

## PART-A : PRINCIPLES AND FUNCTIONS OF MANAGEMENT

### Chapter - 1 : Nature and Significance of Management

#### Management : Concept, Objectives and Importance

#### Revision Notes

- **Management:** Management is a process of planning, organising, staffing, directing and controlling the resources of an enterprise efficiently and effectively for achieving the organisational goals.
- **Effectiveness vs. Efficiency:** Effectiveness means doing the right things on time, whereas efficiency means doing the right things at minimum cost.
- **Characteristics of Management: Concept, Objectives and Importance**
  - (i) **Goal-Oriented Process:** Management integrates the efforts of different individuals to achieve organisational goals.
  - (ii) **Dynamic:** Management has to adapt itself and its goals according to the changing needs of the business environment.
  - (iii) **Intangible:** Management cannot be seen but its presence can be felt in the way an organisation functions.
  - (iv) **Group Activity:** Diverse members of management work towards fulfilling the common organisational goals.
  - (v) **All Pervasive:** Managerial activities are performed in all types of organisations, across all departments and at all levels of management.
  - (vi) **Multi-dimensional:** It has three dimensions *viz.* management of work, people and operations.
  - (vii) **Continuous Process:** It is a continuous process which includes performing various functions (*viz.* POSDCO *i.e.*, planning, organising, staffing, directing, controlling) simultaneously.
- **Objectives of Management**
  - (i) **Social Objectives:** Create economic values consistently for various constituents of a society.
  - (ii) **Organisational Objectives:** Utilizing human and material resources to the maximum possible advantage, which is to fulfill economic objectives of a business *i.e.*, survival, profit and growth.
  - (iii) **Personal Objectives:** Reconcile personal goals with organisational objectives so as to maintain harmony in the organisation.
- **Importance of Management**
  - (i) **Helps in achieving group goals:** Gives a common direction to diverse individual efforts.
  - (ii) **Increases efficiency:** Reduces cost and increases productivity.
  - (iii) **Creates a dynamic organisation:** Helps people to adjust with the changing environment.
  - (iv) **Helps in achieving personal objectives:** Helps individuals to achieve personal goals along with overall organisational goals.
  - (v) **Helps in the development of the society:** Provides good quality products, generates employment, etc.

#### Nature of Management

#### Revision Notes

- **Management as an Art**

**Features of Art:**

  - (i) Personalised application
  - (ii) Based on practice and creativity
  - (iii) Existence of theoretical knowledge

Management is an art as it satisfies all the features for being an art.
- **Management as a Science**

**Features of Science:**

  - (i) Systematised body of knowledge
  - (ii) Principles based on experiments

(iii) Universal validity

Management is an inexact science as its principles have to be modified according to a given situation.

It is a social science as it deals with human beings.

➤ **Management as a Profession**

**Features of Profession:**

- (i) Well-defined body of knowledge
- (ii) Professional association
- (iii) Restricted entry
- (iv) Ethical code of conduct
- (v) Service motive

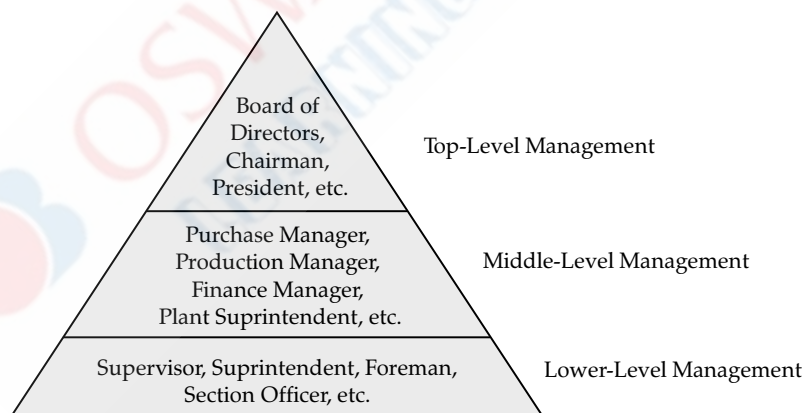
Management is on the path of becoming a profession but not a full-fledged profession.

