and share a database of ROIs that will assist in evaluating programs efficacy as well as replicating the most cost-effective ones. Most ROIs can be determined with these simple steps.

- Money spent
- Behaviours influenced
- Cost per behaviour influenced
- Benefit per behaviour

HOW WILL YOU MEASURE?

Our third step in developing an evaluation and monitoring plan is to identify methodologies and techniques that will be used to actually measure indicators. In general, audience surveys will be the primary technique used in measuring outcomes, given your focus on the actual influence you have had on your target audience in terms of behaviour, knowledge, and beliefs. Records will provide information for determining inputs; outputs will rely on records as well but also tap information on contract reports, anecdotal comments, and project progress reports. Outcome measures usually require quantitative surveys, whereas impact measures may require more scientific or technical surveys.

Quantitative surveys are needed when reliable data are key to evaluation (e.g., percentage increase in levels of physical activity) and are most commonly conducted using telephone surveys, online surveys, self-administered questionnaires, and/or in-person interview. These may be proprietary or shared-cost studies in which several organizations have questions for similar populations. They may even rely on established surveys such as those devised by the international Institute of Population Studies.

Qualitative surveys should be considered when evaluation requirements are less stringent or more subjective in nature and include methodologies such as focus groups, informal interviews and capturing anecdotal comments. Focus groups might be appropriate for exploring with mothers, which components of cooking classes were most and least useful and why. This information might then refocus efforts for the next classes. Informal interviews might be used to understand why potential consumers walked away from the dual-flush toilet display in a mall store, even after reading accompanying materials and hearing testimonials from volunteers. Anecdotal comments regarding a television campaign might be captured on phone calls to a sexual assault resource line.

Observation research is often more reliable than self-reported data and, when possible, the most appropriate technique. It can be used for evaluating behaviours such as wearing a life vest, washing hands before returning to work, or urinating inside the urinals rather than in public. It may also provide more insight for assessing skill levels and barriers than self-reported data (e.g., taking public transit).

Scientific or technical surveys may be the only sure method to assess the impact of your efforts. If you are charged with reporting back on the difference your efforts made in reducing diseases, saving lives, improving water quality, and the like, you will need help designing and conducting reliable scientific surveys that not only are able to measure changes in these indicators but can also link these changes to your social marketing campaign.

Control group used in combination with quantitative and scientific or technical surveys will further ensure that results can be closely tied to your campaign and program efforts. A drug and alcohol prevention campaign might be implemented in colleges in one community but not in another similar community. Extra precautions can even be taken to ensure the similarity of the control groups by conducting surveys prior to the selection of the groups and then factoring in any important differences. Results on reported drug used in the control group of high schools are then compared with those in the other communities.

Records and databases will be very useful for several indicators, particularly those measuring responses to campaign elements and dissemination of campaign materials. This may involve keeping accurate track of number of visits to a web site and length of time spent, numbers of calls (e.g., to a tobacco quitline), comments on Facebook (e.g., regarding tips to avoid the flu), views of a You Tube video (e.g., of a PSA persuading viewers to wear seatbelts), numbers of requests (e.g., for child care references), numbers of visits (e.g., to a teen clinic), number of people served (e.g., by a social franchising health clinic), or numbers of items collected (e.g., at a needle exchange). This effort may also involve working with suppliers and partners to provide similar information from their records and databases, such as numbers of coupons redeemed (e.g., for condoms), tangible objects sold (e.g., solar cookers featured in the campaign), or requests received (e.g., organ donation applications processed).

Comparative effectiveness research is a relatively new approach and is utilized primarily to inform heatlh-care decision making by providing evidence on the effectiveness, benefits, and potential harms of various treatment options. According to the U.S. Department of Health and Human Services, This evidence is found in two ways. Researchers can look at all available evidence on the benefits and harms of each choice for different groups of people from existing clinical trials, clinical studies, and other research. They might also, or instead, conduct studies that generate new evidence of effectiveness or comparative effectiveness of a test, treatment, procedure, or health-care service. Forsocial marketers, implications are similar to those of controlled experiments, where one or more interventions are evaluated based on a comparison results.

