



CENTRAL BOARD OF  
SECONDARY EDUCATION

# MARKETING



**CLASS 8**

# Preface

This edition of the book on Marketing has been specially designed for 8th-grade students studying under the CBSE curriculum. The main ideology behind bringing this book out was to strengthen marketing practices and business for the young, growing, and innovative minds of children in India and abroad. Chapters of this book have been carefully framed to give students a step-by-step insight into the key practical aspects of marketing.

Chapter 1 deals with the concept of marketing Mix', which is considered the pillar of this subject. It focuses on the 4Ps (product, price, place, and promotion) and how they interplay in relation to any product or service in the present market. This chapter talks about the valuable significance of these four factors and enumerates their importance in relation to a marketer and a customer. In the present day, the customer is always considered the king. Students who read this chapter will understand the real power that consumers possess when making decisions about the goods or services to purchase.

Chapter 2 gives students a more in-depth understanding of Customer relationships in marketing. This section goes into essential concepts such as the definition of customers or consumers, the nature of customer relationships, and the critical role these connections play for companies operating within the market. Furthermore, it emphasizes the importance of cultivating these relationships for both organizations and consumers. The students will also develop an understanding of the significance of these customer relationships as a vital marketing technique, connecting them to the 4Ps they learned about in Chapter 1.

Chapter 3 explores the subject of Consumer behaviour, focusing on the significance and relevance of studying this field as well as how businesses should serve customers in the market who may seem similar but act or behave in very different ways. This chapter then explores several aspects that influence customer behaviour, aiming to comprehend their actions, classify them, and devise appropriate strategies to attract their attention.

In Chapter 4, the focus is on Ethical behaviour in Marketing. This chapter discusses the most important and debatable aspect of this field, namely ethics. It will teach students the meaning and concept of ethics, what constitutes ethical behaviour in marketing, how an organization should behave ethically towards its consumers, and the possible consequences. This chapter will also provide an analysis of numerous aspects of ethical conduct, including honesty, accuracy, ethical advertising, distinction between healthy and unhealthy products, and fair competition

To effectively and efficiently explain and convey marketing and market-based concepts to the students, teachers must carry out a number of projects and activities that are included in this specifically curated course curriculum. The book also includes answers to the self-test questions for each subject so that students can evaluate their own learning.

We hope the students enjoy this course and learn these concepts in an innovative and fun manner, through stories, live examples, and pictorial representations apart from standard definitions and explanations.

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**UNIT 1,**

**Marketing**

**Meaning and Concept of Product, Price, Promotion, and Place**

The Objective of this unit is to gain an elementary understanding of the 4Ps of marketing: product, price, place, and promotion.

<b>Location</b>	<b>Learning Outcome</b>	<b>Knowledge Evaluation</b>	<b>Performance Evaluation</b>	<b>Teaching and Training</b>
Classroom	To understand the basic fundamentals of a Product	To learn and understand the different kinds of Products	Explain the meaning and features of  1. Product 2. Price 3. Promotion 4. Place	<ul style="list-style-type: none"><li>• Interactive Lecture</li><li>• Quiz</li></ul>
Classroom	To understand the difference between the different kinds of Price Points	To learn and understand the difference in price slabs	Explain the meaning and features of  1. Price differentiation	<ul style="list-style-type: none"><li>• Interactive Lecture</li><li>• Experiential Learning</li><li>• Role play and drama.</li></ul>
Classroom and Field visit	To understand the meaning and concept of price and product, taking into consideration the place and promotion	To learn and understand the meaning and concepts of product, price, place and promotion	Explain the meaning of  1. Product 2. Price 3. Place 4. Promotion	<ul style="list-style-type: none"><li>• Interactive Lecture</li><li>• Art Integrations</li><li>• Poster Making</li><li>• Quiz</li></ul>

## Strategic Marketing

Rustom, a class 8 student, is visiting his favourite supermarket with his mother and sister. He loves going to the market and buying his favourite chocolates and snacks for school. He is Stunned to see the huge aisles in the supermarket stocked up with food up to the ceiling! This was his dream come true. He quickly rushes to the chocolate aisle to start picking up his favourite candies. When he reaches the aisle, he finds big hoardings advertising the new chocolate brands that have recently come onto the market. He is surprised to find his favourite chocolate brand on the bottom shelf, hidden in a corner of the aisle. He calls his mom.

- Rustom: MOM! Look my chocolate is all mushed up in the corner of the aisle!
- Mother: Rustom, why don't you look at some other chocolate this time?
- Rustom: But why is my favourite chocolate not there?
- Mother: It is because of marketing strategy.
- Rustom: What is marketing strategy?
- Mother: Marketing strategy is a technique by which different product manufacturers try to sell their products.
- Rustom: Tell me more!
- Mother: Sure! An effective marketing strategy combines the four Ps of the marketing mix. It is designed to accomplish the business's marketing objectives by providing value to its customers and to position the products as per the target market.