Management is a well-defined body of knowledge but all other features are desirable, but not compulsory for a manager.

## Levels and Functions of Management

### Revision Notes

- **Levels of management** means different categories of managers, the lowest to the highest on the basis of their responsibilities, authority and status.
- **Levels of Management**
  - (i) **Top-Level Management:** Consists of Board of Directors, Chairman, Managing Directors, Chief Executives, etc.
  - (ii) **Middle-Level Management:** Consists of Departmental Heads, *e.g.*, Finance Manager, Production Manager, etc.
  - (iii) **Lower/Supervisory/Operational-Level Management:** Consists of Foremen, Supervisors, Superintendents, etc.



➤ **Functions of Management**

- (i) **Planning:** Planning is the function of deciding in advance what to do, when to do, how to do and who should do it.
- (ii) **Organising:** Organising is the management function of assigning duties, grouping tasks, establishing authority and allocating resources required to carry out a specific plan.
- (iii) **Staffing:** This function is concerned with finding the right person for the right job.
- (iv) **Directing:** Directing is the process of supervising, motivating, leading and communicating with the subordinates to achieve the organisational objectives.
- (v) **Controlling:** The task of controlling involves establishing standards of performance, measuring current performance, comparing it with established standards and taking corrective actions. If there is any significant deviation between actual and planned performance then, it is found.

## Coordination

### Revision Notes

- **Meaning:** Coordination is a process by which a manager synchronises the activities of different departments to achieve the common organisational goals. It is the force that binds all the other functions of management.
- **Nature/Features of Coordination :**
  - (i) All pervasive
  - (ii) Integrates group efforts
  - (iii) Continuous process
  - (iv) Ensures unity of action
  - (v) Responsibility of all managers
  - (vi) Deliberate function
- **Importance of Coordination**
  - (i) **Functional differentiation:** Ensures unity of action among different departments which have independent functioning by linking their activities.
  - (ii) **Growth in size:** Integrates individual goals with organisational goals to achieve organisational efficiency as organisations grow in size.
  - (iii) **Specialisation:** Integrates efforts of various specialists in the organisation which avoids conflict.
- **Coordination is the essence of Management**
  - (i) **Needed in all management functions:**
    - (a) **Planning:** Coordination between organisational plan and departmental plan.
    - (b) **Organising:** Required between authority, responsibility and accountability.
    - (c) **Staffing:** To achieve balance between job requirement and qualities of personnel.
    - (d) **Directing:** Required between supervision, motivation and leadership.
    - (e) **Controlling:** Ensure actual result conform to expected results.
  - (ii) **Needed at all levels of management:**
    - (a) **Top level:** Coordination to integrate activities of the organisation for accomplishing the organisational goals.
    - (b) **Middle level:** Coordination of the efforts of different sections and sub-sections.
    - (c) **Lower level:** Coordination of the activities of workers to ensure the progress of work.

### Know the Terms

- **Process:** A series of actions taken to achieve a result.
- **Dynamic:** Continuously changing or developing.
- **Cost-benefit Analysis:** Comparing estimated costs involved with the expected profits to determine efficiency.
- **Code of conduct:** A set of norms, rules, and responsibilities for proper practice.
- **Inexact science:** Not precisely true or accurate knowledge.
- **Social science:** Dealing with human society and social relationships.
- **Board of Directors:** The governing body elected by a group of individuals that represent shareholders.
- **Foreman:** A trained worker who is person-in-charge of a group of workers.
- **Hierarchy:** A system ranking the members according to relative status or authority.
- **Cooperation:** Process of working together to the same end.
- **Specialization:** Particular area in which a person concentrates and gains expertise.
- **Functional differentiation:** Division of work and sub-division of the organization on the basis of work or functions, *i.e.*, departmentalization.