WHEN WILL YOU MEASURE?

Timing for measurement efforts is likely to happen as follows:

1. Prior to campaign launch, sometimes referred to as pre-campaign or baseline measures.
2. During campaign implementation, thought of as tracking and monitoring surveys, and maybe one time only or over a period of years (i.e., longitudinal surveys)
3. Post- campaign activities, referring to measurements take when all campaign elements are completed, providing data on short-term outcomes and long-term impact.

Baseline measures are critical when campaigns have specific goals for change and future campaign efforts and funders will rely on these measures for campaign assessment. These are then compared with post-campaign result, providing a pre-and post-evaluation measure. Monitoring efforts during campaigns are often conducted to provide input for midstream changes and to track changes over time. Post- campaign (final) assessments are the most typical evaluations especially when resources and tight time frames prohibit additional efforts. A few programs will use all points in time for evaluation, most common when significant key constituent groups or funders require solid evidence of campaign outcomes.

HOW MUCH WILL IT COST?

Cost for recommended monitoring and evaluation activities will vary from minimal costs for those that simply involve checking records and databases or gathering anecdotal comments, to moderate costs for those involving citizen surveys or observation research, to potentially significant costs for those needing scientific or technical surveys. Ideally, decisions to fund these activities will be based on the value they will contribute to your program. If such an activity will assist you in getting support and continued funding for your program, it may be a wise investment. If it helps you refine and improve your effort going forward, payback is likely in terms of return on your investment. Once a method is determined based on your research purpose, you can assess these potential costs versus potential benefits.

9.4 CHECK YOUR PROGRESS

Note: 1) Use the space below for your answers.

2) Compare your answers with those given at the end of this lesson.

Q. 1 What do you understand by output measures?

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Q.2 When do the Quantitative surveys excute ?

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9.5 SUMMARY

- Social marketing is one strategy to change social norms by providing key messages of gender equality, inclusiveness, appropriate behaviour and respectful relationships. It is important to research, monitor, and evaluate a social marketing campaign in order to develop and implement an effective campaign and to determine if the campaign met its objectives and achieved change.
- Monitoring refers to measurements conducted sometime after you launch your social marketing efforts but before it is completed.
- Evaluation is a measurement and final report on what happened in your overall campaign.
- While developing a plan for monitoring and evaluation of social marketing you should answer sequentially the following questions: Why are you conducting this measurement and who is the audience for the results? What will you measure? How will you conduct these measurements? When will these measurements be taken? How much will it cost?

- To measure the evaluation purpose is likely to fall into one or more of five categories: inputs, outputs, outcomes, impacts, and return on investment (ROI).

9.6 KEYWORDS

Evaluation: Evaluation looks back at certain points at your overall campaign to draw out learning outcomes that can be fed into your future campaign work.

Monitoring: Monitoring is about regularly measuring and assessing what is going on during the lifetime of your campaign against your campaign objectives, learning from the findings and adapting your campaign strategy.

9.7 SELF-ASSESSMENT TEST

1. Why should you monitor progress and make adjustments in the social marketing campaign?
2. What aspects of the campaign should you monitor?
3. How do you monitor and adjust a social marketing campaign?

9.8 ANSWERS TO CHECK YOUR PROGRESS

1. Out put measures are referred to as process measures, which focus on quantifying your marketing activities as much as possible. They represent how you utilized program inputs and are distinct from outcome measures, those focusing on your target audience's response to these activities. i.e. Number of materials distributed and media channels utilized, Reach and Frequency of communications, Free media coverage, Paid media impressions and cost per impression, Implementation of program elements.
2. Quantitative surveys are needed when reliable data are key to evaluation and are most commonly conducted using telephone surveys, online surveys, self-administered questionnaires, and/or in-person interview. These may be proprietary or shared-cost studies in which several organizations have questions for similar populations.

