



**T.Y.B.COM
SEMESTER - V (CBCS)**

**COMMERCE-V
MARKETING**

SUBJECT CODE: 23114

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February 2022, Print - 1

Published by: Director,

Institute of Distance and Open Learning,
University of Mumbai,
Vidyanagari, Mumbai - 400 098.

DTP composed and Printed by: Mumbai University Press

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T.Y.B.COM
SEMESTER - V (CBCS)
COMMERCE-V
MARKETING
SYLLABUS

Sr. No.	Modules / Units
1	Introduction to Marketing
	<ul style="list-style-type: none"> Marketing, Concept, Features, Importance, Functions, Evolution, Strategic v/s Traditional Marketing Marketing Research - Concept, Features, Process Marketing Information System-Concept, Components Data Mining- Concept, Importance Consumer Behaviour- Concept, ,Factors influencing Consumer Behaviour Market Segmentation- Concept, Benefits, Bases of market segmentation Customer Relationship Management- Concept , Techniques Market Targeting- Concept, Five patterns of Target market Selection
2	Marketing Decisions I
	<ul style="list-style-type: none"> Marketing Mix- Concept, Product- Product Decision Areas Product Life Cycle- Concept, Managing stages of PLC Branding- Concept , Components Brand Equity- Concept , Factors influencing Brand Equity Packaging- Concept , Essentials of a good package Product Positioning- Concept, Strategies of Product Positioning Service Positioning- Importance & Challenges Pricing- Concept, Objectives, Factors influencing Pricing, Pricing Strategies
3	Marketing Decisions
	<ul style="list-style-type: none"> Physical Distribution- Concept, Factors influencing Physical Distribution, Marketing Channels (Traditional & Contemporary Channels) Supply Chain Management-Concept, Components of SCM Promotion- Concept, Importance, Elements of Promotion mix Integrated Marketing Communication (IMC)- Concept, Scope ,Importance Sales Management- Concept, Components, Emerging trends in selling Personal Selling- Concept , Process of personal selling, Skill Sets required for Effective Selling

4	Key Marketing Dimensions
	<ul style="list-style-type: none"> Marketing Ethics: Concept, Unethical practices in marketing, General role of consumer organizations Competitive Strategies for Market Leader, Market Challenger, Market Follower and Market Nicher Marketing Ethics: Rural Marketing- Concept, Features of Indian Rural Market, Strategies for Effective Rural Marketing Digital Marketing-Concept, trends in Digital Marketing Green Marketing- concept, importance Challenges faced by Marketing Managers in 21st Century Careers in Marketing – Skill sets required for effective marketing Factors contributing to Success of brands in India with suitable examples, Reasons for failure of brands in India with suitable examples.

**Revised Syllabus of Courses of B.Com. Programme at Semester V and VI
with effect from the Academic Year 2018-2019**

**Question Paper Pattern
(Theoretical Courses)**

Maximum Marks: 100

Questions to be set: 06

Duration: 03 Hrs.

All Questions are Compulsory Carrying 15 Marks each.

Question No	Particular	Marks
Q-1	Objective Questions A) Sub Questions to be asked 12 and to be answered any 10 B) Sub Questions to be asked 12 and to be answered any 10 (*Multiple choice / True or False / Match the columns/Fill in the blanks)	20 Marks
Q-2	Full Length Question	15 Marks
	OR	
Q-2	Full Length Question	15 Marks
Q-3	Full Length Question	15 Marks
	OR	
Q-3	Full Length Question	15 Marks
Q-4	Full Length Question	15 Marks
	OR	
Q-4	Full Length Question	15 Marks
Q-5	Full Length Question	15 Marks
	OR	
Q-5	Full Length Question	15 Marks
Q-6	A) Theory questions B) Theory questions	10 Marks 10 Marks
	OR	
Q-6	Short Notes To be asked 06 To be answered 04	20 Marks

Note:

Theory question of 15 marks may be divided into two sub questions of 7/8 or 10/5 Marks.

INTRODUCTION TO MARKETING

Unit Structure

- 1.0 Objective
- 1.1 Introduction
- 1.2 Meaning of Marketing
- 1.3 Marketing Research
- 1.4 Data Mining
- 1.5 Market Segments
- 1.6 Summary
- 1.7 Exercise
- 1.8 References

1.0. OBJECTIVE

- To understand the concept of marketing and its objectives.
- To understand importance of marketing and its functions.
- To study the concept of marketing Research.
- To study the scope of marketing research and its Objectives.
- To explore the concept of data mining and its Importance.
- To Study the concept of market segments and its types.

