

Unit-I Introduction

Meaning of market – classification – Meaning and definition of marketing - Features Of marketing – importance of marketing – difference between marketing and selling – Evolution of marketing concepts – functions of marketing.

MEANING OF MARKET

A market is a place where two parties can gather to facilitate the exchange of goods and services. The parties involved are usually buyers and sellers. The market may be physical like a retail outlet, where people meet face-to-face, or virtual like an online market, where there is no direct physical contact between buyers and sellers.

Generally, the place where there is purchase and sale of commodities and services take place is called a market. The concept regarding market in economics more extensive and wider than the prevailing idea.

Characteristics or Elements of a Market:

Market has its own particular characteristics as follows:

1. Numerous Sellers and Buyers:

It is mandatory to have buyers and sellers of goods and services in a market. The purposeful exchange of goods and services made through them. This process allows the sellers to gain maximum profit and the buyers to gain satisfaction from the product or services.

2. Goods and Services:

It is necessary that there are goods and services available according to the demand and necessity. To gain maximum profit, the producers and sellers provide the products and services in various types and forms and try to attract the buyers towards them. While for their satisfaction the buyers try to buy an ideal set of products and services.

3. Contact:

The buyers and sellers come in contact via various means. The contact made can be either direct or indirect. In modern time, the buyers and sellers come in contact via the indirect means.

4. One price for a product or service at a given time:

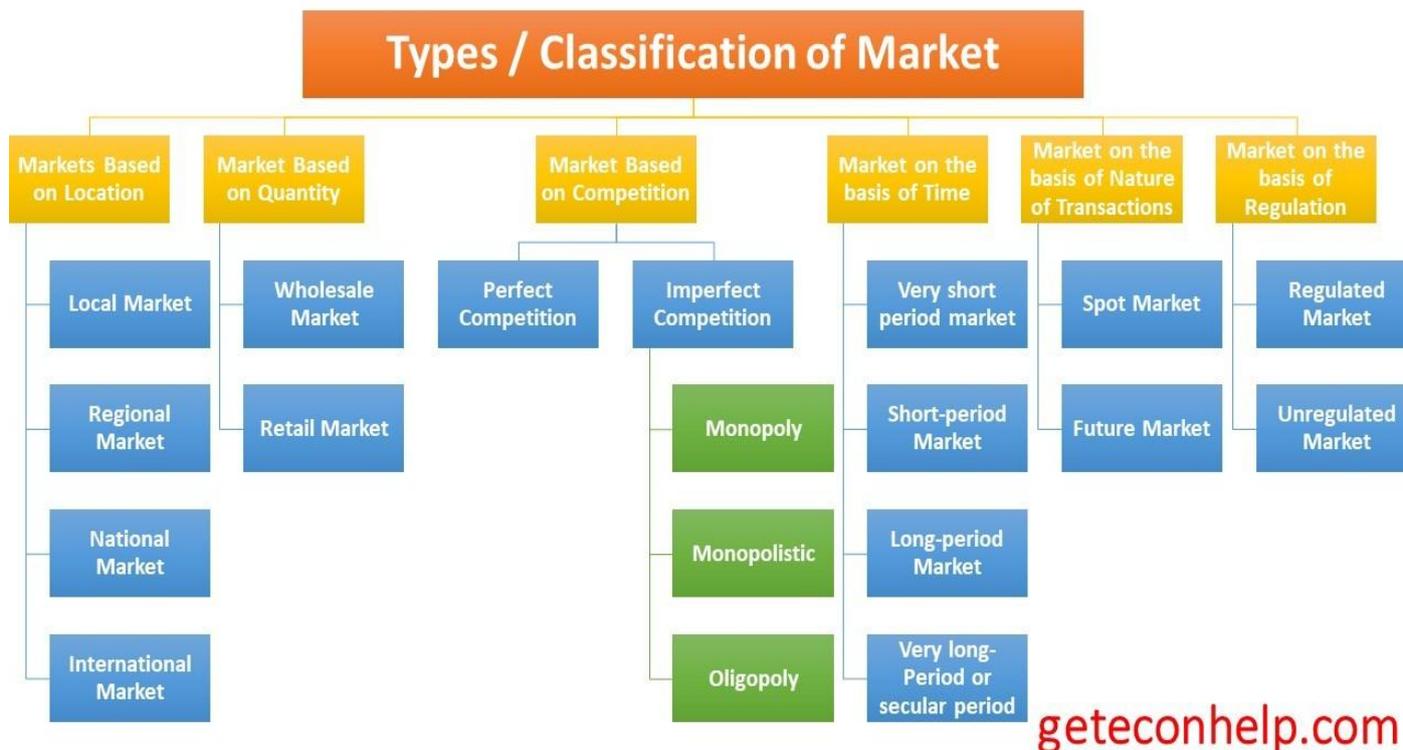
At a given time, the price of the product or service must be decided in the market. The price is decided according to the demand and the factors of supply. The price of products and services depends on the demand made by the buyers and the ability of the producers and sellers to supply them.