## Chapter - 2 : Principles of Management

### Principles of Management - Concept and Significance

#### Revision Notes

- **Nature or Features of Management Principles**
  - (i) **Universal applicability:** Applicable in all types of organisations, irrespective of size, nature and objectives.
  - (ii) **Formed by practice and experience:** Formed by experimentation, experience and collective wisdom of the managers.
  - (iii) **General guidelines:** Guidelines to actions are available but they do not provide ready-made solutions to all managerial problems.
  - (iv) **Flexible:** Can be modified by a manager according to the situation, they are not rigid prescriptions.
  - (v) **Mainly behavioural:** These mainly influence the behaviour of human beings.
  - (vi) **Cause and effect relationship:** Establish relationship between cause and effect *i.e.*, if a particular principle is applied in a particular situation, what would be its likely effect.
  - (vii) **Contingent:** The use of management principles is contingent or dependent upon the prevailing situation at a particular point of time.
- **Significance of Principles of Management**
  - (i) **Provide useful insights into reality to the managers:** Use of these principles increases managerial efficiency by adding to their knowledge and ability to understand various real world situations more accurately.
  - (ii) **Optimum utilisation of resources and effective administration:** Principles of management help the managers to foresee the cause and effect relationships of their decisions and reduce wastage associated with trial and error approach. They help in effective administration by making managerial decisions free from personal prejudices.
  - (iii) **Scientific decisions:** Principles of management help in taking decisions scientifically based on logic and objective assessment of situations rather than blind faith and personal prejudices.
  - (iv) **Meeting requirements of changing environment:** Principles of Management are modified to help the managers to meet the requirements of changing environment.
  - (v) **Fulfilling social responsibility:** The management principles have been developed in such a way that they help in fulfilling social responsibilities of an organisation.
  - (vi) **Management training, education and research:** Principles of Management are the basis of management theories, which are used in training, motivation, research and development.

### Fayol's Principles of Management

#### Revision Notes

- **About Henry Fayol:** Henry Fayol (1841-1925) got his degree in Mining Engineering and joined French Mining company in 1860 as an Engineer. He rose to the position of Managing Director in 1888. When the company was on the verge of bankruptcy, he accepted the challenge and by using rich and broad administrative experience, he turned the fortunes of the company. He propounded the 14 principles of management which have been discussed in his foundational book 'General and Industrial Management'. For his contributions, he is well-known as the "Father of General Management".
- **Fayol's Principles of Management**
  - (i) **Division of Work:** Work is to be divided into small tasks and it should be completed by a specialised worker only.
  - (ii) **Authority and Responsibility:** There should be a balance between authority and responsibility.
  - (iii) **Discipline:** Obedience of organisational rules and employment agreements.
  - (iv) **Unity of Command:** Each employee should receive orders in a hierarchy and should be responsible to only one superior.
  - (v) **Unity of Direction:** Each group of activities having the same objective must have one head and one plan.
  - (vi) **Subordination of Individual Interest to General Interest:** Organisational interest should supercede individual interest.
  - (vii) **Remuneration of Employees:** Pay and compensation should be fair to both the employees and the organisation.

- (viii) **Centralisation and Decentralisation:** Balance the involvement of subordinates through decentralisation and retention of final authority with managers through centralisation.
- (xi) **Scalar Chain:** A chain of authority and communication should be there, from top to bottom levels of management.
- (x) **Order:** People and resources should be in suitable places at the appropriate time for maximum efficiency.
- (xi) **Equity:** Kind and just behaviour with all employees without discrimination.
- (xii) **Stability of Personnel:** Minimise employee turnover to maintain organisational efficiency.
- (xiii) **Initiative:** Encourage employees to take initiative in thinking and executing plans.
- (xiv) **Esprit de Corps:** Promote a team spirit of unity and harmony among employees.

