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**Sample Preview
of the
Solved
Sample Question
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QUESTION PAPER

June – 2023

(Solved)

MARKETING MANAGEMENT

M.M.P.C.-006

Time: 3 Hours]

[Maximum Marks: 100

Note: (i) Answer any three questions from Section A. (ii) Section B is compulsory.

SECTION – A

Q. 1. (a) Explain the following terms with an example:

(i) Needs

Ans. Ref.: See Chapter-1, Page No. 2, 'Needs'.

(ii) Concept of Segment

Ans. Ref.: See Chapter-3, Page No. 26, 'The Concept of Segment'.

(iii) Integrated Marketing

Ans. Ref.: See Chapter-1, Page No. 4, 'Integrated Marketing'.

(iv) Performance Marketing

Ans. Ref.: See Chapter-1, Page No. 4, 'Introduction', 'Performance Marketing' and Page No. 9, 'Performance Marketing'.

(b) Why is it necessary for a firm to monitor the micro and macro environmental factors to keep pace with changing times? Substantiate.

Ans. Ref.: See Chapter-2, Page No. 13, 'Changing Role and Impact of Marketing Environment' and Page No. 16, 'Micromarketing Environment or Internal Environment'.

Q. 2. (a) What constitutes a consumer product? Explain the bases of classifying consumer products with suitable examples.

Ans. Ref.: See Chapter-5, Page No. 63, Q. No. 2.

(b) Explain the concept of PLC. Propose the steps that you would consider/recommend to defer the decline stage of a brand during its life cycle. Take any passenger car model of your choice and explain.

Ans. Ref.: See Chapter-7, Page No. 78, 'The Product Life Cycle Concept' and Page No. 79, 'Possible Alternatives in Decline Stage'.

Also Add: In case of car also, by reducing price, making improvement in quality and adding more features, the firms can defer the decline stage.

Q. 3. (a) Discuss the role and functions of a retailer in the distribution process. Highlight their services rendered to the customers.

Ans. Ref.: See Chapter-12, Page No. 132, 'Retailers'.

(b) Explain the concept of services. Emphasize the need for people, physical evidence and place in the overall marketing effort for the following service offerings:

(i) Diagnostic center

(ii) Restaurant

Ans. Ref.: See Chapter-13, Page No. 143, 'The Concept of Services'.

(i) Diagnostic Center: People: The people involved in marketing a diagnostic center include both the staff within the center and the target audience or customers. Employees who directly interact with customers, such as receptionists, nurses, and doctors, need to possess excellent communication skills, empathy, and professionalism. Their behavior and expertise contribute to the overall impression customers have of the diagnostic center. Understanding the needs, preferences, and demographics of the target audience is essential for effective marketing. Tailoring your messaging, communication channels, and services to meet their requirements helps establish a strong connection and builds trust.

Place: The physical location and environment of the diagnostic center significantly impact customers' perceptions and experiences. The diagnostic center should have a clean, organized, and welcoming environment. A well-maintained and modern facility creates a positive impression and instills confidence in the quality of services provided. Easy accessibility is vital to attract customers. Consider the location's

proximity to residential areas, public transportation, and parking facilities. Ensuring convenience in reaching the center can improve customer satisfaction and encourage repeat visits.

Physical Evidence: Physical evidence refers to tangible elements that customers can observe and evaluate when interacting with the diagnostic center. Having state-of-the-art medical equipment and technology demonstrates the center's commitment to providing accurate and reliable diagnostic services. Highlighting these advanced resources in your marketing materials helps build credibility and reassures potential customers. Consistent branding across various touchpoints, such as signage, brochures, websites, and social media, helps create a professional and cohesive image. High-quality marketing collateral showcases the center's services, expertise, and value proposition. Positive testimonials and online reviews from satisfied customers serve as strong physical evidence.

(ii) Restaurant: People: The people aspect of marketing a restaurant encompasses both the staff and the customers. The restaurant staff, including waiters, chefs, and managers, directly interact with customers. It is crucial to have well-trained and friendly staff who provide excellent customer service. It is important to understand the target audience and their preferences is essential for effective restaurant marketing. Identifying their demographics, dining preferences, and expectations helps tailor marketing efforts to resonate with their needs and chances of their revisits gets increased.

Place: The physical environment and location of a restaurant greatly impact its success. The interior design, ambiance, and decor of a restaurant contribute to the overall dining experience. The atmosphere should align with the target audience and the type of cuisine offered. Whether it's a cozy and intimate setting or a vibrant and lively ambiance, the environment should create a pleasant and memorable experience for customers. Choosing an appropriate location that is easily accessible and strategically positioned can attract more customers.