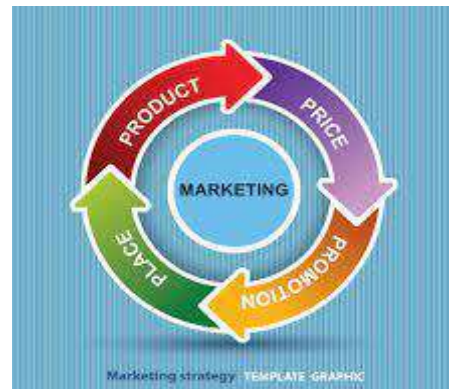
## Marketing Mix

A marketing mix is a group of tools or tactics that are used to promote and sell goods and services. It means putting a thing in the right place and deciding where, when, and for how much it will be sold. The goods will then be sold according to the plan for marketing and advertising. The 4Ps that make up the marketing mix are product, price, place, and promotion. In the business world, marketing managers come up with a plan for marketing based on the four Ps. But the marketing mix now includes a few more Ps that are very important for growth.

## Product, Price, Place and Promotion

It is crucial to understand how the marketing mix work, its elements and its uses:

- Product
- Price,
- Place
- Promotion



In coming up with an effective marketing strategy, managers and professionals in marketing can approach each of the four Ps in different ways, based on the target market and the organization's goals. In real life, the product, price, place, and promotion all rely on and help each other. In this chapter, we'll look at each of these things on its own:

- Product: The product factor in the marketing mix is the good, service, or item that is made to meet or satisfy the needs or wants of customers. Businesses sell things that people want so that they can make money. Part of a good marketing mix is planning to sell name-brand goods and services. Marketing experts say that you should highlight the things that make your product or service stand out from the competition. Also, it is a good idea to see if you can sell things that go well together.



Example - The product a company provides depends on the type of company and what they do best. For example, McDonald's provides consistent fast food in a casual setting. They may expand their offerings, but they wouldn't stray far from their core identity.

Price -In the marketing mix, price is a major consideration. Price is the cost which the consumer has to pay before using the product. The ability to charge a profitable price is the most important part of every company's marketing strategy. A product's pricing can have a major impact on its



marketing strategy, sales, and demand, even if only a small change is made to it. Consider the printed price, the prices paid by competitors, the location of the customer, any discounts granted, and the terms of the sale when deciding how much the goods should cost.

Determining a product's price properly includes an analysis of the competition, the demand for the product, the production cost, and what consumers are willing to spend. Various pricing models may be considered, such as choosing between one-time purchases and subscription models.



- Place: The third part of the marketing mix is place. You will have an edge over your competitors if you sell and distribute things in key areas. The type of product is one of the most important things to think about when picking a location for a business. Convenience stores are the best place to buy things like food and other things that can be used up quickly. These places make sure that these things are easy to get. On the other hand, only a few stores sell high-end market goods. The prices of these goods are 20% higher than the average price for their group.

You could also trade the item in person, online, or in both places. In essence, the selection of the location where you decide to sell your product will impact the entire business strategy.



Example - Place refers to where consumers buy your product, or where they discover it. Today's consumers may learn about products and buy them online, through a smartphone app, at retail locations, or through a sales professional.

- Promotion: A key component of corporate communication is promotion, which helps businesses tell the public about their goods and demonstrate their expertise to a larger audience. It is usually the most expensive element of the marketing mix and has a significant role in

Raising consumer awareness of the product and influencing consumer purchasing behaviour. To effectively reach their target audience and engage the public, marketers largely rely on a variety of promotional techniques. Direct marketing, advertising, personal branding, sales promotion, and other promotional activities are a few ex.

-  Example - Promotion refers to specific and thoughtful advertising that reaches the target market for the product. A company might use an Instagram campaign, a public relations campaign, advertising placement, an email campaign, or some combination of all of these to reach the right audience in the right place.

### Self-Test Questions

#### I. Choose the right option

1. The marketing mix can be broadly classified into how many categories?

- a. 1
- b. 5
- c. 4
- d. 6

2. Which of the following elements of the marketing mix is regarded as being the most crucial?

- a. Product
- b. Price
- c. Promotion
- d. Place



**II. Fill in the Blanks**

- 1. Price is the most important component of \_\_\_\_\_ mix.
- 2. Advertising of products is also known as \_\_\_\_\_
- 3. \_\_\_\_\_ refers to selling products through strategic locations.

**III. True and False**

- 1. The place is vital to marketing -
- 2. Product is the primary component of marketing -
- 3. Without a product, there is no marketing mix –

**IV. Long questions**

- 1. Explain the 4 Ps of Marketing

Ans .....

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- 2. What does Marketing mean to you?

Ans .....

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- 3. Why do we need a Marketing Mix?

Ans .....

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## UNIT -2

### Customer Relationship

The Objectives of this unit is to understand the concept of Customer relationship and its significance for business organisations.