5. Information about the Market Situation:

It is important that the buyers and sellers have enough information about the current market situation. So that decisions related to production, distribution and purchase can be taken during the times of recession, inflation, natural and man-made calamities.

Classification / Types of Market:

Market can be classified on the basis of location, time, form of products or services, quantity of product, control, transactions and competition. Types of market are as following:



(A) Markets Based on Location:

1. Local Market:

The market where the products and services are produced and sold at the same place, it is called Local market. For example; market for clay utensils, market of handmade items as they are limited to the respective city or village.

2. Regional Market:

When the selling of the products and services is limited to a region or state, then is called Regional Market. It means that the market is limited to particular state which are spread in various regions of a state. For example; market of regional newspaper.

3. National Market:

When the products and services are purchased and sold throughout the country or nation, then the market is called National Market. Such type of market is spread throughout various states. For example; Dairy products, Sari market, Hindi novels.

4. International Market:

International market is extended to various country of the world. The sales and purchase in this market is generally referred to as 'Import-export'. For example; Market of mobiles phones, electronics items, english novels etc. Due to new innovations, better transportation and communication facilities, there is a change in the classification based on the location and geographical area. The same items and services can be of both regional and national market simultaneously.

(B) Market Based on Quantity:

The market based on quantity is classified into two main parts:

1. Wholesale Market:

The sales and purchase of goods and services take place on large scale, so it is called wholesale market. Wholesale traders are intermediate between producer and retail traders.

2. Retail Market:

The sales and purchase take place at a small scale, so it is called Retail market. Thus, the retail traders become an important link and provide the goods and services to the customers as they buy them from wholesalers.

(C) Market Based on Competition:

Normally there are two major market based on competition:

1. Perfect Competition:

Perfectly competitive market is where there are many firms that sell identical products, with no firm large enough that can influence the market price.

2. Imperfect Competition:

There are three types of imperfect competitive market:

- Monopoly
- Monopolistic
- Oligopoly

(D) Market on the basis of Time:

1. Very short period market:

It refers to that type of market in which the commodities are perishable (can be used/ consumed once) and supply of commodities cannot be changed at all as factors like labour, capital and organization are fixed. For example; commodities like vegetables, flowers, fish,

eggs, fruits, milk, etc. are perishable goods and the supply of which cannot be changed in the very short period.

2. Short-period Market:

Short period is a period which is slightly longer than the very short period and supply can be increased by increasing employment considering the given fixed capital equipment.

3. Long-period Market:

The supply of commodities may be increased by making changes to even fixed factors of production and the output adjustments can be made accordingly.

4. Very long-Period or secular period:

The time period is very long and the secular change is recorded over the period in the population, supply of raw material.

(E) Market on the basis of Nature of Transactions:

1. Spot Market:

Spot markets refer to those markets where goods are physically transferred on the spot.

2. Future Market:

Future Market is related to those transactions which involve contracts of the future date.

(F) Market on the basis of Regulation:

1. Regulated Market:

In this market, transactions are statutorily regulated so as to put an end to unfair practices. Such markets may be established for specific products or a group of products. For example; stock exchange.

2. Unregulated Market:

It is also called as free market as there are no restrictions on the transactions.

Meaning And Features Of Marketing

Concept And Meaning Of Marketing

Marketing is a process by which individual and organizations obtain their needs and want through creating and exchanging value. It is a process which consists of understanding consumers' needs and wants, building customer relationship and capturing value from customers to create profits and customer quality.