Physical Evidence: Physical evidence in restaurant marketing refers to tangible elements that customers can observe and evaluate during their dining experience. An enticing menu that showcases a variety of appetizing dishes can significantly influence customers' decision-making. High-quality food photography, clear

descriptions, and appealing presentation play a crucial role in creating an enticing dining experience. The menu should be well-designed, easy to read, and accurately priced. The visual appeal of the restaurant's interior, including the furniture, table settings, and overall cleanliness, contributes to the perceived quality of the dining experience. In today's digital age, an online presence is vital for restaurant marketing. A well-designed website, engaging social media profiles, and positive customer reviews on platforms like Google, Yelp, and TripAdvisor can act as strong physical evidence.

Q. 4. (a) Write short notes on the following:

(a) Product Concept

Ans. Ref.: See Chapter-1, Page No. 3, 'The Product Concept'.

(b) Benefit Segmentation

Ans. Ref.: See Chapter-3, Page No. 27, 'Benefits and Doubts About Segmentation'.

(c) Line Stretching

Ans. Ref.: See Chapter-5, Page No. 61, 'Line Stretching'.

(d) Role of Intermediaries

Ans. Intermediaries help a company to promote, sell and distribute its products to its customers. Marketing intermediaries act as middlemen between various stages in the distribution chain. Intermediaries make the accessibility of the products easier for customers. With the technological advancements now available, and the rise in the digital engagement of customers, intermediaries can also be seen on digital platforms. Intermediaries are part of the distribution chain, with the following main types of intermediaries.

Agents are people that represent another person or entity. They serve as an intermediary between buyers and sellers on a permanent basis. They have the power to negotiate and are given decision-making power. They are most actively present in the real estate industry.

Brokers are similar to agents in their role as intermediaries between buyers and sellers. However, they are not permanent representatives of a person or an entity. They are most active in the trading sector.

Wholesalers act as intermediaries between manufacturers and retailers. They buy products from manufacturers or farmers and sell them to retailers. Products are purchased in huge quantities from the manufacturer, and the wholesaler distributes them to retailers.

Sample Preview of The Chapter

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MARKETING MANAGEMENT

BLOCK-1 : INTRODUCTION TO MARKETING AND MARKETS



Marketing: An Overview

INTRODUCTION

Marketing is an activity that is related to our day-to-day life. It helps us get various products that we use everyday. For a business, it helps in selling its products and services and thus, makes it profitable. Marketing combines with a range of other areas such as economics, psychology, sociology, political science, statistics and information technology. In this chapter, we will understand the basic marketing concepts, marketing mixes, marketing strategies and scopes of marketing.

CHAPTER AT A GLANCE

WHAT DOES THE TERM MARKETING MEAN?

Marketing is a process of ascertaining consumer needs, converting them into products, services and making the products or services available to the consumers with an emphasis on profitability and customer satisfaction. It ensures the optimum use of the resources available to an organization. Marketing involves planning, executing the conception, pricing, promotion distribution of goods and services to satisfy consumers and organizational objectives.

Philip Kotler defines marketing as a social and managerial process by which individuals and groups get what they need and want through creating and exchanging products and values with others. Marketing is considered as a social process because interaction of people is an essential component to it.

DEFINITION AND CONCEPT OF MARKETING

The American Marketing Association defines marketing as “the performance of business activities that directs the flow of goods and services from producer to a consumer or an user”. It gives importance to the exchange processes that takes place between the seller and the buyer.

Exchange Process: The term exchange refers to “giving or receiving something in return for something else”. For example, if a person hires a cab service for

his travel and the money he pays as fare in lieu of the trip it is considered as an exchange process. This exchange process develops into exchange relationships between the seller/the service provider and the buyer/the customer. In the above example, if the customer is satisfied by the cab service, s/he will use it in future as well and may become a loyal customer.

Marketing may start with the term “product”, but there is a variety of activities which could be regarded as marketing. For example:

- A TV anchor markets her show by trying to impress the audience.
- A final semester student of MBA markets his candidature to prospective employers.
- Matrimonial firms market the grooms by trying to get better responses from potential brides.
- Health and Family welfare department officials market immunization programmes in remote villages.

Philip Kotler defines marketing management both as art and science of choosing target markets to get, keep and grow number of customers through creating, delivering and communicating superior customer value.