1.1. INTRODUCTION

Student will understand about marketing concepts and importance of marketing. Marketing is very helpful tool in transfer of goods and services. Goods and services are made available to customers through various medium such as wholesaler; retailer etc. in such way marketing is helpful to customer as well as producers. This chapter helps to understand the sequence of how the functions work to fulfill the objectives of the market.

Marketer can also collect whatever information he wants by doing market research as well as use data mining tool to analysing customer behaviours and their insights to achieve great success and data driven business. Data mining is used to explore increasingly large data base and to improve market segmentation.

1.2. MEANING OF MARKETING

Marketing is a term widely used in the management of business and in our day-to-day life. Because of this reason marketing is very important. If you go back into history then we find the existence of marketing in the beginning of the civilization, it all has started with the barter system, when

the buyer and seller exchange their goods and services. The simplest way to understand what is marketing is to identify and meet the needs of consumers.

As a marketer, try to identify the needs of the customers and you need to fulfill the needs of the customers. To become a good marketer, need to identify & meet the needs of the customer.

According to Philip Kotler – Marketing is all about CCDVTP that is Creating, Communicating, and Delivering Value to the target market for profit.

Marketing is an art; marketing is research to understand what the needs of consumers are and develop the product according to the demand. EXAMPLE – When corona had come, everyone was scared and watching to see when medicine would come on the corona, then doctors and government were trying to find medicine on the corona and one day it happened successful. Because of marketing activities consumer is getting information about vaccine.

Marketing is one kind of function that creates the bridge between the customer and marketer through information. Which will help to identify and defining market opportunities and problems.

There has been a lot of revolution in marketing. In the old era, marketer had to market the products through door service, but with the help of technology, the marketing has now spread all over the world. Marketing became an easy. In the period of pandemic, you can see that the almost products from every field were available online. Marketers have marketed their products in good way.

1.2.1. DEFINITION

Dictionary.com defines marketing as, "the action or business of promoting and selling products or services, including market research and advertising."

Marketing companies are taking steps towards to attract the audience for the company's product and services through high quality messaging. Aim of marketing to deliver a separate value for consumers through detailed information like product, demonstration, strength, brand quality aims with to increasing sales.

American Marketing Association (AMA) Board of Directors, Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Dr. Philip Kotler - defines marketing as “the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires. It defines measures and quantifies the size of the identified market and the profit

potential. It pinpoints which segments the company is capable of serving best and it designs and promotes the appropriate products and services.”

Marketing is an art and science of creating customers, while making a profit and building enterprise value. Marketing integrates, formally or informally, many disciplines and every organizational function.

Marketing is the concept as well as strategy. Company apply marketing strategy to satisfy customer’s needs, increase sales and to earn maximum profit. Marketing concept includes. These are;

- (1) Production concept,
- (2) Product concept,
- (3) Selling concept,
- (4) Marketing concept, and
- (5) Societal marketing concept.

These concepts are described below;

1. PRODUCTION CONCEPT

The idea of production concept – “Consumer will select product which are easily available and affordable” This is the old concept of marketing management which will guide to sellers.

Companies adopting this orientation run a major risk of focusing too narrowly on their operations and losing sight of the real objective.

Production Concept example:-

You see, in Amazon or retail stores, the market is crowded with cheap products from china. Everything from the cheap plastic product from China is on customer’s cart now. The best example of the production concept is Vivo, the Chinese Smartphone brand.

2. PRODUCT CONCEPT

The product concept says that consumers will prefer product of best quality and which includes innovative features. Here Marketing strategies are engaging in making continuous product improvements. Important part of every marketing strategy is to improve the quality of product.

Product Concept example

For example, suppose a company makes the best quality Mobile Phones. But a customer does need a floppy disk? She or he needs something that can be used to store data or captured photos clearly. It can be achieved by only those mobiles that have large storage capacity and high mega pixel camera. So that the company should not look to make the best mobile phones, they should focus on meeting the customer’s data storage and capturing photos.

When you think of high-quality products, Apple will be one of the top ones. Their products are so good that they set industry trends and standards.