## Taylor's Scientific Management : Principles and Techniques

### Revision Notes

- **About Fredrick Winslow Taylor (1856- 1915):** F.W. Taylor was a mechanical engineer who began working as an apprentice mechanist. Later, he joined Bethlehem Steel Company which became a show place for inventive work. His main focus was improving industrial efficiency and cooperation between management and workers. His most important work was the article 'The Principles of Scientific Management'.
- **Principles of Scientific Management**
  - (i) **Science, not rule of thumb:** Decisions on the basis of scientific study and analysis rather than traditional methods of trial and error.
  - (ii) **Harmony, not discord:** Eliminate class-conflict and develop harmony between the management and workers.
  - (iii) **Co-operation, not individualism:** Competition should be replaced by co-operation. Management and workers should realise that they need each other.
  - (iv) **Development of each and every person to his or her greatest efficiency and prosperity:** Personnel competencies should be developed by scientific selection, and training should be given for worker development and maximum organisational progress.
- **Techniques of Scientific Management**
  - (i) **Functional Foremanship:** Separation of planning and execution function.
  - (ii) **Standardisation and Simplification:** Establish standards for every business activity and eliminating unnecessary diversity of products.
  - (iii) **Method Study:** Identify one best way to do a job.
  - (iv) **Motion Study:** Eliminate wasteful and unnecessary movements.
  - (v) **Time Study:** Determine standard time required to perform a well-defined job.
  - (vi) **Fatigue study:** Determine the amount and frequency of rest intervals in completing a task.
  - (vii) **Differential piece wage system:** Determine different wage rates for efficient and inefficient workers.

### Know the Terms

- **Management Principle:** Broad and general guideline for managerial decision-making and behaviour.
- **Social Responsibility:** Obligation to work for the benefit of the society at large.
- **Trial and Error Approach:** Problem solving method in which multiple attempts are made to reach a solution.
- **Authority:** Right to give orders and obtain obedience.
- **Responsibility:** Being answerable or accountable for something within one's control.
- **Centralisation:** Concentration of decision-making power under a single authority.
- **Decentralisation:** Dispersal of decision-making power among more than one person.
- **Gang Plank:** A shorter route under scalar chain which is followed during emergency situations and does not follow the prescribed chain of command.
- **Mental Revolution:** Change in the attitude of workers and management towards one another from competition to cooperation.
- **Lean Manufacturing:** Reducing seven wastes of over-production, waiting time, transportation, processing, motion, inventory and scrap in any type of manufacturing process.
- **Six Sigma:** Tools and techniques for process improvement aimed at reducing the defects to 3-4 defects per million opportunities.



## Chapter - 3 : Business Environment

### Business Environment—Concept and Importance

#### Revision Notes

- **Business Environment:** Business environment is the sum total of all external forces which affect the organisation and operation of business.
- **Features of Business Environment**
  - (i) **Totality of external forces:** It is the aggregate of all things external to the business firms.
  - (ii) **Specific and general forces:** Specific forces affect individual firms directly (customers, competitors, etc.), general forces affect indirectly (social, political, etc.).
  - (iii) **Inter-relatedness:** Different elements of business environment are closely inter-related.
  - (iv) **Dynamic nature:** It keeps on changing due to changes in its various components.
  - (v) **Uncertainty:** It is very difficult to predict future happenings in business environment with accuracy.
  - (vi) **Complexity:** It is relatively easier to understand in parts but difficult to grasp in totality.
  - (vii) **Relativity:** It differs from country to country and region to region.
- **Importance of Business Environment**
  - (i) Enables the firm to identify opportunities and getting the first mover advantage.
  - (ii) Helps the firm to identify threats and early warning signals.
  - (iii) Helps in tapping useful resources.
  - (iv) Helps in coping with rapid changes.
  - (v) Helps in planning and policy formulation.
  - (vi) Helps in improving performance.