“Customer value” is the incremental benefit which a customer gets by using a product after paying something in return. Value is the difference between the benefits (sum of tangible and intangible benefits) and the cost. Three factors determine a customer’s value – Quality, Service and Price. The value of a product increases with its quality and service, as the benefits increase. The value falls with rise in the cost of the product or the service. “Superior customer value” is created when customers want to pay more for a product or service.

Marketing has both social and managerial dimensions. As Paul Mazur says marketing creates and delivers a standard of living for society. Standard of living suggests levels of wealth, comfort, material goods and necessities. It means the products and

services offered by organisations have a direct or an indirect impact on people's standard of living.

Take the example of the Jaipur Center, founded by Devendra Raj Mehta in 1975, which is known for its a prosthetic, the Jaipur Foot. Since its inception, the organisation has outfitted more than 1.50 million amputees (by 2016) around the world with a prosthetic. It has been hailed by the *Times* magazine as among the greatest inventions of the 20th century. It has been transforming lives of hundreds and thousands of amputees all over the world by providing them with mobility and dignity. It has improved amputees' quality of life socially as-well-as economically.

Philip Kotler describes the meaning of marketing in a phrase: "meeting needs profitably." Thus, human needs form the starting point for all marketing activities. Identifying human needs is crucial for marketing any product or a service.

NEEDS, WANTS AND DEMANDS

Needs, wants and demands are part of marketing concepts.

Needs: Needs refer to the state of being deprived of something. Psychologist Abraham Maslow categorises human needs into five levels. He arranges these needs from most to least pressing – physiological needs, safety needs, social needs, esteem needs and self-actualisation needs. Marketers have to understand which need in specific their products/services are targeted to. Some of the brands that target these five needs are give below:

(a) Physiological Needs: These needs include food, water and shelter. Some brands targeting these needs are: Rajdhani besan, Aashirvaad atta, Britannia, Bislari and DDA flats.

(b) Safety Needs: These needs include security and protection. Insurance, vaccination, sanitizer and immunization programs target these needs.

(c) Social Needs: These needs are sense of belonging and love. Social media, Bharat Matrimony and Netflix come under these needs.

(d) Esteem Needs: These needs are self-esteem, recognition and status. Some brands which target these needs are: Allen Solly, Jaguar Cars, International travel, Recreation, iPhone and Dior.

(e) Self-actualisation: These needs are self-development and realisation. Some brands that target these needs are Teach for India and Azim Premji Foundation.

Consumer's needs from a customer's perspective can be categorized as:

(i) Stated Needs: The customer clearly says what s/he wants. For example, Ajit wants to open an account in SBI.

(ii) Real Needs: This is a specific need of a customer. Ajit wants to open a Current Account with a nearby public sector bank in his residential locality.

(iii) Unstated Needs: Ajit hopes the bank will provide him a debit card and a cheque book facility.

(iv) Delight Needs: Ajit likes the sincerity and professionalism of the bank staff.

(v) Secret Needs: Ajit does not confess that he has a negative attitude towards Netbanking facility.

Besides the stated need of the customers, knowing other needs of customers is important for successful marketing.

Wants: Human needs take the form of wants, which are shaped by culture and individual personality. For example, a person in Punjab would satisfy his hunger with chhole bhature while a person from chole-bhature Tamil Nadu would like to have idli and sambar.

Demands: Demands are wants backed by willingness and purchasing power. Companies conduct studies to know human needs, wants and demands to identify their prospective customers.

BASIC MARKETING CONCEPTS

Some other basic marketing concepts are discussed below.

Marketers: A marketer seeks from the customers a positive response, which does not just mean a purchase of a good or a service, but it might be paying attention to product's features, bringing out an expected change in the customer's behaviour. For example, wearing a mask during the Covid pandemic.

Customers: Synonyms of customers are users, buyers, consumers, clients, purchasers, shoppers and patrons. These terms are used interchangeably based on the nature of the product and the service being offered, being adopted in marketing literature. Customer is a person who buys a product or a service. A consumer is a person who consumes a product or a service. Clients are persons or organisations who use services provided by professionals such as advocates and chartered accountants.

Customer Value: Customer value refers to the difference between the value benefits a customer gets on owning a product and cost of getting the product. The cost of product is not limited to its price but also time and energy spent on shopping. For example, we buy an iPod because it not only gives good music output (benefit) but also cool fashion statement associated with it. The benefits associated with a product can be its product quality, after-sales services, warranty, repairs costs, free home delivery and user-friendliness. Thus,

$$\text{Customer Value} = \text{Total Customer Benefits} - \text{Total Customer Costs}$$

Customer Satisfaction: Customer satisfaction is measured by comparing pre-purchase expectation and post-purchase experience. Customer satisfaction is a post-purchase phenomenon.

$$\text{Customer Satisfaction} = \text{Experience} - \text{Expectation}$$

Markets: Economists consider market as a group of buyers and sellers who handle a specific product or a product category. For marketers, markets are people with needs to satisfy, money to spend and the willingness to spend that money.