3. **SELLING CONCEPT**

The selling concept holds the idea- The selling concept says that, if any company want to increase the product's sale company should undertake promotion activities and selling activity at large scale if customer is not buy your product.

In selling concept, the marketer consider that customers will be interested into purchasing the product & will like it; if they don't like it, they will possibly forget their disappointment and Purchase it again later. This is usually a very poor and expensive consideration.

Selling Concept example

Selling Concept example every saw an ad online or TV commercial that you almost can't escape and hide from? The Selling Concept is in play. Almost all companies eventually fall into this concept. "Fairness Creams" ads are hard to miss. If people like Fairness Creams or not, that is debatable, but you can see that PepsiCo is pushing it hard using ads. Almost all soft drinks and soda drinks follow the selling concept. These drinks have no health benefits; you can easily replace them with water.

4. **MARKETING CONCEPT**

The marketing concept says - To achieve organizational goal, company should focus on how they can deliver the desired satisfaction about the needs and wants of target markets or customers. Organization should try to do best than the competitors are doing. Here marketing management gives first priority preference to Customers. Under the marketing concept, customer choice and value are the important routes to achieve sales and profits.

1.2.2. FEATURES OF MARKETING

1. Customer Oriented:

The marketing function of a business is customer-centered. In marketing, business need to find human needs and produce a product according to demand which helps to keep customer retention for long time. Hence every activity of business is customer oriented.

2. Customer satisfaction:

To achieve organizational goal, business or marketer should focus on the satisfaction of customers. that they will get benefits from the product for which they are paying money, Customers will satisfy when they will get more benefits from the product. Customer satisfaction can be increase by providing good quality service which will add some additional values and facilities.

3. Objective-oriented:

Every business organisation has objective is that to earn profit. To achieve business goal, they should fixed the objective at different level which will provide satisfaction of human needs. All marketing

activities are objective-oriented. To achieve objectives, marketing activities undertaken by sellers make an attempt to analyse the sickness in the system, and measures are taken to improve the deficiency of the system.

4. Continuous and regular activity:

Marketing is continuous activity. Marketing activity is addressing both the existing as well as the new customers. Thus, it is a continuous process, he has to consistently monitor environment. This helps in new coming product.

5. Easy Exchange Available:

Marketing includes exchanging of goods, services and new concepts in exchange of money. Mostly exchange of goods and services are take places between sellers and purchaser. This function includes distribution, post-sale services, and packaging help in the exchange process. Channels of distribution and physical distribution play an important role in the exchange process and it creates place utility.

6. Environment:

Many factors are involved in the marketing environment which will affect on the marketing environment such as political technological, demographical as well as economic policies, market conditions are influence on marketing activities.

7. Marketing mix:

In marketing, product, price, promotion, and place these are the main components of marketing mix.

Company's marketing system includes these all four elements. Marketing mix is not static combination of variables. They are influenced by consumer behavior, trade factors, government regularity measures

8. Integrated approach:

To achieve organizational goal, marketing activities should be coordinated with other functional areas. Otherwise, it will result in organizational conflicts. Functions such as financing function, production function, purchasing function public relation, storekeeping function etc.

9. Marketing is an art and science:

In any kind of business, some extra ordinary skills are required in marketing activities, tat skills are comes under art category and Science includes systemics entity of knowledge which is based on facts and principles. The concept of marketing includes a group of social sciences such as economics, sociology, psychology and law. It indicates market operations based on some principles. Hence, marketing is an art as well as a science.

1.2.3. IMPORTANC OF MARKETING

1. **Marketing Helps in Transfer, Exchange and Movement of Goods:**

Marketing is very helpful tool in transfer of goods and services. Customers will get goods and services via various channels of marketing like wholesaler, retailer, etc. in this way marketing is helpful as well as useful to customer as well as producers.

2. **Marketing Is Helpful In Raising And Maintaining The Standard Of Living Of The Community:**

Marketing is providing a good standard of living to the community. According to Paul Mazur – Marketing is the delivery of standard of living. By providing the good quality of goods and services to the consumer at reasonable price, marketing has played an important role in increasing and maintaining standard of living of the society. In society 3 classes of people will be there i.e poor, middle class and rich. Marketing is providing everything which used by these classes

3. **Marketing Creates Employment:**

Marketing is work like a system, where involving many people in a form or the other. The major marketing functions are buying& selling of goods and services, financing, transport, warehousing, risk bearing and standardization, etc. In each function different activities are performed by a large number of individuals and entities. Thus, marketing gives employment to many people.