### Dimensions of Business Environment

#### Revision Notes

- (i) **Social Environment:** It includes forces such as customs, traditions, social expectations, literacy rate, etc.
- (ii) **Economic Environment:** It includes factors such as inflation rates, interest rates, stock market indices, etc.
- (iii) **Technological Environment:** It includes forces related to scientific improvements and innovations in the methods of production and techniques of operating a business.
- (iv) **Political Environment:** It includes political conditions such as general stability of the ruling party, government ideologies, values and practices of the ruling party, etc.
- (v) **Legal Environment:** It includes various legislations passed by the Government, administrative orders, court judgments, etc.

#### Know the Terms

- **Environment:** Everything that surrounds us.
- **Opportunity:** Positive external trends that helps a firm to improve its performance.
- **Threat:** External environmental trends that hinder a firm's performance.
- **Traditions:** Social practices that have lasted for decades or even centuries.
- **Values:** Concepts that a society holds in higher esteem.
- **Inflation:** Decline in the purchasing power of a currency over a period of time.

## Chapter - 4 : Planning

### Planning : Concept, Importance and Limitations

#### Revision Notes

- **Planning:** It means setting objectives and formulating an action plan to achieve them. It includes deciding in advance what to do, how to do, when to do and who is going to do it.
- **Features of Planning**
  - (i) **It focuses on achieving objectives:** It defines objectives and prepares action plan to achieve them.
  - (ii) **It is the primary function of management:** It lays down the basis for all other functions of management.
  - (iii) **It is pervasive:** It is required in all organisations, at all levels and in all departments.
  - (iv) **It is continuous:** Once a plan is framed and implemented, it is followed by another plan and so on.
  - (v) **It is futuristic:** It involves looking ahead and preparation for the future.
  - (vi) **It involves decision making:** It involves choice amongst various alternative courses of action.
  - (vii) **It is a mental exercise:** It is an intellectual activity of thinking than implementation.
- **Importance of Planning**
  - (i) **Provides directions:** By stating in advance how the work is to be done.
  - (ii) **Reduces the risks of uncertainty:** By looking ahead, anticipating changes and developing managerial responses to them.
  - (iii) **Reduces overlapping and wasteful activities:** By coordinating the activities and efforts of different divisions, departments and individuals.
  - (iv) **Promotes innovative ideas:** By intelligent application of mind and imagination and foresightedness to make a concrete plan.
  - (v) **Facilitates decision making:** By making a choice amongst the alternative courses of action.
  - (vi) **Establishes standards for controlling:** Against which actual performance is measured.
- **Limitations of Planning**
  - (i) **Leads to rigidity:** Once a plan is drawn, managers may not be in a position to change it.
  - (ii) **May not work in a dynamic environment:** It is difficult to assess future trends accurately, which is essential for effective planning.
  - (iii) **Reduces creativity:** Middle level and lower level managers have to just implement the plans framed by top management without any deviations.
  - (iv) **Involves huge costs:** Cost is incurred on discussion with professional experts, preliminary investigation, etc.
  - (v) **Time-consuming:** A lot of time is consumed in collection and analysis of data, choice of alternatives, etc.
  - (vi) **Planning does not guarantee success:** Previous successful plans may not work again in the future. It is not a solution to all the problems.

### Planning Process

#### Revision Notes

- (i) **Setting objectives:** Objectives are set for the entire organisation and its each department.
- (ii) **Developing premises:** Assumptions about future events are established.
- (iii) **Identifying alternative courses of action:** All the alternative courses of action are identified.
- (iv) **Evaluating alternative courses:** The positive and negative aspect of each alternative is evaluated.
- (v) **Selecting an alternative:** The alternative which is most feasible, profitable and with least negative consequences is selected as plan.
- (vi) **Implementing the plan:** The selected plan is put into action.
- (vii) **Follow-up action:** In case of any deviations, changes are made in the plans.

#### Know the Terms

- **Action plan:** A detailed plan outlining the actions to reach a goal.
- **Goal:** An aim or desired result or purpose.

- **Futuristic:** Something which pertains to the future.
- **Process:** A series of steps or actions undertaken to achieve a particular end.
- **Premise:** Something which is supposed or assumed.
- **Forecasting:** To judge what is likely to happen on the basis of some current information.
- **Project:** Series of tasks that must be completed in order to achieve a particular objective.
- **Cash Budget:** Statement showing the estimated cash inflows and cash outflows over a given period.
- **Strategic decision:** Decisions that are concerned with the complete environment in which a firm operates.



