

SHERLEKAR'S MARKETING MANAGEMENT

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 - Retail Trade
 - Integrated Marketing Communication.
 - Rural Marketing.
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 - Ethics in Marketing.
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(Late) Professor S.A. Sherlekar was Professor and Head of the Department of Business Management in R.A. Podar College of Commerce and Economics, Matunga, Mumbai. He was a brilliant academician and held Masters Degrees in Arts and Commerce. He wrote the first book on Marketing Management in the year 1981 when there was hardly any other Indian books on Marketing Management. Since then, the title has gone through successful revised editions and reprints showing the popularity of the book. His other books include "Principles of Business Management", "Modern Business Organisation and Management", "Global Marketing Management" and "Management — Value Oriented Holistic Approach".

R. Krishnamoorthy has over thirty years of professional experience in Sales, Marketing and HR. He was National Sales Manager at Sandoz Agro and General Manager (HR) at Syngenta Crop Protection. At present, he is engaged in writing, and teaching in Management Institutes in Mumbai. He has written twenty-five articles on Marketing/HR and his earlier book on "Introduction to Rural Marketing" has been included as a reference book by Universities. A Graduate in Agriculture, he holds a Masters Degree in Marketing Management and a Post-graduate Diploma in HR. He has made a humble effort to revise the popular book on "Marketing Management" written by (Late) Professor S.A. Sherlekar for the benefit of the students and executives.

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S.A. SHERLEKAR
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Sherlekar's
**MARKETING
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Concepts and Cases

Late S.A. Sherlekar

*Retired Prof. and Head,
Department of Business Management,
R.A. Poddar College of Commerce and Economics,
Matunga, Mumbai - 400 019.*

Revised by

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*Visiting Professor,
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PREFACE TO THE FIRST EDITION

This book, '*Marketing Management*' has systems-based managerial approach. It aims to integrate the vital interests of consumers, marketing managers and society — the three major participants in the ongoing marketing process.

The marketing universe has undergone tremendous changes in the economic, technological, social and political spheres. In a fast changing environment, marketing management has to meet the challenge of managing the change, achieve progress and prosperity through marketing innovations. Hence, integrated marketing planning and strategies will be the key to the survival of free enterprise system.

The (changing) consumer, competition, society and government will require the ultimate in strategies to produce profits sufficient for survival after offering reasonable satisfaction to all the interested parties. The essence of *bona fide* customer orientation is the marketing concept, which is based on three fundamental ideas: (1) Consumer satisfaction is not only a means to earn profit but also the socio-economic justification for the survival of a business enterprise, (2) Profits are a major incentive for being in business and a pre-requisite for remaining in business, and (3) The profitable satisfaction of customer wants requires an integration and coordination of all business activities, and this can be accomplished through customer-oriented plans and strategies.

The orientation of the book faithfully reflects the aforesaid current corporate philosophy, viz., customer-oriented business approach. Though the book has the managerial marketing bias, it also stresses the reality of the new marketing era, viz., synthesis of customer needs, business and social interests.

Marketing managers are bound to be more and more customer-oriented. Profits, rather than sales volume, will be given top consideration. But profits will be earned as a reward for serving the customer wants. Above all, marketing managers have to work together more with the managers of other functional departments in order to realise *total* corporate objectives as depicted in the company master-plan and strategy.

Future success will be assured only by having the right product linked with the right promotion, at the right price and in the right place. What is 'right' is to be *decided by the customer*. In the book, the integrated character of the market offering through a profitable marketing-mix has been fully emphasised almost in all chapters.

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1 CHAPTER

NATURE AND SCOPE OF MARKETING

INTRODUCTION

Our country, with a population of over 120 crore is one of the biggest markets in the world. Our economy, based on socialist pattern of growth and development, has moved away from License Raj and centrally controlled system to free economy. These reforms in the form of liberalisation, deregulation, relaxation of trade and investment controls and privatisation have led to increase in exports and foreign exchange reserves, higher competition and efficiency in the market place and availability of a variety of goods and services. The result has been a sharp rise in income and consumption, especially among the growing middle class in urban and rural areas. The economic policies have resulted in major changes in the marketing environment of the country.

