

CHAPTER-I

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INTRODUCTION

1.1 INTRODUCTION TO CONCEPTUAL FRAME WORK -

The present chapter forms the basis of the study undertaken and the report presented in the subsequent chapters in the sense that it attempts to provide the discussion of various concepts which have been used in this study report.

Marketing is and should be considered as a Kingpin of all the business activities in the modern world. There can hardly be any production which does not aim at providing for the wants of the people and this necessitates marketing of the product. Profit being the ultimate motive of any business activity, the better the marketing, the greater are the chances of earning profits. The developing countries like India provide wide markets not only to the domestic producers but even to the multi-national corporations. The Indian markets are a splendid mixture of backwardness and modernity, development and stagnation, prosperity and poverty, blossoming and deserting, and as such they provide all kinds of challenges to the businessman. Rural markets obviously occupy a predominant position since India lives in the villages.

With the passage of time and with the process of Socio-Economic change being set into motion, the rural people have taken to form new habits, new culture, new life style and obviously new consumption pattern. On the other hand the producers, in particular the multi-nationals have introduced a number of commodities which may be described as 'convenience' goods. They are called as convenience goods because, in the first place, they make life of the people convenient and secondly, they result in a number of advantages for the people, so as to enable them to work with efficiency. Even in the rural markets in India quite a good number of commodities have been introduced which have facilitated the lives of thousands of people living in the rural India.

The present study makes an attempt to identify the 'brand loyalty' of rural people in respect of certain convenience goods and with special reference to a village, selected as a sample village for the purpose of conducting an exhaustive study.

1.2 DEFINITIONS OF MARKETING -

The term marketing has been defined in a number of ways by various scholars and the persons writing on the theme.

Marketing in modern times has become a group activity aiming at satisfaction of the consumer demand in the best possible way. This concept, however, seems to have emerged only recently.

In its crudest form marketing was a primary function of the barter-economy. In the absence of money, people exchanged commodities for commodities and the objective was just of satisfaction of the wants. The barter economy was replaced by a simple money economy where money came to be used as a medium of exchange. With the introduction of money, people could diversify the production activities and this resulted in all sorts of innovations. The scientific progress of mankind has been responsible for the economic development and a proof to this can be seen in the outburst of Industrial Revolution which ultimately led to Industrialised Society. The modern society which is, infact, a complex, complicated yet a more disciplined society provides better scope for marketing. In the early twentieth century the Industrial revolution had its impact on the entire world. The competitive character of the society and the various organisations were responsible for creating competition among the sellers. The competitive character was mainly responsible for the advent of creative selling, by creative selling we mean

the best salesmanship which sales the output of an organisation by convincing the consumer that the same is only best possible product which he should go for.

The modern concept of marketing as it has emerged through the above stages implies something more than mere creative selling. The following definitions highlight the basic features of marketing, as activity.

1.2.1 Kotler's Definition -

Philip Kotler defines marketing as, "Marketing is a social process by which individuals and groups obtained what they need and want through creating and exchanging products and value with others."(1)

This definition emphasizes the interlinking of the concepts involved in marketing. The process of marketing begins with the needs which take the form of human wants and which are expressed as demands of the people. These demands necessitate the production of various commodities which, on one hand, gives value of the product to the producer and on the other hand satisfaction to the consumers.

1.2.2 Other Definitions :

We rather, aim at providing a set of other definitions -

1. "Marketing is concerned with the people and the activities involved in the flow of goods and services from producer to consumer."(2)

2. "Marketing is the economic process by which goods and services are exchanged and their values determined in terms of money prices."(3)

3. "Marketing is the process of discovering and translating consumer needs and wants into product and service specifications, creating demand for these products and services and then in turn expanding this demand."(4)

4. "Marketing is the primary management function which organises and directs the aggregate of business activities involved in converting customer purchasing power into effective demand for a specific product or service and in moving the product or service to the final consumer or user so as to achieve the company - set profit or other objectives."(5)

5. "Marketing is the delivery of the standard of living to the society."(6)

6. "Marketing is a creation and delivery of a standard of living to society."(7)

It can be observed from the above definitions that there is a plethora of them. Some of them are extremely comprehensive while some others are extremely narrow. It can however be concluded that marketing involves -

- a) The recognition of demand,
- b) The stimulation of demand and
- c) Satisfaction of demand.