Features Of Marketing

The features of marketing are as follows:

1. Satisfying Customers' Needs

Marketing begins from human wants, needs and demands. Marketing satisfies customers' wants, needs etc. by producing goods and supplying them to the customers according to their needs, wants and demands. Therefore, customers satisfaction is the main feature of marketing.

2. Helps To Achieve Organizational Goal

Organizations are established and conducted with certain objectives. Marketing helps to achieve such objectives.

3. Consists Of Various Activities

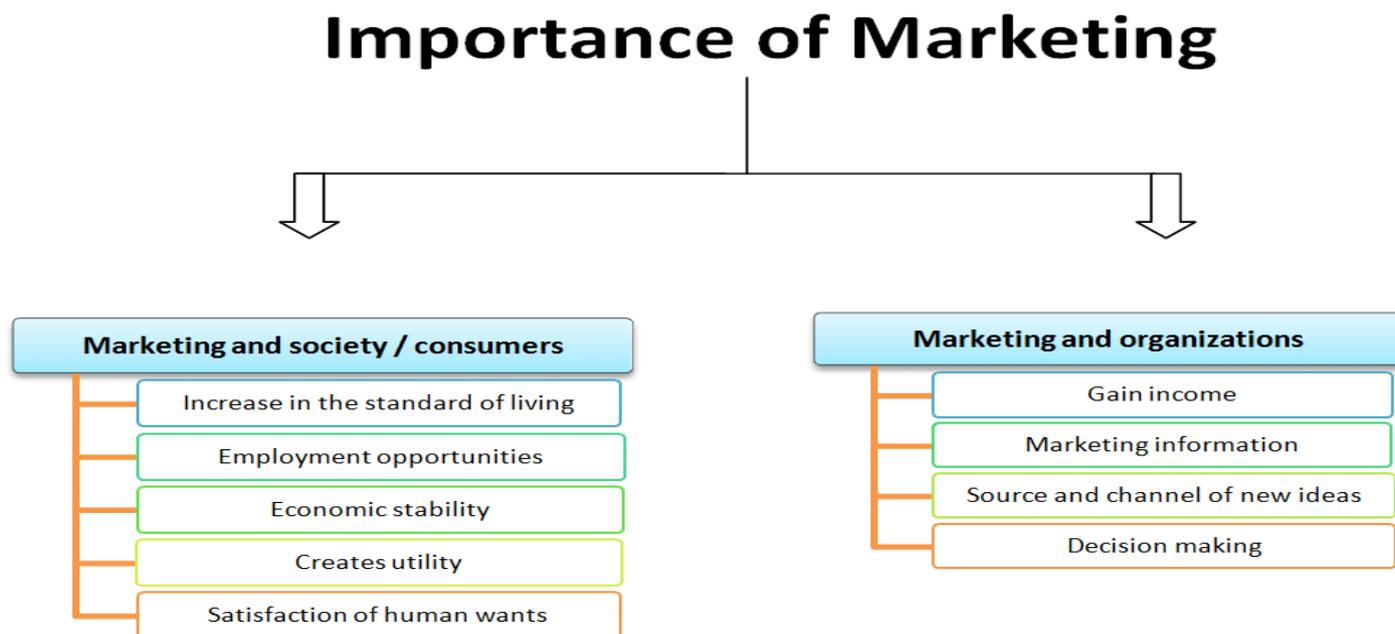
Marketing consists of various activities. They are related to product, place, price and promotion.

4. Facilitates Exchanges

Giving and taking between buyer and seller is called exchange. Marketing facilitates such exchanges. As a result exchange becomes effective.

Importance of Marketing - Role, Significance of Marketing Importance of Marketing

Features of Marketing are given in the diagram below.



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Role, Significance are given below.

Marketing and society / consumers

1. Increase in the standard of living
2. Employment opportunities
3. Economic stability
4. Creates utility
5. Satisfaction of human wants

Marketing and organizations

1. Gain income
2. Marketing information
3. Source and channel of new ideas
4. Decision making

Importance of Marketing are follows:

Marketing and society / consumers

1. Increase in the standard of living

Importance of marketing, modern society is divided into three classes (1) Rich Class (2) Middle Class and (3) Poor class. Standard of living of society is mainly depends on purchasing power of these classes. Better standard of living needs, fulfillment of various wants, which is possible with the help of marketing. Hence, it can be stated that standard of living is a gift of marketing. In simple words, marketing improves the standard of living of society.