Location	Learning Outcome	Knowledge Evaluation	Performance Evaluation	Teaching Method
Classroom	To understand the meaning of Customer Relationship.	<ul style="list-style-type: none"><li>● To comprehend and understand the core concept of customer relationship.</li></ul>	<ul style="list-style-type: none"><li>● Explain the meaning of Customer Relationship</li><li>● Give reasons as to why the business should know their customers.</li></ul>	<ul style="list-style-type: none"><li>● Interactive discussion</li><li>● Quiz</li></ul>
Classroom	To understand the Importance of Customer Relationship.	<ul style="list-style-type: none"><li>● The learner will be able to analyse the importance of customer relationship in the modern business organisations.</li></ul>	<ul style="list-style-type: none"><li>● Elucidate the importance of customer relationship.</li></ul>	<ul style="list-style-type: none"><li>● Interactive discussion</li><li>● Mind maps</li><li>● PPT</li></ul>

#### **An excellent Customer Service**

Suraj is a young entrepreneur. His father owned a General store in Delhi, but ever since he acquired his father's business, he transformed the overall ambience of the general store and altered the way of doing business. It is no longer an ordinary, simple general store. Suraj knows all his regular customers and pays personal attention to them. For instance, whenever Mr Ajay, a known customer, approaches the store, Suraj is quick enough to notice him through the glass window. As soon as he enters the store Suraj greets him personally and enquires about his health and wellbeing. Suraj also remembers what Mr Ajay usually buys while Mr Ajay shops around, Suraj talks with him and gently tries to gather additional information about his taste and requirements and also informs him about the new products in the store.

Mr Ajay values the interest and personal attention he receives from Suraj. Consequently, he prefers to shop at Suraj's store, where he consistently finds the exact products he needs, along with discounts, resulting in a speedy and personalised shopping experience.

After reading the above extract it's clear that customer service plays an important role in retaining the customer.

**Customer service is a set of activities performed by any organisation to satisfy customer needs.**

## **Know Your Customer (KYC)**

A very important concept crucial for building good rapport with your customer is to ‘**Know Your Customer**’ well.

While in the past, KYC was mainly associated with the banking and financial sector, its significance has expanded. Today, it's crucial for every business to understand its customers thoroughly if it aims to thrive in the competitive market.

For good customer service the business organisation must deliver what it promises. Great customer service involves getting to know your customers so well that you can anticipate their needs and exceed their expectation. Therefore, a long good customer relationship is what business should look for.

### Customer Relationship

Customer expectations extend beyond merely receiving the finest product and service; they want to receive exactly what they require without wasting much time. Also, the customers are interested in what is being sold, how it is being sold and what happens after the product reaches them i.e., after sale service.

The business organisations are now facing the challenge of creating an excellent customer experience which involves retaining existing customer and acquiring new customer that can only be facilitated by robust customer relationship strategies.

To this end, companies are now focusing on-

- How to manage their customer relationship
- How to make repeat customer
- Strategies to understand customer needs and desire
- Techniques to motivate potential customers



courtesy:Pixabay.com

**Therefore, Customer Relationship is about managing interaction with customers.**

Customers are the lifeline of any business. They are the ones who utilize products and services, assess their quality, and gauge their availability. Therefore, it is crucial for organizations to retain their customers. For instance, Maruti Suzuki prioritizes customer preferences, establishing strong ethical relationships with customers of all backgrounds while also considering their financial capacity.

In the past, trade and transactions occurred on a much smaller scale. Manufacturers and retailers could interact with and comprehend customers on a one-to-one level. However, in contemporary times, factors like mass production, globalization, intense competition, advanced technology, brand-conscious consumers, readily available goods, convenient shopping, and a wide range of choices have emerged. As a result, organizations must establish and maintain effective customer relationships to thrive in this competitive market landscape.

## **Importance of Customer Relationship**

Let's think-

What is there about your favourite restaurant that always makes you come back and have food from the same place? Is it the quality of food? Reasonable prices? Convenient location? Customer services?

Indeed, all of the factors mentioned play a significant role, and customer relationship is pivotal in this context. For any business, it is vital to consider the convenience, taste, and preferences of customers – insights that can be gained primarily through customer feedback.

Let's understand customer relationship from business point of view. “Every day Mc Donald serves almost 69 million customers worldwide. So with such a vast empire and super-sized customer information how does the fast food giant ensure that its customers **keep Loving it?**”

“They have a great customer's relationship strategy which allows the restaurant chain greater insights into customer feedback and satisfaction levels. Mc Donald's can quickly spot potential customers relationship issues and resolve them before it becomes a serious problem”.

Courtesy:Picfinder.ai

Let us now understand in detail how and why Customer Relationship is important.

### **1. Customer relationships are important for business growth**

When a business has a strong relationship with its customers, it is more likely to retain them and increase sales. This is because satisfied customers become repeat customers who also recommend the product to others. For example, if a customer has a positive experience at a restaurant, they are more likely to return in the future and bring their friends and family with them.



courtesy: Pixabay.com

## **2. Customer Relationship is essential for brand loyalty**

When a customer has a positive experience with a product, it is more likely that he would continue buying the product of that company. This leads to brand loyalty. He also recommends the product to others. A study says that purchasing the same brand more than 70% of the time for a period of 3 years shows brand loyalty. For example, Apple is a great example of a company that has built strong customer relationships and brand loyalty. Customers who purchase Apple products are often willing to pay a high price for them because they trust the quality of the brand and find its products highly reliable.



courtesy: Pixabay.com

## **3. Customer Relationship enhances positive customer feedback**

When a business has a strong relationship with its customers, they provide honest feedback about the company's product or services. This helps the business to improve and make changes in their operations and products that will better meet their customers' needs. In order to keep its customers satisfied, the business must provide timely solutions to customers' problems and complaints. For example, Amazon is known for its excellent customer service, which is partly due to the company's commitment to customer feedback. Amazon regularly asks its customers for feedback on their purchases, and this feedback is used to further improve the customer experience.