In olden days, goods were produced based on actual demand and hardly any marketing effort was required. The job of the salesperson was simply to book orders. Remember the days when a person had to make advance payment for a scooter or car and wait in the queue for the delivery! Similarly the consumer had to wait for years to get telephone connection. There was a craze for foreign goods such as wrist watches, transistors, television sets, cameras and non-resident Indians returning from Gulf countries used to bring consumer durables which were in high demand in domestic market. To-day the market situation has completely changed and high quality branded goods are available in domestic market. With liberalisation, production and availability of goods have increased manifold and the consumer can select from a wide range of products and services available in the market. The competition is increasing in the market place and companies are wooing the consumers with discounts and schemes.

The rise in income coupled with increased awareness and the need for possessing modern goods have influenced the marketing environment and the market has changed radically during the last fifteen years. Our country is emerging as a large market for a number of goods and services such as consumer goods, durables, financial services, education, health care, telecommunication and the list continues.

The return of multinationals such as Coca-Cola and IBM to India and entry of many other MNCs such as General Electric, Pepsi, Motorola, Proctor & Gamble, Nokia, LG, Ford,

major wholesale markets in India. While original manufacturers build Brands, through heavy advertising and sales promotion, counterfeit fabrics are offered at a low price to such wholesalers.

(2) Pricing

(a) Many consumers feel that higher prices mean better products and manufacturers increase the price of the product to show it as a superior product. The price may be higher compared to products extra quality.

(b) **Price-fixing** is another unethical marketing practice followed by some companies. It is an agreement between two or more firms on the price they will charge for a product or service or bidding the lowest price on a contract.

(c) **Predatory pricing** covers the practice of selling at a very low price or below the cost of production so as to eliminate competition.

(3) Packaging and Labelling

The marketer has the responsibility to provide accurate and adequate information through packaging and labelling. **Example:** Many companies come out with catchy words such as 'organic', 'bio-degradable', 'recyclable', 'environmentally safe', 'ayurvedic' etc. without providing scientific evidence to back them up. Tall and narrow cereal boxes look larger in the shelves. Terms such as 'large', 'extra large' and 'economy size' are misleading and consumers would require a pocket calculator to calculate the relative prices of such packs.

(4) Distribution Channel

- (a) Exclusive dealing refers to manufacturers insisting on its distributors to sell only its products and not to deal in competitors products.
- (b) Tying contracts require distributor/dealers to purchase unwanted/slow-moving products as a condition for obtaining fast-moving brands.
- (c) **Full line forcing:** Here, the buyer is forced to purchase all the products when only part of the line is required by the buyer

UNFAIR ADVERTISING PRACTICES

Advertising has become an integral part not only of our marketing process but also of our entire economic and social life. It is a double-edged instrument or tool in the marketing-mix. If it is properly used it can be a boon or a blessing in distribution. But if it is abused or misused, it can also act as a curse in distribution. By itself it is no doubt a very fine device of demand-creation and demand-stimulation, and can contribute a lot to investment, economic growth, rising income, rising standards of living and economic prosperity in any country. Most impartial studies of the economic value of advertising point out, beyond any shadow of doubt, that favourable economic effects do counterbalance the unfavourable effects, which are primarily due to unsocial and unethical advertisers. Fortunately, such unscrupulous advertisers are in a very small minority.

(1) **Deceptive advertising:** Advertising should win the confidence of consumer to achieve its objectives. Many feel that advertising is deceptive and claims made in the advertisement

are exaggerated and untrue. Misrepresentations, ambiguous statements and misleading interpretations are considered as deception.

Deception will not work in the long term as consumers can verify the claims from their own experience. They will discard the product despite the great claims made for the product in advertisements. **Example:** Deceptive advertisements for curing baldness, weight reduction and fair skin. The advertisement on fairness cream — is this not an exploitation of the weakness Indians have for fair skin? Is this advertisement ethical?