2. Employment opportunities

Importance of marketing, marketing is a prominent instrument of employment. These process includes various activities such as buying, selling warehousing, transportation, grading, finance, risk undertaking, etc., which provides employment to the number of persons. Thus marketing generates sufficient scope for employment to thousands of people and improve their income levels.

3. Economic stability

Importance of marketing, marketing plays a vital role, in the economic stability of a country. Economic growth depends on economic stability. Economic stability depends on balance between production and consumption, i.e. demand and supply. To maintain balance in production and consumption marketing is necessary. Marketing maintains this balance and stabilizes the economy.

4. Creates utility

Importance of marketing, marketing is an economic activity. It creates ownership, place and time utility in goods and services. Marketing creates demand. Various activities of marketing create utility. E.g. Exchange of goods offered, ownership, time utility and place utility is created due to warehousing and transportation. Thus, marketing provides value to the goods and services. It also provides goods at the right time at right place and at reasonable price.

5. Satisfaction of human wants

Importance of marketing, marketing plays a significant role in the distribution of goods and services to the consumer satisfaction of their wants. It is the activity which transfers goods and service from the place of consumption to satisfy the needs of society. Thus, marketing has great importance in providing goods necessary to fulfill human needs.

Marketing and organizations

1. Gain income

Importance of marketing, organizational profits depends on its income, while the future of organization depends on its profit. Importance of marketing, organizational profits based on its income, while the future of organization depends on its profit. Organizations can earn the profit through various activities. Marketing provides 'Market' to goods and services. The function of marketing develops, wants and fulfils the same. Organizations can spend on production and marketing through the income earned.

2. Marketing information

Importance of marketing, modern economics is dynamic in nature. There are tremendous and rapid changes in likes, dislikes, price and demand. An entrepreneur has to take decisions according to changed environment. Entrepreneurs have to search new products, new customers, new market, new process of production and so on. Producer can collect all this information from various marketing sources and can introduce changes in their production, and can survive in the competition.

3. Source and channel of new ideas

Importance of marketing, Marketing is a significant and complex aspect of the modern dynamic economy. Dynamic changes constantly occur in the field of marketing, which is very essential for providing sources and channels of new ideas and guiding policies.

4. Decision making

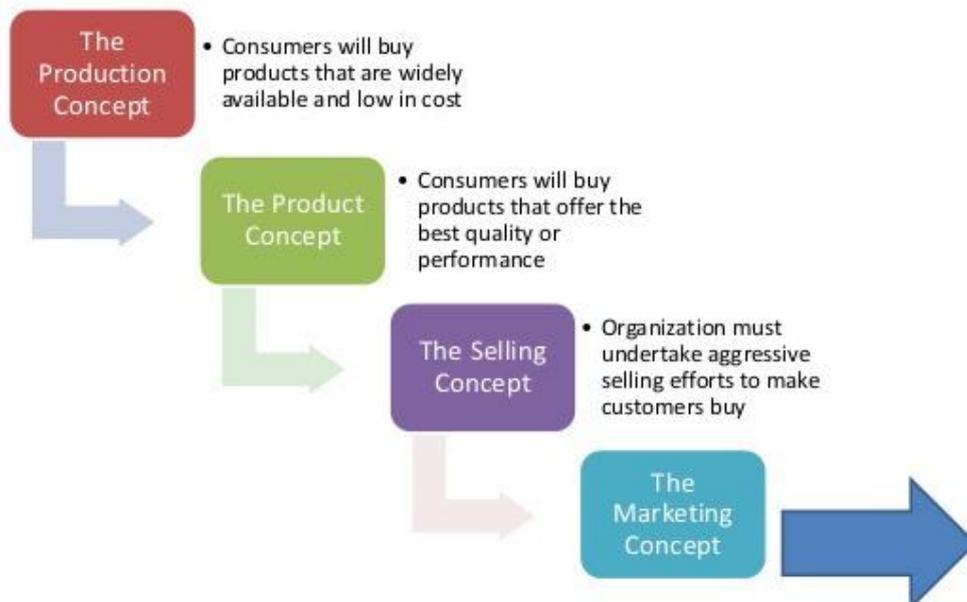
Importance of marketing, Producers produce goods and services. He has to take major decision like what to produce? Where to produce? How much to produce? All these decisions directly affect the profit. These decisions are major and hence are difficult to take. Marketing helps producers to take the proper decisions, at the right time. Hence, “Success” of business and proper decisions are interdependent, which is possible due to marketing.