1.3 MARKETING AND RURAL MARKETING IN INDIA -

Marketing can thus be understood to be the satisfaction as well as stimulation of demand. It is often a question whether marketing really exists in countries like India. It is believed that marketing as it exists today in the developed world, has emerged in India only in the recent years. It doesn't mean that there was no marketing at all in India in the past, people were producing commodities which were sold to the consumers and thus, marketing did exist. This involved only one aspect of marketing that of satisfaction of the demand the other aspect of marketing which has now assumed more importance of creating the demand was perhaps absent in India until the recent past.

After independence India has achieved economic development atleast in some respects and in some part of

the country. The urban areas and the metropolitan towns like Bombay and Delhi have emerged as marketing centres but the rural section of the country has been neglected by most of the producers.

Rural marketing has certainly not developed in India, but with the passage of time the countryside is gradually developing and providing better opportunities for marketing of the products. The rural shopkeepers have already started keeping a number of commodities in their shops, which are familiar to the urban people.

Marketing in the rural areas, particularly in India, has got tremendous potential mainly because so far it has not been exploited to the mark. Awareness of brand name and brand loyalty can be easily observed in the urban markets and among the urban consumer. In the rural India brand loyalty among the customers has perhaps not yet emerged as a result of failure on the part of the producer's to reach the rural markets.

On this setting we now turn to the discussion of the concepts like brand and brand loyalty in the following paragraphs.

1.4 THE CONCEPT OF 'BRAND' :

The word 'brand' is a comprehensive term which includes brand names, designs and symbols.

'Brand' is defined as "a name, term, symbol or a combination of terms which is intended to identify the goods of one seller or group of sellers and to differentiate them from those of competitors.

A brand consists of words, letters, and or numbers which may be pronounced. A brand mark is the part of the brand which takes the form of a symbol, design or distinctive colouring or lettering. A brand mark can be recognised by sight but cannot be pronounced.

In branding, producers may use their own names manufacturer's brand, middlemen names (middlemen brands) or followed a mix brand policy, producing some output under their own names and some output under middlemen names.

1.4.1 Importance of Branding :

Branding is an essential part of marketing, sub-function of selling particularly, in case of manufactured goods. Manufactured goods are standardised in the process of production. Thus they are of uniform quality, size etc.

and do not require grading. But every manufacturer, seller feels the need of identifying his goods with some definite symbol, mark or slogan so that his goods catch the attention of the consumers. Also, a manufacturer or a seller wants to establish certain definite image in the mind of the public about the quality, durability, shape, fashion and colour of his product. He does this by using a brand or trade-mark to symbolise his product.

Following factors have made the need of branding felt effectively -

- a) The growth of competition.
- b) The increasing importance of advertising.
- c) Significance of packing as an important function of marketing.
- d) The growing habit among consumers to buy goods of particular brands.

Brand names and trade-marks are registered with the Government, in order to prevent other manufacturers or sellers from using them.

1.4.2 Essentials of a Good Brand :

A brand to be an effective weapon in the hands of manufacturer or seller for the creation of consumers'

preference or "product differentiation" must possess the following essential qualities -

1. Firstly, it should be simple, short and easy to memorise.
2. Secondly, it should be easy to recognise and recall.
3. Thirdly, it should be distinctive and attractive to the eyes and pleasing to ears.
4. Fourthly, it should not be based on prevailing styles and fashions.
5. Fifthly, it should be easy and economical to produce.
6. Sixthly, it should be effectively illustrative.
7. Finally, its owner should be able to protect the brand or trademark in the law court.