Courtesy:Pixabay.com



## **4. Customer Relationship helps in customer retention**

The customer feels valued and appreciated when a business takes the time to build a relationship with them. For instance, think about a local bookstore. They provide personalized services and create strong connections with their customers. They know their customers by name and suggest books based on what they like. This approach helps the store keep customers coming back, unlike a bigger chain bookstore that does not provide this kind of personal touch.



### **5 Customer relationship helps in attracting new customer**

In today's digital age, with the rise of social media and online reviews, customers have more power than ever. A single negative review can damage a business' reputation, but a positive review can help attract new customers. For example- A hotel that responds promptly and positively to negative online reviews is more likely to attract customers than a hotel that ignores those reviews.



Courtesy: Pixabay.com



Courtesy: Pixabay.com

**6 Customer Relationship enhances customer satisfaction.** When a business has a strong relationship with its customers, they feel satisfied with the company's products or services. On the other hand, if a customer feels neglected or unappreciated, they are more inclined to switch products or explore new options.



Courtesy: Pixabay.com



Courtesy: Picfinder.ai

In conclusion, Customer relationships are important for businesses. It plays a pivotal role in driving business growth, nurturing brand loyalty, gathering customer feedback, enhancing customer retention, and ensuring overall customer satisfaction. . Businesses that invest in building and maintaining strong relationships with their customers always succeed.



## Self Test Question

I Choose the right options:-

1. Those who are not currently using the product but can become customers in future are called \_\_\_\_\_

- a) Hidden customers
- b) Potential customers
- c) Manufacturer
- d) Supplier

2. The dissatisfaction with a product or service from an existing customer whether orally or in writing is called \_\_\_\_\_

- a) Customer desires
- b) Customer expectation
- c) Customer complaints
- d) Customer needs

3. Why is this important to find out 'how the customers feel about their product in comparison to its competitors'?

- a) The customers can be given some discounts
- b) Some changes can be made to maintain customer loyalty
- c) The information gathered can be made available to other organisations
- d) To complete their documentation

## II Fill in the blanks

1. Customer relationship is about managing \_\_\_\_\_ with customers.
2. \_\_\_\_\_ are set of activities performed by any organisation to satisfy customer needs.
3. To build good rapport with customers is to \_\_\_\_\_ well.

## III True or False

1. Business organisation should not look for potential customers.
2. A satisfied customers becomes a repeat customer and also recommends the product to others.
3. Success of any business lies in selling products or service at high prices.

IV Answer the following questions

1. Why is customer feedback important for a business organisation?

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2. “Good Customer Relationship helps in attracting new customers.” Do you agree ? Give two reasons to support your answer.

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3. Enumerate the challenges faced by the modern business organisation to maintain a healthy Customer Relationship.

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V Activity

- Design a poster with slogan highlighting the importance of Customer Relationship.
  - Group Activity-Imagine you are a manufacturer and want to launch a new product in the market. Create an interesting advertisement/a jingle to attract more customers.
- In a group of four, enact the advertisement and sing the jingle in your class.

## UNIT -3

### CONSUMER BEHAVIOUR

Location	Learning Outcome	Knowledge Evaluation	Performance Evaluation	Teaching & Training
Classroom and Field Visit	To understand the basic concept and meaning of consumer behaviour.	To learn and understand the behaviour of a consumer in purchasing various products at various times from the market. Is it the same or different, and if it is different, what may be the reason behind it?	<p>Explain the meaning, key terms, activities, objectives and features of consumer behaviour.</p> <ul style="list-style-type: none"> <li>● Consumer/ Customer/ Buyer behaviour, acts etc.</li> <li>● All customers have different reasons to purchase goods, like price, quality, company.</li> <li>● They show different type of behaviour in different situations.</li> </ul>	<ul style="list-style-type: none"> <li>● Interactive Lecture</li> <li>● Visit to various types of shops.</li> <li>● Poster Making</li> <li>● Experiential Learning</li> <li>● Quiz</li> <li>● Role play &amp; Dramatics.</li> </ul>
Classroom	To enlist and understand the factors affecting consumer behaviour	To learn and understand the key factors that are responsible for a consumer's behaviour.	<p>Discussion on various factors, i.e.,</p> <ul style="list-style-type: none"> <li>● Psychological</li> <li>● Socio-cultural</li> <li>● Economic</li> <li>● Government</li> </ul>	<ul style="list-style-type: none"> <li>● Interactive Lecture</li> <li>● Quiz</li> <li>● Experiential Learning</li> <li>● Role play &amp; Dramatics.</li> </ul>

## UNIT -3

### CONSUMER BEHAVIOUR

Story: The Sweet Temptation

In the heart of a small town, there was a bakery named "Sweet Dreams." The aroma of freshly baked pastries passed through the streets, attracting passers-by and making them step inside.

One sunny afternoon, a curious little girl named Pinku and her mother entered the bakery. The colorful displays of cakes, cookies, and cupcakes covered Pinku's imagination. Her eyes widened with wonder, and her mouth watered at the sight of the delicious treats.

The bakery's owner, Mrs. Gunjan, greeted them warmly. As Pinku and her mother explored the assortment of goodies, Mrs. Gunjan observed their reactions with a keen eye. She noticed Pinku's excitement as she admired the colourful cupcakes garnished with cute edible decorations.