4. **Marketing as a Source of Income and Revenue:**

Marketing does provide many opportunities to earn profits in the process of buying and selling the goods and services, by creating time and place utilities. The income and profit which will arise from the process are reinvested in the concern, thereby earning more profits in future. Marketing should be given the greatest importance, since the very survival of the firm depends on the effectiveness of the marketing function.

5. **Marketing Acts as a Basis for Making Decisions:**

In modern times marketing has become a very complex and mind-numbing task. Marketing has emerged as new specialised activity along with production. As a result, producers are depending largely on the mechanism of marketing, to decide what to produce and sell. With the help of marketing techniques, a producer can regulate his production accordingly.

6. Marketing Acts as a Source of New Ideas:

The concept of marketing is a vigorous concept. Marketing a mechanism of measurement, it gives scope for understanding the new demand pattern and thereby produce and make available the goods accordingly.

7. Marketing Is Helpful in Development Of An Economy:

Adam Smith has remarked that “nothing happens in our country until somebody sells something”. Marketing is the kingpin that sets the economy revolving. The marketing organisation, more scientifically organised, makes the economy strong and stable, the lesser the stress on the marketing function, the weaker will be the economy.

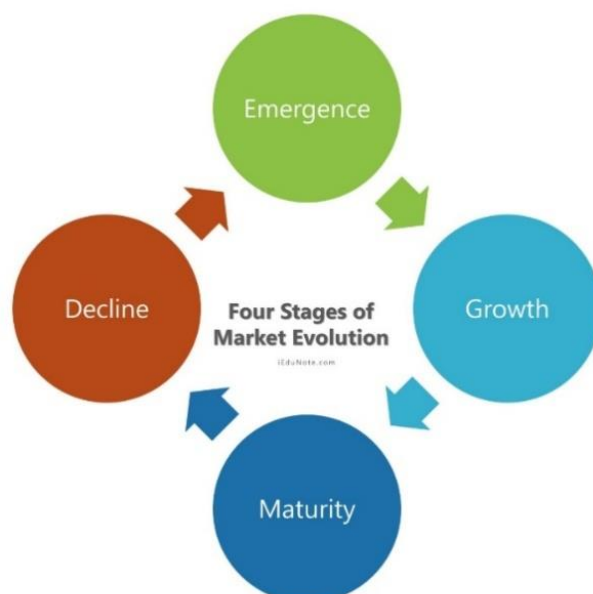
1.2.4. EVOLUTION OF MARKETING CONCEPT

Market Evolution: Definition, Stages of Market Evolution

Evolution, in dictionary term, means the process of growth. In other words, evolution is the theory that sees in the history of all things – a development or gradual advance from a simple and rudimentary condition to one that is more complex and of higher character.

Thus, market evolution means the development of the Market from an initial position to one that is more critical. In the product life cycle concept; the attention there was on the product. o. We should aware about, what will happen in different stages of the market during its evolution.

- **Stages of Market Evolution**



1. Emergence Stage of Market

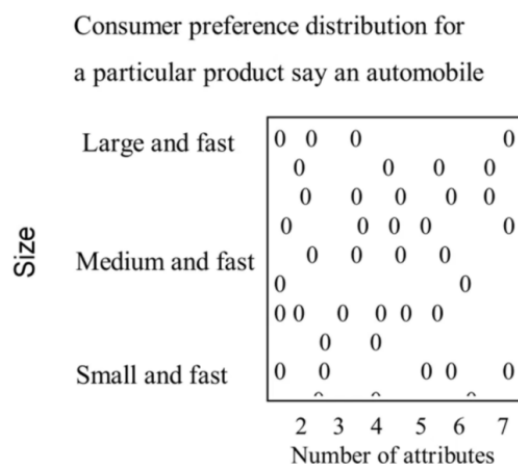
If any marketer does not serve a particular market, it remains in a latent form. Customers have so many needs, some of which are not completed because of the lack of products capability of satisfying a particular need. This necessarily does not mean that market for a particular product capable of satisfying an not completed need is non-existent. The market for such products is termed as latent. “A latent market consists of people who share a similar need or want for something that does not yet exist

People are not yet satisfied with the speed of the existing channels of transportation. They want faster channels of transportation. For example, an entrepreneur realizes this and is willing to develop something based on most modern computer technology which is capable of satisfying this need better than ever. If he is serious, he should determine the new product’s attributes – superior and faster mode of transport. After getting an idea of potential customers’ preference levels, the entrepreneur should design an optimal product to satisfy them.