1.4.3 Distinction between Brand and Trade Mark -

In common usage, 'Brands' and 'Trade Mark' are used as synonymous terms but the two terms do not mean one and the same thing. Trade mark is a brand that is given legal protection. Thus 'Trade Mark' is essentially a legal term "All trade marks are brands but all brands are not trade-marks". Trade marks are not only the pictorial parts of the brands, they include the words, letters, or numbers

which may be pronounced. They may also include a pictorial design.

In India branding and trademarks are controlled under the provisions of the Trade and Merchandise marks Act 1958. Under this act a statutory organisation called the 'Trade Marks Registry' has been set up. The controller general of patents, designs and trade marks is the registrar of trademarks. The head office of the registry is at Bombay with branches, at Calcutta, Madras and New Delhi. During 1975, 2285 trademarks were registered and 7239 registrations were renewed.

A trademark is the legal name for a brand. It means that the brand (Symbol) or (Words) etc. is registered according to the law and is owned by you. No one else can use this brand and if they do so; you can see them in court and have compensation paid to you.

Some times, the registrar of trade marks may not allow the registration of the brand. For example - it is difficult to get a proper name such as Mary registered. However, if this brand name has been used for many years and the symbol used is distinguishable, the registrar may allow to register this brand as a trade mark. That is how proper names like TATA or KIRLOSKAR have registered.

The manufacturer always tries to distinguish differently from his competitors by using a distinctive pack so that the product can be easily identified on the shelf; and by continuously advertising these differences so that they create. Some impact on the consumer who remembers the brand and in turn, the advantages it offers as compared to its competitors.

1.5 BRAND LOYALTY :

Every producer aims at increasing sales for which he needs to distinguish his own product from his rivals in the market. In the developed markets the customers not only recognise, their own brands but they are also loyal to various brands, which they prefer because of their tastes and preferences.

Ross M. Cunningham in the year 1956 observed that, in the U.S.A. most of the families had their purchases strictly according to their brand loyalties.

Brand Loyalty may be defined as the insistance of the consumer on a specific brand of the product. Thus in the strongest form brand loyalty means brand insistance. However, in certain cases the customers may give their second order brand loyalty by showing their preference for

brand 'Y' when brand 'X' is not available. The degree of the brand loyalty may vary from customer to customer. Some customers may have a strongest inclination towards a particular brand and as such they are never prepared to accept the other brands in the absence of their choice. Some customers may not be insistant about a particular brand and they may be indifferent about two or three substitute brands. There may be some customers not even knowing the brand names yet by chance or by accident, they purchase particular brand continuously. In such a case it is very difficult to determine the degree of brand loyalty.

Brand Loyalty becomes still more difficult to recognise and quantify in the rural markets and more so in the rural markets in India. The socio-economic characteristic features of the community make it to purchase specific brands without any specific loyalty. The caste, creed, community and cultural differences affect the decisions of the customers to a great extent. The economic standards of the people may not allow them to go for specific brands even if they feel like purchasing them. Customer's decisions to buy the products are also governed by certain psychological factors as the instincts, impulses, loves and likings, craze and even madness at

a particular points of time. If one tries to find the rationale behind the purchase decisions, it is not necessary that in all instances, it can be easily found.

The foregoing discussion brings out two fundamental facts about the brand loyalty. In the first place there may be strong or weak brand loyalty, the degree of which varies with the customer. Secondly, the term 'Brand Loyalty' is very ambiguous, it may be misunderstood, misinterpreted and even mis-quantify and there are several factors which affect the brand loyalty.

1.6 CONCLUSION :

This introductory chapter aimed at providing the discussion of certain such concepts as are basic to this study. We have discussed the definitions and cunnotations of the term marketing which is followed by a brief discussion of brand and brand loyalty. At this stage, we terminate the discussion on brand loyalty, the factors contributing to and affecting it so as to return to the same in the subsequent chapter where the brand loyalty of a rural customers is examined at some length.