WHAT IS A Marketing?

The term "market" is derived from latin word 'marcutus', which means a place where buyers and sellers meet for business. Based on end use, markets

can be categorised into different types: (i) Consumer Markets: These market sell fast moving consumer goods, consumer durables and soft goods. (ii) Industrial markets: These markets sell finished goods, components and services. (iii) Intermediate markets: These markets sell both wholesale and retail markets. (iv) Geographical location: These markets include various local, national, global/international markets, as well as rural and urban markets, (v) Non-profit and Governmental Markets: They are companies selling to non-profit organizations with limited purchasing power.

However, in a broad sense, markets can be categorised into four types:

(i) **Consumer Markets:** These markets sell essential commodities such as detergents, clothes, toothpastes, furniture, smart phones, banking and insurance.

(ii) **Business Markets:** These markets have business customers which purchase goods and services to be resold or used to make other items or services for sale.

(iii) **Global Markets:** These markets deal with those products and services which have demand across the globe. **Example:** Apple, Google and HP.

(iv) **Non-profit Markets:** These markets have organisations like religious bodies, public libraries, educational institutes and government agencies.

FIRM ORIENTATION TOWARD ITS CUSTOMERS

The changes in people's attitude, preference and tastes mean businesses also have to change accordingly. The changes in businesses include changes in marketing. However, a fundamental idea in marketing is a company's efforts to satisfy its customers and achieve organizational goals.

Marketing is conducted around according to these five marketing philosophies:

- (i) The Production Concept
- (ii) The Product Concept
- (iii) The Selling Concept
- (iv) The Marketing Concept
- (v) The Holistic Marketing Concept

(i) The Production Concept

Production concept focuses on affordability and availability of products and services. Cost reduction is a way to meet affordability by large scale production. Availability is possible by mass distribution which is achieved by making the product widely available. For example, when Coronavirus was at its peak, hospitals found it difficult to meet the growing demands of Covid patients as the situation was characterized by excessive demand for healthcare facilities and services. So, the marketers tried to improve their production capacity and distribution efficiency to meet the under satisfied market demand. Companies pay more attention to the customer as the basic ideology.

(ii) The Product Concept

The product concept is based on the idea that customers prefer products that are better in terms of quality, performance and features. However, firms with such approach fail to understand their business in terms of the basic customer need. Theodore Levitt calls it marketing myopia, a short-sighted and inward-looking approach that focuses on sales than consumers needs. As they focus on producing quality products, they lose out on customers who want inexpensive products or are influenced by availability and usability of the product.

Examples of companies that had marketing myopia:

(a) Google flourished with innovative features and Yahoo lost its share.

(b) Nokia keypad phones lost its markets due to iPhone and Samsung smart phones.

(c) Kodak lost its share to Sony cameras after digital cameras became popular.

(d) BSNL lost its share after new firms such as Jio, Airtel emerged with new features.

(e) Bollywood lost its share of audience as the television market boomed.

(iii) The Selling Concept

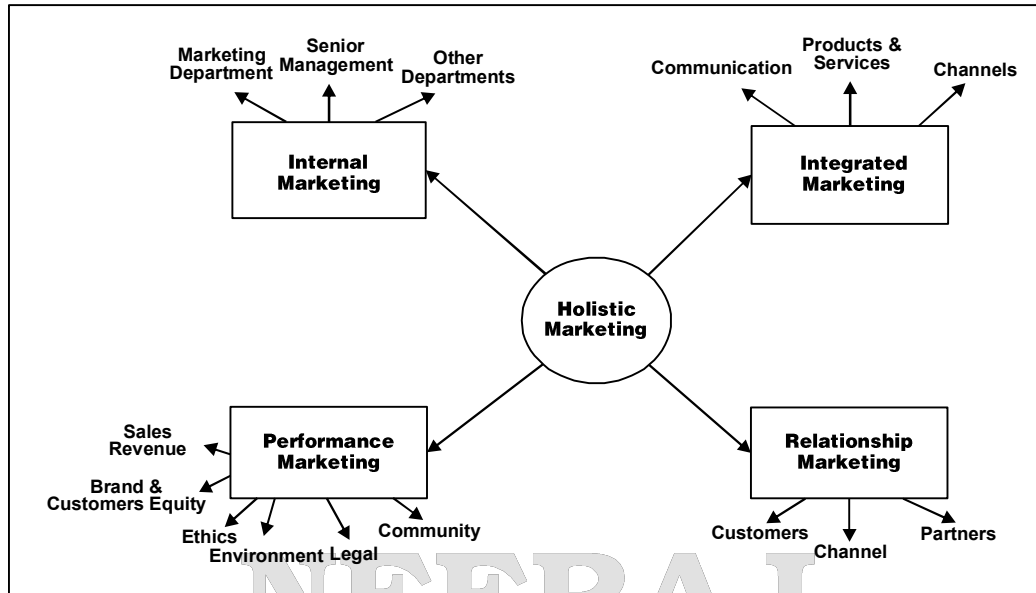
The selling concept is used in the case of unsought goods such as insurance, dictionaries, fire extinguishers and cemetery plots. Unsought goods refer to those goods that customers aren't aware of or do not normally think of buying. The selling concept persuades customers to buy products and services. This approach relies heavily on sale and promotion to achieve marketing success.