## Chapter - 5 : Organising

### Concept and Importance of Organising

#### Revision Notes

- A sound form of organisation is the answer to every business problem, that a poor organisation could run a good product into the ground and that a good organisation with a poor product could run a good product out of the market.
- **Steps in the Process of Organising**
  - (i) **Identification and division of work:** The total work is identified and divided into various activities.
  - (ii) **Departmentalisation:** Work of same nature is grouped together and assigned to a particular department.
  - (iii) **Assignment of duties:** The responsibility of each individual or post is decided.
  - (iv) **Establishing reporting relationships:** Each individual should know from whom he has to take orders and to whom he is accountable. It helps in coordination among various departments.
- **Importance of Organising:** It helps in the growth and survival of an enterprise in a dynamic environment by providing the following benefits:
  - (i) Benefits of specialisation
  - (ii) Clarity in working relationships
  - (iii) Optimum utilisation of resources
  - (iv) Adaptation to changes
  - (v) Expansion and Growth
  - (vi) Development of personnel
  - (vii) Effective administration

### Organisation Structure

#### Revision Notes

- I. **Functional Structure:** It is formed by grouping of activities of similar nature under one department.
  - Suitability**
    - (i) Large organisations producing one line of product
    - (ii) Organisations which require high degree of functional specialisation with diversified activities
  - Advantages**
    - (i) Leads to occupational specialisation
    - (ii) Promotes coordination within a department
    - (iii) Increases managerial and operational efficiency
    - (iv) Leads to economies of scale which reduces cost



- (v) Makes training of employees easier
- (vi) Ensures that different functions get due attention

**Disadvantages**

- (i) More emphasis on departmental objectives rather than organisational objective
- (ii) Difficulty in inter-departmental coordination
- (iii) Leads to inter-departmental conflicts
- (iv) Leads to inflexibility in functioning of an organisation

**II. Divisional structure:** It is formed by grouping activities related to one product under one department/division

**Suitability:**

- (i) Multi-product (Tata, Reliance)
- (ii) When an organisation grows and needs to add more employees, more departments or introduce new levels of management.

**Advantages**

- (i) Leads to product specialisation
- (ii) Helps in fixation of responsibility for divisional performance
- (iii) Promotes flexibility, new initiatives and faster decision making
- (iv) Facilitates expansion and growth of organisation

**Disadvantages**

- (i) Divisional conflicts over funds allocation
- (ii) Increase in cost due to duplication of work
- (iii) Ignorance of organisational interest

## Delegation and Decentralisation

### Revision Notes

#### ➤ Elements of Delegation

- (i) **Authority:** It is the right of an individual to command his subordinates and to take decisions and actions within the scope of his position.
- (ii) **Responsibility:** It is the obligation of a subordinate to properly perform the assigned duty.
- (iii) **Accountability:** It means being answerable for the final outcome.

#### ➤ Importance of Delegation

- (i) **Effective management:** Managers get rid of routine work
- (ii) **Employee development:** Career prospects of subordinates improve
- (iii) **Motivation of employees:** Superior's trust improves employee's self-esteem and confidence
- (iv) **Facilitation of growth:** Provides ready workforce for leading positions in new ventures
- (v) **Basis of management hierarchy:** Establishes superior-subordinate relationship
- (vi) **Better co-ordination:** Clarifies powers, duties and answerability

#### ➤ Importance of Decentralisation

- |  |  |
|--|--|
| (i) Develops initiative among subordinates | (ii) Develops managerial talent for the future |
| (iii) Quick decision making                | (iv) Relief to the top management              |
| (v) Facilitates growth                     | (vi) Better control                            |

### Know the Terms

- **Organising:** Organising is a process that initiates implementation of plans by clarifying jobs and organisational relationships and effectively deploying resources for attainment of specific goals.
- **Division of Work:** The work is divided into manageable activities so that duplication of work can be avoided and specialization is achieved.
- **Departmentalisation:** Grouping together the activities which are similar in nature.
- **Organisation Structure:** It is the network of job positions, responsibilities and authority at different levels of organisation.
- **Organisation chart:** Chart showing the organisation structure.