Difference between “Marketing” and “Selling”

‘Selling’ is a part of marketing which covers many other activities like marketing research, product-planning and development, pricing, promotion, distribution and the like. Thus, marketing means selling but selling does not mean marketing.

Marketing	Selling
1. Focusses on Customers needs	1. Focusses on Sellers needs
2. Begins before Production	2. Begins after Production
3. Continues after Sale	3. Comes to an end with Sale
4. A Comprehensive Term in terms of Meaning	4. A Narrow Term in terms of Meaning
5. Philosophy of Business	5. Routine day to day Physical Process
6. Profits through Customer Satisfaction	6. Profits through Sales Volume
7. Let the Seller be aware	7. Let the Buyer be aware
8. Integrated Approach	8. Fragmented Approach
9. Long-term Perspective	9. Short-term Perspective
10. Customer first then Product	10. Product first then Customer

Evolution of the ‘Marketing Concept’



Ref: Marketing Management by Philip Kotler

Functions of Marketing

The ultimate aim of marketing is exchange of goods and services from producers to consumers in a way that maximizes the satisfaction of customer's needs. Marketing functions start from identifying the consumer needs and end with satisfying the consumer needs. The universal functions of marketing involve buying, selling, transporting, storing, standardizing and grading, financing, risk taking and securing marketing information. However, modern marketing has some other functions such as gathering the market info and analyzing that info. Market planning and strategy formation. To assist in product designing and development also comes under the marketing functions. The marketing functions have been discussed here briefly:



Contents [\[hide\]](#)

- Market Information
- Market Planning
- Exchange Functions
- Product Designing and development
- Physical Distribution
- Standardization and Grading
- Financing
- Risk Taking
- Packaging, labeling and branding
- Customer Support

Market Information

To identify the needs, wants and demands of the consumers and then analyzing the identified information to arrive at various decisions for the successful marketing of a firm's products and services is one of the most important functions of marketing. The analysis involves judging the internal weaknesses and strengths of the organization as well politico-legal, social

and demographic data of the target market. This information is further used in market segmentations.

Market Planning

Market-planning aims at achieving a firm's marketing objectives. These objectives may involve increasing market presence, dominate the market or increase market share. The market planning function covers aspects of production levels, promotions and other action programmes.

Exchange Functions

The buying and selling are the exchange functions of marketing. They ensure that a firm's offerings are available in sufficient quantities to meet customer demands. The exchange functions are supported by advertising, personal selling and sales promotions.

Product Designing and development

The product design helps in making the product attractive to the target market. In today's competitive market environment not only cost matters but also the product design, suitability, shape, style etc. matter a lot in taking production decisions.

Physical Distribution

The physical distribution functions of marketing involve transporting and storing. The transporting function involve moving products from their points of production to locations convenient for purchasers and storing function involve the warehousing products until needed for sale.

Standardization and Grading

Standardization involves producing goods at predetermined specifications. Standardization ensures that product offerings meet established quality and quantity. It helps in achieving uniformity and consistency in the output product. Grading is classification of goods in various groups based upon certain predetermined characteristics. It involves the control standards of size, weight etc. Grading helps in pricing decisions also. The higher quality goods and services attract higher prices.

Financing

The financing functions of marketing involve providing credit for channel members or consumers.

Risk Taking

Risk taking is one of the important marketing functions. Risk taking in marketing refers to uncertainty about consumer purchases resulting from creation and marketing of goods and services that consumers may purchase in future.

Packaging, labeling and branding

Packaging involves designing package for the products, labeling means putting information required / specified on a product's covering. Packaging and labeling serve as promotional tools now a days, Branding distinguishes the generic commodity name to a brand name. For example, Wheat Flour is a generic name of a commodity while "Ashirvad Aata" is a brand name. In service industry, also branding matters a lot.

Customer Support

Customer support is a very important function of marketing. It involves pre sales counseling, after sales service, handling the customer complaints and adjustments, credit services, maintenance services, technical services and consumer information. For example, water

purifier comes with an onsite service warranty of 7 years helps in marketing and is an important marketing function as well.

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