9.9 REFERENCES/SUGGESTED READINGS

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SUBJECT: MANAGEMENT AND MARKETING PRINCIPLES	
COURSE CODE: MSM-512	AUTHOR: DR. SUNAINA
LESSON NO.: 10	VETTER: PROF. VIKRAM KAUSHIK
CORPORATE SOCIAL RESPONSIBILITY: A MARKETING TOOL	

STRUCTURE

10.0 LEARNING OBJECTIVES

After going through this lesson, you will be able to:

- **Understand the concept of Corporate Social Responsibility.**
- **Understand the dimensions of Corporate Social Responsibility.**
- **Study the CSR: A Marketing Tool.**

10.1 INTRODUCTION

Corporate Social Responsibility (CSR) is the latest concept. Companies and corporations accept the notion of being responsible to society beyond merely providing goods or services that benefit the public on a functional level. Social responsibility, at its most basic level, is about ensuring that what a company produces is useful to those for whom it is produced. Beyond that, however, there has always been an underlying belief that organizations should also act in a responsible manner in other areas, such as environmental issues, safety issues, and social conscience. According to one of the many groups now consulting with organizations on how to adopt a CSR approach,

Corporate social responsibility (CSR) is about how businesses aligns their values and behavior with the expectations and needs of stakeholder’s not only customers and investors, but also employees, suppliers, communities, regulators, special interest groups and society as a whole. CSR describes a company's commitment to be accountable to its stakeholders.

CSR demands that businesses manage the economic, social and environmental impacts of their operations to maximize the benefits and minimize the downsides.

To put more broadly, CSR “generally refers to transparent business practices that are based on ethical values, compliance with legal requirements, and respect for people, communities, and the environment. Thus, beyond making profits, companies are responsible for the totality of their impact on people and the planet.”

10.2 CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment. It is also called corporate responsibility, corporate citizenship, responsible business and corporate social opportunity. It is the acknowledgement by companies or organizations that they should be accountable not only for their financial performance, but also for the impact of their activities on society and/or the environment. The discussions surrounding the concept are still at an evolutionary stage, although the principles of CSR have long been a part of business strategy. This obligation is seen to extend beyond the statutory obligation to comply with legislation and to see the organizations voluntarily taking further steps to improve the quality of life for the employees and their families as well as for the local community and the society at large.

The World Business Council for Sustainable Development in its publication “Making Good Business Sense” by Lord Holme and Richard Watts, define the term Corporate Social Responsibility as "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large"

According to a class of businessman, "CSR is about business giving back to society". The same report gave some evidence of the different perceptions of what this should mean from a number of different societies across the world. Some of the definitions of CSR are - "CSR is about capacity building for sustainable livelihoods. It respects cultural differences and finds the business opportunities in building the skills of employees, the community and the government".

Traditionally in the United States, CSR has been defined much more in terms of a philanthropic model. Companies make profits, unhindered except by fulfilling their duty to pay taxes. Then they donate a certain share of the profits to charitable causes. The profit earned by a corporation without sharing part of it from social responsibilities is often considered tainted and therefore some corporations take help of the socially beneficial scheme for the general uplift of the people.

The European model is much more focused on operating the core business in a socially responsible way, complemented by investment in communities for solid business case reasons. Social responsibility becomes an integral part of the wealth creation process - which if managed properly should enhance the competitiveness of business and maximize the value of wealth creation to society. When times get hard, there is the incentive to practice CSR more and better. It is a philanthropic exercise which is peripheral to the main business.

An essential component of an organization's corporate social responsibility is to care for the community or the society. It endeavours to make a positive contribution to the underprivileged communities by supporting a wide range of socio-economic, educational and health initiatives. Basically CSR is about how companies or organizations manage the business processes to produce an overall positive impact on society.