- **Span of Management:** Number of subordinates that can be effectively managed by a superior.
- **Organisation:** Forming or establishing a group of people who work together.
- **Interpersonal relationship:** Association between two or more people.
- **Chain of Command:** An organisational structure showing who reports to whom.
- **Delegation:** It is the process of giving responsibility, and authority to the subordinates and fixing accountability on them for work performance.
- **Decentralisation:** It refers to the systematic distribution of managerial authority at every level of the management.
- **Centralisation:** It refers to the concentration of all decision making powers at the apex of the management hierarchy.



## PART-B : BUSINESS FINANCE AND MARKETING

### Chapter - 11 : Marketing

#### Marketing - Concept and Functions

#### Revision Notes

- **Marketing:** It refers to identifying a group of potential customers and finding out ways to convince them to buy the company's product.
- **Marketing Management:** It refers to planning, organising, directing and controlling the activities which facilitate exchange of goods and services to achieve the organisational objectives.
- **Features of Marketing**
  - (i) Identifying needs and wants of customers
  - (ii) Creating market offering
  - (iii) Developing customer value
  - (iv) Providing exchange mechanism
- **Functions of Marketing**
  - (i) Gathering and analysing market information
  - (ii) Market planning
  - (iii) Product designing and development
  - (iv) Standardisation and grading
  - (v) Packaging and labelling
  - (vi) Branding
  - (vii) Customer support service
  - (viii) Pricing of products
  - (ix) Promotion
  - (x) Physical distribution
  - (xi) Transportation
  - (xii) Warehousing

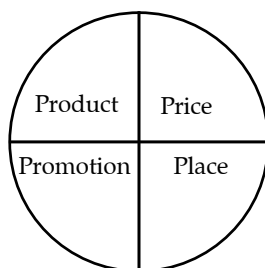
#### Marketing Management Philosophies

#### Revision Notes

- **Marketing Management Philosophies:**
  - (i) **Product:** It refers to the development of variety, quality and new features of the product.
  - (ii) **Prize:** It refers to the use of aggressive selling and promotional techniques like prizes or gifts to consumers to lure them to buy the product or listen to a sales presentation.
  - (iii) **Standard:** It refers to the strategy used by a company in an attempt to use a standard marketing mix to sell its product internationally.

## Marketing Mix

### Revision Notes



**4Ps of Marketing Mix**

- **Product:** It means anything which can be offered to a market to satisfy the want or need of the customers.
- **Important decisions related to a Product**
  - I. **Branding:** It is a process of giving a name or a sign or a symbol to a product.
    - **Brand:** It is a name, term, sign, symbol, design or any combination used to differentiate product from its competitors. Its components are:
      - (i) **Brand name:** Verbal component of a brand.
      - (ii) **Brand mark:** Recognised in the form of symbol, colour, etc. but non-utterable.
      - (iii) **Trade mark:** Legally registered brand or part of the brand.

A good brand name should be easy to pronounce, suggestive, distinctive, flexible, versatile, legally registered and permanent.
  - II. **Packaging:** It is the art of designing and producing the container or the wrapper of a product.
    - **Levels of Packaging**
      - (i) **Primary package:** It refers to product's immediate container.
      - (ii) **Secondary package:** It refers to an additional layer of protection, kept till product is ready to use.
      - (iii) **Transportation package:** It refers to further packaging components necessary for storage and transportation of the product.
    - **Functions of Packaging**
      - (i) Product identification
      - (ii) Product protection
      - (iii) Convenient use of a product
      - (iv) Product promotion
  - III. **Labelling:** It is a process of putting/designing labels on the product.
    - **Label:** It may be a small slip or printed statement that conveys information like nature, content, ownership, price, etc. about the product to the consumers.