(2) **Harmful effects:** The appeal to sex, nudity, violence, fear, adventure, has become the most adverse aspect of advertising. Some advertisements have created emotional disturbances and long-run anxiety conditions among younger generation. Advertising repeats several messages and becomes uninteresting and boring. It exposes several messages which are undesirable. The growing desire to possess the products advertised becomes a source of conflict in the family. **Example:** Fairness creams, soft drinks, fast foods, namkeens, durables like refrigerators, air conditioners, two wheelers, etc.

(3) **Confuses people:** Advertising creates confusion in the mind of people. Consumers do not take rational decisions. They are biased by unethical and emotional advertising.

- (a) Power of advertising is so high that it has the potential to manipulate consumers. Consumer welfare and interest may not be given much importance. It is used to exploit the emotions and sentiments of people.
- (b) Due to proliferation of brands, companies are forced to advertise to show the superiority of the products. This has encouraged unnecessary differences in the brands of products and consumers are confused by such advertisements.
- (c) Uniformity and conformity refer to people's desire to buy products similar to the one purchased by relatives, neighbours and friends. It exploits the sentiment of status-symbols and advertising creates unnecessary desire for satisfaction of status-ego. It creates demand for luxuries.
- (d) **Degrading of women:** Women are irritated when they are shown as sex symbols, servants or housewives in advertisements. Women's organisations have objected to such advertisements.
- (e) Advertisements creates unnecessary comparison between two products. Such advertisements conveniently hide the weaknesses and highlight only favourable attributes of the products.

(4) Forceful selling

(a) Emotional appeals are used to induce prospective buyers to buy their products. Producers are interested in the sale of their products without caring for the impact of emotional advertisements on ethics and moral value of consumers. The consumers live in an imaginary and exciting atmosphere generated by these advertisements.

(b) Manufacturers use persuasive advertising to influence people. Real and factual information is often concealed from the people.

(c) Advertisers try to sell those products which are not required by consumers. The advertisers create wants not really felt by consumers. **Example:** A middle class man is lured into purchasing a car, though he is unable to maintain it.

(d) Many worthless products/insignificant products have been sold under heavy advertising.

(5) **Media misuses:** Newspapers, magazines, television etc. are crowded with advertisements.

(a) Many advertisers buy advertising time or space to present their messages. They try to sell stores favouring the products and small newspaper accept such advertisements to improve their financial position.

(b) Many magazines contain advertisements offering cure for cancer and baldness! In the case of TV serials, the advertisements continue sometime for half of the time of the serial.

(c) In a democratic country, the press is given full autonomy and is used for the welfare of the people. Advertisers purchase the freedom for money. Many irrelevant advertisements are released in press ignoring the interest of people.

(6) **Message problems:** The messages are often emotional and sexy. If people start liking such advertisements there would be violence and immoral activities in the society. Advertisements should carry acceptable messages.

(7) **Moral influence:** Advertising motivates people in such a way that people have come to believe that success is evaluated primarily based on material possessions. Spiritual, mental and intellectual satisfaction also determine the level of success. Advertisements drives people to a fairy land. The consumers try to realise their dreams. If they cannot achieve their dreams and objectives, it leads to dissatisfaction and frustration.

(8) **Advertising impact on children:** Advertising has adverse impact on children as given below:

(a) Children are more susceptible to deception because they lack the conceptual defence of adults.

(b) They are unable to assess the advantages and disadvantages of advertising and many advertisers have used this innocence of children to create a particular impression about a product. **Example:** Chocolates, fruit juice. Children put pressure on parents to purchase advertised products.

(c) Children enjoy seeing commercial advertisements. They are easily attracted towards using food products which are playfully advertised. Children and teenagers are vulnerable to this kind of advertising.

(d) Children recall the commercial messages and slogans and ask for the products when they go for shopping with parents.

(e) Advertisements showing violence, anxiety, sex, fever, etc. creates emotional disturbances in children. They are a few cases where children have been seriously injured trying to repeat 'a scene' they have seen in TV programme. After seeing advertisement for toys, many children start fighting with toy guns. Advertisements on feminine/family planing products may arouse the curiosity of children.