Mrs. Gunjan well versed in the art of consumer behaviour, approached Pinku with a cheerful smile. "Would you like to decorate your very own cupcake, dear?" she offered. Pinku's eyes lit up, and she nodded eagerly.

Mrs. Gunjan handed Pinku a plain cupcake, an array of icing tubes, and various toppings. With her mother's encouragement, Pinku began creating her masterpiece. As she piped swirls of icing and sprinkled toppings with glee, she felt a sense of ownership and pride in her creation.

As Pinku enjoyed her custom-made cupcake, Mrs. Gunjan engaged her in conversation. She asked Pinku about her favourite flavours and colours, making the experience feel personalized and special. Mrs. Gunjan carefully listened to Pinku's responses, noting her preferences.

Meanwhile, Pinku's mother noticed the care and attention Mrs. Gunjan gave to her daughter. Impressed by the personalized approach, she decided to purchase a box of assorted cupcakes for a family gathering.

In the following days, Pinku couldn't stop talking about her cupcake adventure at Sweet Dreams. Her excitement was contagious, and she shared her experience with her friends at school.

Soon, other parents began visiting Sweet Dreams with their children, intrigued by the idea of a personalized cupcake decorating session. Mrs. Gunjan welcomed each visitor with warmth and enthusiasm, adapting her approach to suit every child's interests.

As word spread, the bakery gained popularity, attracting families from all around. Mrs. Gunjan's understanding of consumer behaviour, her ability to create personalized experiences, and her genuine interactions with customers transformed Sweet Dreams into a beloved community hub.

Through the sweet temptation of personalized cupcakes and heartfelt interactions, Mrs. Gunjan's bakery thrived, leaving a lasting impression on every customer who stepped through its doors. It became more than just a bakery; it became a place where dreams were sweetly crafted, and where consumer behaviour paved the way to success.

### 3.1 Meaning of Consumer Behaviour

Consumer behaviour, in simple language, refers to the study of how and why consumers make choices and decisions when buying products or services. It involves understanding what influences their preferences, needs, wants and desires, and how they respond to marketing strategies and other factors that affect their purchasing behaviour. The study of consumer behaviour helps businesses and marketers better understand and anticipate consumers' needs and motivations, enabling them to create more effective marketing campaigns and products.

Example 1: a person goes to a grocery store to buy cereal. The consumer may be influenced by various factors such as taste preferences, nutritional information, brand loyalty, packaging design, and price. They might choose a particular brand they have enjoyed in the past or try a new one based on attractive packaging or a promotional offer. Additionally, health-conscious consumers may prioritize nutritional content and opt for a cereal with lower sugar or higher fiber. These decisions are influenced by the individual's personal preferences, values, and the information available at the point of purchase, showcasing consumer behaviour in action.

Example 2: Imagine a shopper walking through a department store, not intending to purchase anything specific. Suddenly, they spot a beautifully displayed handbag at the entrance, with a limited-time discount tag. Despite not needing a new handbag, the shopper is enticed by the offer and decides to buy it on the spot, driven by the excitement of getting a good deal and the fear of missing out. In this scenario, the consumer's impulsive decision to make a purchase is a classic example of consumer behaviour.

In essence, consumer behaviour refers to the study and analysis of how individuals, groups make decisions and take actions regarding the selection, purchase, use, or disposal of goods to satisfy their needs and wants.

### 3.2 Factors affecting Consumer Behaviour

There are many factors that interact and shape consumers' decisions, preferences, and buying behaviour. Understanding these influences helps businesses and marketers tailor their strategies to meet consumer needs and effectively reach their target audience.

Consumer behaviour is influenced by a wide range of factors, which can be categorized into the following groups:

**a) Psychological factors** - Psychological factors in consumer behaviour refer to the internal mental and emotional processes that influence how individuals perceive, interpret, and respond to marketing stimuli, leading to their buying decisions. These factors include motivation, perception, learning, memory, attitudes, beliefs, personality, emotions, and cognitive biases.

For example, hunger can motivate a consumer to buy food, and the desire for status may lead them to purchase luxury items.

Individual differences in personality traits and lifestyle choices can impact consumer behaviour. Some consumers may seek excitement and novelty, while others prioritize stability and familiarity.

Emotions significantly influence consumer decisions. Marketing strategies often aim to evoke emotions like happiness, fear, or nostalgia to create a connection with the brand and influence purchasing behaviour.

**b) Socio-cultural factors-** Socio-cultural factors in consumer behaviour refer to the influence of society and culture on individuals' buying decisions and consumption patterns. Socio-cultural factors include family, reference groups, social class, culture, influencers, social media and online communities. Word of mouth communication from friends, family, or acquaintances can greatly influence consumer choices. Positive or negative recommendations can significantly impact their perception of the brand.

In India, where the majority of the population practices Hinduism, beef consumption is considered taboo due to religious beliefs. Cows are considered sacred animals in Hinduism, so beef is not widely consumed. As a result, you will find a variety of vegetarian and non-beef options available in Indian cuisine, catering to the cultural norms and preferences of the population.