If you look at the following figure, you will know how customers’ preferences vary. customer preference distribution for a particular product during latent market stage

In the figure, each of the zeroes represents individual preference, which clearly tells us that preferences are very different from each other. Some potential customers will be happy getting two new attributes, where others want as many as seven. We can call such a market a meandering preference market where buyers’ preferences are scatter. In such a situation, it is difficult to develop an optimal product catering to potential buyers’ needs.

Customer-Preference Distribution for a Particular Product During Latent-Market Stage



Here, a marketer may pursue any one of the following three strategies:

- **Single-Niche Strategy:** If the marketer decides to develop the product to satisfy one of the corners of the market, it is termed as a single-niche strategy.
- **Multiple-Niche Strategy:** If the marketer decides to develop and launch more than one new product aiming at more than one segment of the total market, we call it a multiple-niche strategy.
- **Mass-Market Strategy:** Under this strategy, the marketer aims at the middle portion of the market where concentration is heavy. If a firm decides to follow this strategy its potential sales could be expected to be much higher than the potential sales generated by the other two strategies.

The decision with regards to the strategy to be pursued depends to a great extent on the size of the firm.

2. Growth Stage of Market

You know that the emergence stage starts with the launching of the product. On the other hand, the growth stage begins as new firms enter the market and compete with the pioneer firm.

Since this is the era of extreme competition, new firms will immediately enter the market if they see the market is profitable to operate.

The new firm can decide to pursue the single-niche strategy, thus focusing on one corner of the total market.

The second alternative is to pursue a mass-market strategy. Here the new entrant plans to place or position its product close to the pioneering firm.

The third option is to go for the multiple-niche strategy. Here the firm first finds out few untapped corners of the market and then decides to capture a few corners.

As we have mentioned before, the decision on strategy depends on the strengths of the new firm. If it finds itself stronger and larger, it may decide to go for face-to-face/direct competition with the pioneering firm.

It may be successful or not depending on how it undertakes and implements the marketing programs. The new large firm may also decide to avoid direct competition and go for a multiple-niche strategy, giving it a competitive advantage.

3. Maturity Stage of Market

When most of the segments of a product's total market are tapped and served by different competing firms, the market reaches the maturity stage. It is a common picture of any market.

In the primary stage, one or two firms dominate the market. Gradually new firms are attracted either because the market is

profitable, or some of the segments remains yet to be explored. When all of the major segments are covered, marketers find it unprofitable operating in one or a few segments. They then decide to attack each other's segments and capture the segment's total or part (s). This leads to lower profits for the competing firms. This slows down the market growth, and customers start demanding more, leading to a more fragmented market. This again reduces competition within the segments. But as the segments' sizes become smaller, profits further reduce, leading to market consolidation. The innovative and larger firms will try to develop new element and influence customers more with new element or feature. This will cause some customers to switch to the firm's product, thus harden its position in the market. As a result, some of the competitors will either be carried off or pushed to certain corners of the market. This is called the market consolidation stage.

The consolidated market also does not last long because other firms may imitate the firm's new attribute, resulting in further competition. The market again may be turned into a fragmented one. This fragmentation process to consolidation to fragmentation and again to consolidation continues for some time until the market reaches the decline stage.

4. Decline Stage of Market

The process of fragmentation consolidation fragmentation continues for some time. Declining stage will start when demand of market falls. There are two common reasons for the decline in market demand for a product. First, society's need level for a particular product may decline, which reduces the need for a specific product. Second, new technology may not be capable of producing better products. If people are offered new and better products, they will most likely substitute the old one for the new one. To survive, a firm should accept itself to the new technology and new demands of society.

1.2.5. DIFFERENCE BETWEEN STRATEGIC MARKETING AND TRADITIONAL MARKETING

Traditional Marketing	Points	Strategic Marketing
Traditional Marketing focused on maximum profit at any cost for the marketer.	Meaning	Strategic marketing believes in maximizing profit of the marketer by satisfying customers.
Traditional Marketing revolved around the seller and was in existence namely before 1950s	Revolves	Strategic marketing revolves around buyer and is followed in the 21 st century across the globe.