Corporate social responsibility (CSR) is an important 21st century business ideology which has heightened the expectations of corporation with respect to social and environmental standards. The ideas of doing a business to earn the profit collectively with a group of people are in the same way as they have to come collectively to contribute to the society. The main Challenge is to allocate time and resources which are mandatory to develop a CSR approach which meets governmental and social standards. The development of corporate social responsibility in India indicates the changes over time of the cultural norms of corporations' engagement of corporate social responsibility (CSR), with the way that businesses are managed to create positive impact on the communities, cultures, societies and environments in which they exist. The fundamentals of CSR depend on the fact that along with government, corporate should also address social issues.

Corporate Social Responsibility is an ethical management concept where companies work to integrate social, economic and environmental concerns along with the consideration of human rights into their business operations.

Corporate social responsibility is an initiative taken by the corporations to assess and take responsibility for the company's effects on environmental and social wellbeing. CSR aims to ensure to run the business in ethical manner. It is the practice of integrating social and environmental goals into the business activities. The functions of CSR may include adherence to labour standards, environmental protection and management, Conservations of resources like water and energy, anti-corruption measure etc.

10.2.1 DIMENSIONS OF CSR

The three dimensional aspect of corporate social responsibility (CSR) includes: - Economic aspects, Social aspects, Environmental aspects.

1. **Economic aspects of CSR:** The economic aspects of CSR consist of considering the economic impacts of the company's operations. Economic responsibility is not only the matters of financially accountability, recording employment figures and debts in their latest corporate responsibility report. The economic dimension considers direct and indirect economic impacts on the organization and stakeholders. The economic performance of a company has an impact on the stake holders, employees, local governments, customers, suppliers, and the communities directly or indirectly.

2. **Social Aspects of CSR**: Various organizations have become increasingly active for addressing social concerns Social responsibility needs to be accountable for the social effects the company has on people -even indirectly. It refers to the obligation of the management to contribute to the welfare and interest of the society. These responsibilities include treating the customers with respect and attention, safety and

durability of products or services, standard or after sales service; prompt and courteous queries and complaint handling, fair standards of advertising and trading and full and unambiguous information to potential customers. The other responsibility in this aspect is related to the employees. The corporate should work to enhance the quality of working life or the employees, providing them healthy working environment, basic facilities, equal opportunities to the employees regardless of gender, age, race, or religion.

The organizations also have the responsibilities towards the Community. The organizations should contribute for the well-being of the communities by providing additional vocational training places, sponsoring sports and cultural events, and through partnerships with communities or by donating to charitable activities.

3. **Environmental aspects of CSR:** Environmental concern and sustainable development are the key pillars of the corporate social responsibility. Environmental and ecological issues have become the important elements to be discussed in the business. The knowledge and issues within the dimensions have progressed across a landscape of changing business realities usually environmental impact refers to the negative effects occurring in the surrounding due to business operations. Such impacts may include overuse of natural and non-renewable resources of energy, pollution wastage, degeneration of biodiversity, climate change, deforestation etc. The organizations should contribute to make the environment healthy and not to practice those activities which degrades the environment. Many businesses have found that establishing an environmental management system is the best basis for good environmental performance. Quality, health and safety issues can also be integrated into the same management system.

10.2.2 CORPORATE SOCIAL RESPONSIBILITY A MARKETING TOOL

In an uncertain world and throat cut competitions, survival and profit earning has become tough for the organizations. Due to the ever changing conditions that occur on the global economic market and technologies, the organizations are not able to penetrate the markets so they are opting various techniques and strategies to attract and retain the customers or consumers. This may not only include usage of standard advertising techniques, but also the marketing specialists started opting other techniques like online social networks, viral marketing, corporate social responsibility etc. Now

Corporate Social Responsibility (CSR) is not just about the environment and social issues but now it has been used as an important marketing strategy to increase the profits. Moreover organizations companies are turning to corporate social responsibility just to promote their reputation and profits.