(iv) The Marketing Concept

The marketing concept proposes that a firm's success depends on how well it understands the needs and wants of its customers and how successfully it converts those needs into products and services to satisfy the customer. It is based on the idea that marketing starts before the product, service or solution is ready and continues even after the sale is made. The company aims to retain customers and attract new ones. The marketing concept focuses on customer-satisfaction and all decisions are made based on this premise. All the four elements of marketing mix are developed, formulated and blended keeping the customer at its core. For example, if customers want automatic washing machine, LG, Godrej, Hitachi offers them to satisfy their needs and wants. Selling and marketing are different. The details are given in Q&A section.

(v) The Holistic Marketing Concept:

The holistic marketing concept, developed by Philip Kotler, is based on development, design, implementation of marketing programmes, processes and activities that acknowledge a broad and integrated perspective. The four broad components of holistic marketing are: relationship marketing, Integrated marketing, Internal marketing and Performance marketing. The figure below explains this concept:



Relationship Marketing:

Relationship marketing aims at developing mutually satisfying long-term relationships with the major stakeholders who are customers, employees, marketing partners (such as distributors, suppliers, agencies) and the financial community members (such as shareholders and investors). Such relationships create a 'marketing network' for a company. An effective marketing network with key constituents leads to profits. For example, the Swedish furniture maker Ikea has a worldwide network of customers. The company takes feedback of its customers and make changes in policies and strategies accordingly.

Integrated Marketing:

Integrated marketing mixes all activities in an organisation to achieve marketing success. It means the finance department provides right amount of funding, R&D designs right product, procuring the right materials, making the right product by the operations department and measuring profitability in proper way by the accounting people. Integrated marketing involves developing an integrated channel strategy. Each channel option is assessed in terms of its impact on sales and brand equity. For example, Uber, the ride sharing app, redefines urban mobility by launching an integrated marketing campaign with the idea of Apnapan (means affinity) as its core theme. It builds brand that is relevant to the customers.

Internal Marketing: Internal marketing puts employees first, in providing excellent service to customers. It treats the employees as 'internal customers'. It hires, trains, motivates and able a employees who want to serve customers well. In contrast, external marketing focuses the company's strategy on the customer in marketplace. Internal marketing is an element of holistic marketing.

Performance Marketing:

Performance marketing looks at the broader role played by marketing activities or strategy in generating financial and non-financial returns to business and society at large. Apart from sales revenue, market share, customer satisfaction, quality leadership parameters of performance, marketing performance of a firm is measured in legal, ethical, social, and environmental terms.

CONCEPT OF MARKETING MIX

Marketing mix combines four basic elements: Product, Pricing, Placing and Promotion. These four elements are used to develop an effective offer for the consumers.

Product refers to what the buyer buys and the seller sells. It can be a Good or a Service. Decisions related to products are very important for any organisation, as once a product is developed, its ability to satisfy the consumer has to be judged and modifications have to be made, if needed. Product decisions involve making co-ordinated decisions on product lines, product mixes, branding and packaging. There are different types of products – non-durable, durable and services. Brands are differentiated on the basis of product form, performance, features, style, design, and service dimensions such as ease of ordering, delivery and after-sale services. The concept of product life cycle enables marketers in planning, controlling, forecasting and responding to the challenges posed by different stages in the product's life cycle.

Pricing is the value of the product or what the seller charges the buyer. This is an important decision as price provides revenue to an organisation. Pricing decisions are taken considering many factors: the company, the customers, the competition, and the marketing environment. Pricing policy has to be