Another example is the celebration of certain festivals in different cultures. For instance, during the Chinese New Year, many Chinese consumers purchase traditional gifts like red envelopes (hongbao) filled with money, as it is a customary way of giving blessings and good luck during the festival. This cultural practice influences the spending behaviour and the types of gifts that are exchanged during this time of the year.

These examples demonstrate how socio-cultural factors, such as religious beliefs, cultural practices, and festivals, impact consumer behaviour and influence the products and services that are preferred and consumed in different regions and communities. Marketers must take these factors into account when developing marketing strategies to effectively engage with diverse cultural groups and align their products with the cultural values and norms of their target audience.

**c) Economic factors** play a significant role in influencing consumer behaviour. These factors are related to the overall economic conditions, individual financial situations, and purchasing power of consumers. Some of the key economic factors affecting consumer behaviour include price and affordability, income levels, economic conditions, employment, job security, interest rates, disposable income, inflation, government policies, etc.

Consumers are more likely to purchase products that they perceive as affordable and within their budget. Higher income individuals may be more willing to spend on premium or luxury products, while lower-income consumers may prioritize value for money and seek cost-effective options. The state of the economy, such as economic growth, recession, or inflation, can influence consumer confidence and spending patterns. Lower interest rates may encourage borrowing and spending, while higher rates can discourage borrowing and lead to decreased spending. Rising inflation can reduce consumers' purchasing power as the cost of goods and services increases. Economic policies implemented by the government, such as tax rates, subsidies and stimulus packages can impact consumer spending behaviour.



Understanding these economic factors is essential for businesses and marketers to develop effective strategies that align with consumer spending behaviour. Economic conditions can significantly impact consumer confidence, preferences, and buying decisions, making it crucial to adapt marketing efforts accordingly.

**c) Government factors-** Government factors in consumer behaviour refer to the impact of various policies, regulations, and actions taken by the government on the choices and behaviours of consumers. These factors are external influences that shape consumer decisions and preferences in the marketplace. Government factors can include taxation policies, subsidies, consumer protection laws, product regulations, environmental policies, trade policies, monetary policies, employment and social welfare policies, health and safety regulations, and advertising and marketing regulations.

For example, changes in tax rates can affect the affordability of goods and services, influencing consumer spending patterns. Subsidies and incentives offered by the government may encourage consumers to adopt specific behaviours or make particular purchases. For example: A product is priced at Rs. 1000/- currently, and the government imposes 10 % government tax on the product, then the products will be Rs. 1100/- (Rs. 1000/- + 10% of Rs. 1000 i.e. Rs. 100). Now the product becomes Rs. 100/- more expensive than previous and hence many people will now think not to purchase this product. Environmental regulations can affect consumer preferences for eco-friendly and sustainable products eg. Green & Bio products.

Trade policies can influence the availability and pricing of imported goods, influencing consumer choices between domestic and foreign products.

Overall, government factors play a crucial role in shaping the economic and regulatory environment in which consumers make their decisions, and they can significantly impact consumer behaviour and market dynamics. Businesses and marketers need to be aware of these government influences to adapt their strategies and meet the changing needs and preferences of consumers within the prevailing regulatory framework.

### **Self Test Questions**

#### **I) Choose the correct option**

1. The study of \_\_\_\_\_ helps businesses and marketers better understand and anticipate consumers' needs.

- a) consumer pattern
- b) marketing campaign
- c) consumer behaviour
- d) social media

2. \_\_\_\_\_ in consumer behaviour refers to the internal mental and emotional processes that influence.

- a) Psychological factors
- b) Government factors
- c) Socio cultural factors
- d) Economic factors

3. Overall \_\_\_\_\_ play a crucial role in shaping the economic and regulatory environment in which consumers make their decisions.

- a) Psychological factors                      b) Government factors
- c) Socio cultural factors                      d) Economic factors

**II) Fill in the blanks-**

- 1. Motivation is a type of \_\_\_\_\_ factor in consumer behavior.
- 2. Consumer behavior refers to the study of \_\_\_\_\_ and \_\_\_\_\_ consumers make choices and decisions when buying products or services.
- 3. \_\_\_\_\_ can affect consumer preferences for eco-friendly and sustainable products

**III) True or False**

- 1. Consumer behavior refers to the study of how and why consumers make choices and decisions when buying products or services.
- 2. Changes in tax rates can affect the affordability of goods and services.
- 3. Businesses and marketers need not be aware of these government influences to adapt their strategies.

**IV) Answer the following questions-**

1. ‘Marketers do not create needs, needs preexist marketers.’ Explain

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2. Share one of your personal experiences as a consumer and describe the behavior you displayed.

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3. “Discuss culture as a factor that impacts consumer behavior by providing few examples.

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## UNIT IV

### ETHICAL BEHAVIOUR IN MARKETING

The goal of this unit is to give students a basic idea of what marketing ethics are and how they work.