Greater Engagement: Implementing CSR policies may promote both customer and employee engagement. Incorporating CSR in a business model acts as a mechanism to reach out to the public in new ways; ways that get people talking, sharing and ultimately consuming more. Projecting on the basis of ethical practices, like sustainable sourcing, fair treatment of employees and being charitable, may increase the reputation of the organizations. Happier workforce would be productive workforce and it will affect business outcomes positively.

Furthermore, CSR policies create a positive work environment, which is conducive for retaining staff and talent. In the long-term, all these practices will create engaged employees who would be ready to go extra mile for the success of the organizations.

Promoting Innovation: Implementing CSR can lead to breakthroughs in improving a product or business model. Therefore, the long-established “bottom line” of the corporate world is no longer the ultimate defining factor for a company’s success; the “triple bottom line”, a term coined by sustainability consultant John Elkington, insists there are now three such factors: profit, people and the planet. By considering all three, ideas can spill over from one area to another, in ways that were not previously imagined.

Long-term benefits: Implementing CSR practices is increasingly vital for a company’s sustainability and enduring success. “The long-term benefits are nothing less than the long term viability of the company. So, effectively managing the relationships with your customers, employees, owners/investors, suppliers, competitors, communities and government agencies and regulators, is key to maximizing company valuation and building a sustainable company,” says Friedman.

10.3CHECK YOUR PROGRESS

Note: 1) Use the space below for your answers.

2) Compare your answers with those given at the end of this lesson.

Q. 1 what is Corporate social responsibility?

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....
....

Q.2 Discuss about the social aspects of CSR?

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10.4 SUMMARY

- Corporate social responsibility (CSR) is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment.
- Corporate social responsibility (CSR) is an important 21st century business ideology which has heightened the expectations of corporation with respect to social and environmental standards. The ideas of doing a business to earn the profit collectively with a group of people same as the way that they have to come collectively to contribute to the society.
- Corporate Social Responsibility is an ethical management concept where companies work to integrate social, economic and environmental concerns along with the consideration of human rights into their business operations.
- The economic dimension considers direct and indirect economic impacts on the organization and stakeholders. The economic performance of a company impact stake holders, employees, local governments, customers, suppliers, and the communities directly or indirectly.
- The organizations also have the responsibilities towards the Community. The organizations should contribute for the wellbeing of the communities by providing additional vocational training places, sponsoring sports and cultural events, and through partnerships with communities or by donating to charitable activities.

- Environmental concern and sustainable development are the key pillars of the corporate social responsibility.

10.5KEYWORD

Corporate Social Responsibility (CSR): CSR is a corporation’s initiatives to assess and take responsibility for the company's effects on environmental and social well-being.

10.6SELF-ASSESSMENT TEST

1. In your own words, how would you define CSR?
2. What do you mean by CSR?
3. What does a CSR do?
4. What does it mean to be CSR?
5. What do you mean Corporate Social Responsibility? Do you think it is an important management task for an organization?

10.7 ANSWERS TO CHECK YOUR PROGRESS

1. Corporate social responsibility (CSR) is about how businesses aligns their values and behaviour with the expectations and needs of stakeholder’s not only customers and investors, but also employees, suppliers, communities, regulators, special interest groups and society as a whole. CSR describes a company's commitment to be accountable to its stakeholders.
2. Social responsibility needs to be accountable for the social effects the company has on people-even indirectly. It refers to the obligation of the management to contribute to the welfare and interest of the society. These responsibilities include treating the customers with respect and attention, safety and durability of products or services, standard or after sales service; prompt and courteous queries and complaint handling, fair standards of advertising and trading and full and unambiguous information to potential customers.

10.8 REFERENCES/SUGGESTED READINGS

1. Argenti Paul, “Corporate Communication”, Irwin Publication.
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