**Functions of Labelling**

    - (i) Describe the product and its components.
    - (ii) Identify the product or the brand.
    - (iii) Helps in grading of the products.
    - (iv) Helps in promotion of the products.
    - (v) Provides information required by the law.
- **Price:** It is the amount paid by a buyer or received by a seller in consideration of the purchase/sale of a product.
  - **Factors affecting Price determination**
    - (i) Product cost
    - (ii) Utility and demand
    - (iii) Competition

- (iv) Government regulation
- (v) Pricing objectives
- (vi) Marketing methods used

➤ **Promotion mix:** It refers to a combination of tools used to communicate with potential customers to inform them about a product and persuading them to buy it.

➤ **Elements of a Promotion Mix**

**I. Advertising:** It is an impersonal form of communication which is paid by the marketers to promote goods or services.

- **Merits of Advertising**

- (i) Mass reach
- (ii) Enhance customer satisfaction and confidence
- (iii) Expressiveness

- **Objections to Advertising**

- (i) Adds to cost
- (ii) Undermines social values
- (iii) Confuses the buyers
- (iv) Encourages sales of inferior products

**II. Personal Selling:** It involves face-to-face contact between seller and the prospective customer for effecting a sale.

- **Merits of Personal Selling**

- (i) Flexibility
- (ii) Direct feedback
- (iii) Minimum wastage

- **Qualities of a Good Salesman**

- |                           |                                |
|---------------------------|--------------------------------|
| (i) Physical qualities    | (ii) Psychological qualities   |
| (iii) Technical qualities | (iv) Good communication skills |
| (v) Honesty               | (vi) Courtesy                  |
| (vii) Persistence         |                                |

**III. Sales Promotion:** It refers to short-term incentives, offered to encourage immediate sale of the product.

- **Merits of Sales Promotion**

- (i) Attention value
- (ii) Useful in a new product launch
- (iii) Synergy in total promotional efforts

- **Limitations of Sales Promotion**

- (i) Reflects crisis
- (ii) Spoils product image

- **Sales Promotion Techniques**

- |                   |                                       |
|-------------------|---------------------------------------|
| (i) Rebate        | (ii) Discount                         |
| (iii) Refunds     | (iv) Product combination              |
| (v) Quantity gift | (vi) Instant draws and assigned gifts |
| (vii) Lucky draw  | (viii) Usable benefits                |
| (ix) Full finance | (x) Sampling                          |
| (xi) Contests     |                                       |

**IV. Public Relations:** It involves activities required to promote and protect the image of a company or its product.

- **Role of Public Relations**

- (i) Smooth functioning of a business
- (ii) Building the corporate image
- (iii) Facilitating launch of a new product
- (iv) Supplementing to promote the existing products
- (v) Counselling

- (vi) Press relations
- (vii) Product publicity
- (viii) Lobbying
- (ix) Satisfying interest of different public groups
- (x) Stimulating sales force
- (xi) Building credibility
- (xii) Lowering promotion costs
- **Tools of Public Relations**
  - (i) Press releases
  - (ii) Press kits
  - (iii) Brochures
  - (iv) Newsletters
  - (v) Annual reports
  - (vi) Conferences and seminars

## Know The Terms

- **Customer value:** It refers to the satisfaction a customer experiences or expects by taking a given action relative to its cost.
- **Market:** It refers to a set of actual and potential buyers.
- **Market offering:** Complete variety of the products in the market.
- **Marketing Management Philosophy:** Thinking that should guide the marketing efforts of an organisation.
- **Product:** An article or substance offered for sale.
- **Service:** A transaction which does not involve physical transfer of goods.
- **Marketing Mix:** It is a set of marketing tools that a firm uses to pursue its marketing objectives in a target market.
- **Generic Name:** The name of the whole class of the product.
- **Synergy:** Overall effectiveness