<b>Location</b>	<b>Learning Outcome</b>	<b>Knowledge Evaluation</b>	<b>Performance Evaluation</b>	<b>Teaching &amp; Training</b>
<b>Classroom</b>	To understand the meaning and concept of ethical behavior in marketing.	To learn and understand the ethical behaviour in marketing.	Explain meaning and concept of ethical behavior.	<ul style="list-style-type: none"> <li>● Interactive lectures</li> <li>● Quiz</li> </ul>
<b>Classroom</b>	To list out and evaluate the components of ethical behavior.	To learn and understand the different components of ethical behavior.	Explain the components <ul style="list-style-type: none"> <li>● honesty</li> <li>● accuracy</li> <li>● good advertisement</li> <li>● healthy &amp; unhealthy products</li> <li>● fair competition, etc</li> </ul>	<ul style="list-style-type: none"> <li>● Interactive lectures</li> <li>● Quiz</li> </ul>
<b>Classroom and Field visit</b>	To learn and understand the evaluation of ethical behavior in marketing.	To learn and understand the evaluation of ethical behavior in marketing.	Evaluation of components of ethical behavior in marketing	<ul style="list-style-type: none"> <li>● Interactive lectures</li> <li>● Quiz</li> </ul>

#### **Meaning of Ethical Behaviour**

Ethical behaviour in marketing means acting in a way that is morally and socially responsible and following rules and principles that support honesty, fairness, openness, and respect for all people and parties involved in the marketing process like customers, shopkeepers etc. It means making decisions and taking actions that are good for customers, workers, competitors, society, and the environment.

Ethical behaviour in marketing is essential for the success of a business as it builds trust and credibility with customers. Marketing activities can be unethical if they are not done responsibly and ethically.

Addressing social and environmental issues can be an excellent way to conduct ethical marketing. Let's understand this through an example- Reena owns a garment manufacturing company. She initiates a plan to help the homeless children in her local community. She partners with a local retail store to provide free clothing to these children. She also decides to donate a portion of the company's profits to orphanages. She also mentions this initiative in her marketing campaigns.

This is an example of Corporate Social Responsibility (CSR) undertaken by Reena. Every organisation has to use some part of its profit for CSR activities.

CSR can be practised by organisations by addressing environmental issues, making donations, doing charity or by volunteering or participating in social initiatives.

### Some Ethical Marketing Campaigns

- Levi Strauss and Company launched the "Waterless" and "Wash less" campaigns to raise awareness about the environmental impact of denim production. The company was transparent about the fact that it takes about 3800 litres of water to produce one pair of jeans and encouraged customers to wash their jeans less frequently and in cold water to conserve water.



( Source: Levis, [https:// economic times. India times.indiatimes.com/opinion](https://economic.times.india.times.indiatimes.com/opinion))

- The Body Shop launched the "Forever against Animal Testing" campaign in 2017 which aimed to end animal testing in the cosmetic industry. The company was open about the fact that many cosmetic ingredients are still tested on animals, despite the availability of alternative methods. The campaign encouraged customers to sign a petition to ban animal testing in the industry and raised awareness about the issue.



( source: Bodyshop, Forever Against Animal Testing. [https:// www.the bodyshop.com/en-gb/about-us/activism](https://www.thebodyshop.com/en-gb/about-us/activism))

## Components of Ethical Behaviour

The components and principles of ethical behaviour in marketing can be enumerated as follows: -

### 1. Honesty and Transparency

Honesty and Transparency are crucial components of ethical behaviour in marketing. Honesty refers to telling the truth about products and services, while transparency means being open about how products are marketed, manufactured and sold.

A company that practices honesty and transparency builds trust with its customers, leading to customer loyalty and repeat business.

For example - An herbal cosmetics manufacturing company should be open about its use of natural and organic ingredients in its products and assure that it does not test on animals. It should also disclose its business practices such as sourcing ingredients and manufacturing processes.



Courtesy:pixabay.com

### 2. Fairness

Fairness refers to treating customers, employees, and suppliers with respect and equality. A company that practices fairness provides equal opportunities to all stakeholders regardless of their background, gender or race. Fairness promotes a positive work environment and builds trust with customers. For Example- XYZ is well known for its coffee cafes all over India. It provides equal opportunities to all employees regardless of their background. It also sources coffee beans ethically, ensuring that farmers are paid a fair price for their crops.



Courtesy: pixabay.com

### **3. Responsibility**

Responsibility refers to taking ownership of a company's actions and their impact on the environment and society. A company that practices responsibility takes steps to minimize its environmental impact, supports the local community, and create products that are safe for customers.



For example- a well-known government manufacturing company uses sustainable materials in its clothing and takes steps to reduce its environmental impact and carbon footprints. Reduce, Reuse and Recycle is their mantra. It also supports local communities by providing grants and volunteering.//

### **4. Good advertisement**

Advertising is a mode of communication between a buyer and seller through print media or social media. The main aim of companies is to gain more profits and increase the demand for the product. This is done by presenting colourful well-decorated advertisements.

Ethics in advertising is directly related to the purpose of advertising and the nature of advertising. A good advertisement does not make false claims, is decent and does not mislead.

For Example- pharmaceutical companies often contribute to raising awareness. Their advertisements highlight the benefits of their medicines, but they usually omit discussing the potential side effects.

### **5. Health and Safety**

Health and safety are paramount for any ethical marketing, so consumers have to choose from what is being offered to them, check the labels, ingredients, and mark of safety and not get lured by catchy advertisements.

Products like cigarettes, tobacco, alcohol, fast food and some beverages are examples of unhealthy and unsafe products.

Consumers need to be aware that some advertised products can be unhealthy. Companies target children and youth through promotions, free samples, gifts etc. and sell unhealthy and unsafe products.