► Guidelines for Advertising to Children

1. Young children have limited ability for evaluating the merits of the advertisements. Therefore, advertisers should protect children from adverse messages.
2. The advertiser should not exploit the curiosity and imaginative quality of children. They should not make tall claims that may lead to unreasonable expectations of product performance.
3. Information should be communicated in a truthful and accurate manner for the benefit of the children.
4. The advertisement message could focus on friendship, kindness, honesty and respect for elders to influence social behaviour of children. Advertisement could communicate positive relationship between children and parents.

ADVERTISING STANDARDS COUNCIL OF INDIA (ASCI)

Registered in Oct. 1985, u/s 25, as a Not-For-Profit Co., under the Companies Act 1956

► Main Objectives

The main objects to be pursued by the Company on its incorporation are:

1. To monitor, administer and promote standards of advertising practices in India with a view to:
 - ensuring the truthfulness and honesty of representations and claims made through advertising and safeguarding against misleading advertising;
 - ensuring that advertising is not offensive to generally accepted norms and standards of public decency;
 - safeguarding against the indiscriminate use of advertising for the promotion of products or services which are generally regarded as hazardous to society or to individuals or which are unacceptable to society as a whole;
 - ensuring that advertisements observe fairness in competition and the canons of generally accepted competitive behaviour.
2. To codify, adopt and from time to time modify the code of advertising practices in India and implement, administer and promote and publicise such a code;
3. To provide facilities and machinery in the form of one or more Consumer Complaints Councils having such composition and with such powers as may be prescribed from time to time to examine complaints against advertisements in terms of the Code of Advertising practices and report thereon;
4. To give wide publicity to the Code and seek adherence to it of as many as possible of those engaged in advertising;
5. To print and publish pamphlets, leaflets, circulars or other literature or material, that may be considered desirable for the promotion of or carrying out of the objects of the Company and disseminate it through any medium of communication.

➤ Consumer Complaints Council

The Board of Governors shall appoint Consumer Complaints Council (CCC), the number of members of which shall not be more than twenty-one. The CCC shall examine and investigate the complaints received from the consumers and the general public, including the members of the Company, regarding any breach of the Code of Conduct and/or advertising ethics and recommend the action to be taken in that regards. Such complaints may include false, misleading, indecent, illegal, unsafe practices, or Unfair to competition.

➤ Power of the Consumer Complaints Council

1. Each Council shall be entitled to receive complaints from the Board of Governors, the Consumers, the general public and members of the Company....
2. Each Council shall enquire, investigate and decide upon the complaints received by it within the frame work of the Code of Conduct adopted by the Company....
3. All the decisions of each Council shall be by simple majority, in writing and may specify the action to be taken in respect of the offending advertisement.
4. The role and functioning of the ASCI & its Consumer Complaints Council (CCC) in dealing with complaints received from consumers and industry, against Ads, which are considered as false, misleading, indecent, illegal, leading to unsafe practices, or unfair to competition, and consequently in contravention of the ASCI code for self-regulation in advertising.
5. ASCI is a voluntary self-regulatory council, registered as a not-for-profit Company under section 25 of the Indian Cos. Act. The sponsors of the ASCI, who are its principal members, are firms of considerable repute within Industry in India, and comprise Advertisers, Media, Ad. Agencies and other professional /ancillary services connected with advertising practice.
6. The ASCI is not a Government body, nor does it formulate rules for the public or for the relevant industries. The purpose and the mission of the ASCI is spelt out clearly in the literature provided.
7. If an advertisement is to be reviewed for its likely impact on the sensibilities of individual viewers of TV or readers of press publications, they require to convey to the Advertiser concerned, the substantial issues raised in the complaint, in the exact context of the specific advertisement as conveyed by the perception of the complainant, and to elicit the appropriate response by way of comments from the Advertiser.

Only then, will the CCC, of the ASCI, be in a position to deliberate meaningfully on the issues involved, and to arrive at a fair and objective conclusion, which would stand the scrutiny of all concerned with the right to freedom of expression, and the freedom of consumers to choose the products /services made available to them in the market-place.