Companies should work towards sustainability and avoid unethical practices through false advertisements.



## **6. Legality-**

The business organisation should comply with all the environmental and government regulations and industry standards. This will lead to offering better quality products and services to the consumers. It will also help the business to grow and expand.

## **7. Accuracy:**

To ensure accurate marketing, it is essential to ensure that all claims presented in advertisements, during sales, or in product descriptions can be verified and are substantiated by evidence. Marketers must refrain from making claims about a product that cannot be proven.

## **8. Consumer Privacy and Data Protection:**

Ensuring responsible marketing involves safeguarding customer rights and ensuring the security of their personal information. Marketers must obtain proper consent to gather and utilize customer data while ensuring its safety and preventing any misuse.

## **Evaluation of the Components of Ethical Behaviour in Marketing:**

Marketers must act ethically if they want to build trust, credibility, and long-term relationships with customers. It also helps the brand's reputation and keeps buyers coming back. Businesses can come up with a marketing plan that is ethical and meets the needs of today's socially aware customers by looking at what makes action ethical.

If you are honest and give correct information, customers can make good choices based on what they know. Good advertisements that are kind to people and care about society make the brand look good. Fair competition shows respect for competitors and keeps business practices on the right track.

Also, keeping customers' information private and taking care of the earth and the community show a commitment to doing the right thing that goes beyond making money. Companies can be honest and help their customers and society as a whole by putting these things into their marketing plans.

## **Conclusion**

The practices which ensure marketing ethics can be summarized as-

- ◆ Customer information should not be disclosed without their consent
- ◆ Abide by the government laws, rules and regulations.
- ◆ Avoid deceptive advertisements.
- ◆ The product details should be revealed to the customers
- ◆ Only promote products which are safe for customers.
- ◆ Do not indulge in malpractices rather offer fair prices to customers.

## Self Test Questions

### I) Choose the correct option

1. \_\_\_\_\_ means making decisions and taking actions that are good for customers, workers, competitors, society, and the environment.

- a) Honesty
- b) Accuracy
- c) Ethical Behaviour
- d) Health & Safety

2. \_\_\_\_\_ is a mode of communication between a buyer and seller through print media or social media

- a) Advertisement
- b) Promotion
- c) Product
- d) Email

3. \_\_\_\_\_ refers to treating customers, employees, and suppliers with respect and equality.

- a) Responsibility
- b) Fairness
- c) Legality
- d) Good advertisement

### II) Fill in the blanks-

4. \_\_\_\_\_ in marketing means acting in a way that is morally and socially responsible and following rules and principles.

5. A business organisation should comply with all the \_\_\_\_\_ and \_\_\_\_\_ regulations and industry standards.

6. Products like cigarettes, tobacco, alcohol, fast food and some beverages are examples of \_\_\_\_\_ and \_\_\_\_\_ products.

### III) True or False

- 1. A good advertisement does make false claims, is decent and does not mislead.
- 2. The product details should be revealed to the customers by a marketer.
- 3. Customer information should not be disclosed without their consent.

### IV) Answer the following questions-

‘Health and safety are paramount for any ethical marketing’. Explain by providing an example.

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A company that practices honesty and transparency builds trust with its customers, leading to customer loyalty. Do you agree? Give reasons.

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Recall and write about a personal experience where you observed unethical marketing practice.

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## PROJECT WORK

### Group Project

*(Project work can be done in small groups of 5-6 students in each group formed by the subject teacher based on her own judgement.)*

Design a promotion/ advertisement of any product/service to be launched (hypothetically) by your group in the school itself. *(Think of something which will be highly useful for all students/ teachers.)*

- The student groups need to prepare a chart paper based/ digital advertisement using MS-Paint or similar software.
- They can make it eye-catching by using graphics, images, drawings of products or services, writing slogans, punch lines, price, discounts and offers, etc.
- They can take promotional ideas from any newspaper, magazines, pamphlets, old books, printouts or other relevant material.

Teacher may also:

- Invite all the student groups to come one by one and explain the collage to the class within 2-3 minutes time frame.
- Put the promotion or advertisements on the school board or class board to be viewed by all the students and teachers.

### **Individual Project**

● Your task involves visiting the local market in your neighbourhood and observing the shopping behaviours of different customer groups, such as kids, adults and elderly individuals. Your observations regarding consumer behaviour patterns should be recorded on a sheet of paper, and you will share your experience with the class. You can consider including the following points:

● Which customer group comprised the highest number of shoppers: Kids, young people, adults, or the elderly?

● What kinds of products were these customers purchasing?

● Did you observe if any of them were carrying a list of items they intended to buy?

● Did you notice customers bargaining over the price stated by the shopkeeper?

● Were any of them inquiring about discounts or special offers for specific products?

● Did you observe whether their purchases seemed random or purposeful?

● Were they paying by Cash/ Card or UPI mode? Majority used which mode?

● Prepare a project file (10-12 pages) on 'Marketing Mix' components of any one company of your choice. You may include the following:

○ Name of the company.

○ Products: List the types of products being sold in the market along with a brief description.

○ Prices: Prices at which these products are being sold.

○ Place: Locations or outlets where the company's products are available for purchase by customers.

○ Promotion: Different methods and strategies employed by the company to reach its customers.