For this they require, in each case, a clearly readable copy or clipping of the advertisement under complaint, with full particulars of name and date of publication, or a printout of an advertisement or promotion on a Website or, in case of a T.V. Commercial, the

channel, date and time or programme of airing, and a description of the contents of the TVC, along with a hard copy of the complete complaint preferably signed by the complainant.

8. As a matter of policy they do not disclose the identity of the complainant to the advertiser.
9. The ASCI receives and processes complaints against advertisements, from a cross section of consumers, the general public and Industry, in the interests of all those who rely on advertising as a commercial communication, and this covers individuals, practitioners in advertising, advertiser firms, media, advertising agencies, and ancillary services connected with advertising.
10. In the case of complaints which were upheld by the CCC, during the past year, it may be of interest to know that over 80 per cent of such advertisements have been withdrawn or modified appropriately by the Advertisers/Agencies involved, and the concerned media have also confirmed that they would not carry such offending advertisement/ TV channels.

➤ Corporate Codes

Companies have to operate within the ethics and moral principles of the society to which they belongs. There are three types of code of ethics *i.e.*,

- (a) code of ethics are statements of the value and principles that define the purpose of the organisation.
- (b) code of practices are those which guide decision-making, and
- (c) code of conduct states how one must behave.

COUNCIL FOR FAIR BUSINESS PRACTICES (FBP)

The Council for Fair Business Practices is an association of businessmen, which is playing an important role in making businessmen conscious of business ethics. It is a voluntary non-profit and non-political association promoted by enlightened businessmen. One of the objectives of CFBP is to create awareness among trade, business and industry as to their social obligations and duties towards the consumers. One important feature of CFBP is Code of Fair Business Practices. The following fundamental obligations are included in this code:

1. To charge only fair and reasonable prices and take every possible step to ensure that the prices to be charged to the consumer are brought to his notice.
2. To take every possible step to ensure that the agents or dealers appointed by him do not charge prices higher than fixed.
3. In times of scarcity, not to withhold or suppress stocks of goods with a view to hoarding and/or profiteering.
4. Not to produce or trade in spurious goods or goods of standards lower than specified.
5. Not to adulterate goods supplied.

6. Not to publish misleading advertisements.
7. To invoice goods exported or imported at their correct prices.
8. To maintain accuracy in weights and measures of goods offered for sale.
9. Not to deal knowingly in smuggled goods.
10. Not bribing public servants and corrupting the democratic structure of the country.

Member of the CFBP are expected to adhere to the Code of Ethics with discipline and dedication in the interest of consumers' welfare. This code of ethics of the CFBP is now recognised nationally as well as by the International Chamber of Commerce as a basis for winning confidence of consumers. Following the example of the CFBP, many trade associations and their apex bodies like FICCI, ASSOCHAM, IMC, AIMO and ASCI have decided to adopt code of ethics for their members.

➤ Conclusion

Ethics are moral principles that define right or wrong behaviour in the world of business. In these days of intense competition, many companies focus too much on increasing sales volume, market share and profit, even at the cost of consumer-satisfaction. Marketers adopt an aggressive sales approach in selling unsought or unwanted goods. Further, tall and exaggerated claims are made about products and services. Such deception will not work in the long-term as consumers can verify the claims from their own experience. When a company markets good quality products at fair prices, provides after-sales service and pays taxes to Government, it creates a good image in the mind of people. There are many ethical companies who have discharged their responsibilities and made profit, too.

STUDY QUESTIONS

1. Explain marketing ethics and its importance.
2. Explain how marketing ethics will be useful to consumers.
3. An organisation can follow ethical practices and still earn profit. Discuss.
4. Discuss fair business practices. Do you think it is being practiced by business enterprise.
5. Discuss unfair marketing practices with examples.
6. Write short notes on the following:
 - (a) Advertising and its impact on children.
 - (b) Role of Advertising Standard Council of India.
 - (c) Deceptive Advertising
 - (d) Council for Fair Business Practices.



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