Traditional Marketing hardly undertakes SWOT analysis.	SWOT Analysis	Strategic marketing periodically undertakes SWOT analysis.
Traditional marketing hardly invest funds in marketing research.	Marketing Research	Strategic marketing invests lot of funds in marketing research
Traditional Marketing hardly place emphasis on Research and Develop new product.	Product Quality	Strategic marketing places lot of emphasis on research and develop to improve quality and develop new products.

1.2.6. FUNCTIONS OF MARKETING

1. **Market Research:** A complete research on competitors, consumer expectations and demand should be complete before launching a product into the market. Every marketer should know about the competitors like what strategies used by competitors, how many competitors are in market etc.
2. **Market Planning:** market objectives, marketer should prepare a plan in respect of production and promotion activities. After proper research, a proper plan is designed based on the target customers, market share to be captured so that production level will be possible.
3. **Product Design and Development:** the product or service designed should be created which is related with the research data Sales would happen where attractive designs will be implemented and develop it continuously.
4. **Buying and Assembling:** In order to produce new product according to market expectation, need to buy of raw material and assembling of parts is done to create a product or service.
5. **Product Standardization:** The product is marked as per its quality and the quality of its raw materials. It includes size, quality, colour, design, weight, etc. standardization would help to business for sales as well as it helps to customers to select the product according to standard and grading of product. It makes sale and purchase easy.
6. **Packaging and Labeling:** To make the product more attractive and self-informative, it is packed and labeled listing out the ingredients used, product use, manufacturing details, expiry date, etc. Many times, customers demand product in different quantity, it is necessary to special packing. Attractive packing helps to attract the customers and ultimately results in increase sale.

Label is a slip which contains all detailed information about product. By reading the product label customers would get the details about the product.

7. **Branding:** A fascinating brand name is given to the product because of that differentiation would become possible with the other similar products in the market.
8. **Pricing of the Product:** it is most important function of marketing to fixing the price of the product. The product is priced keeping in mind the value it creates for the customer and cost of production.
9. **Promotion of the Product:** Next step is to create awareness about product and services to the people through advertisement. To achieve business goal need to take more efforts on promotion activities to know more about the product to the customers.
10. **Warehousing and Storage:** The goods are generally produced in huge amount of quantity and therefore there is need to be stored in warehouses before being sold in the market in small quantities.
11. **Selling and Distribution:** To reach out to the consumers spread over a vast geographical area, selling and distribution channels are to be selected accordingly.
12. **Transportation:** Transportation means are decided for transfer of the goods from the manufacturing units to the wholesalers, retailers and consumers.
13. **Customer Support Service:** The marketing team remains in contact with the customers even after selling the product or service to know the customer's experience, and the arise satisfaction

CHECK YOUR UNDERSTANDING

State true or False

1. Product concept says that "Consumers will favor products that are available and highly affordable." This concept is one of the oldest Marketing management orientations that guide sellers.
2. Adam Smith has remarked that "nothing happens in our country until somebody sells something".
3. Strategic marketing Strategic believes in minimizing profit of the marketer by satisfying customers
4. Market evolution means the development or gradual advance of the market from an initial position to one that is more critical.

Answer Key: 1- True, 2- True, 3- False, 4- True

1.3. MARKETING RESEARCH

The market research is an important element of the process of marketing research. Marketing research includes the complete analysis of the market. Information regarding the nature, size, organisation profitability of

different markets, changes in markets and various factors- economic, social and political-affecting those changes are studied. The main purpose of market research is to gather information about customers, market and product and services.

Marketing research is defined as, “The systematic, search for the study of the facts relevant to any problem in the field of marketing.” Marketing research may be described as a tool of getting facts to be used by the executive in formulating policies and plans. It can also be defined as the systematically collecting, recording and analyzing of data about problems relating to marketing of goods and services.

It is a systematic search for information. It includes data collection, analysis and interpretation. Research cannot draw decisions, but it helps the marketers to take proper decision related the task.

1.3.1. MARKETING RESEARCH PROCESS

1. Identification and Defining the Problem:

The market research process begins with the identification “of a problem faced by the company. The statement of problem may not be possible at the outset of research process because only the symptoms of the problems are clearly visible at that stage. Then, after some explanatory research, clear definition of the problem is of crucial importance in marketing research because such research is a costly because in process involving time, energy and money.

2. Statement of Research Objectives:

After identifying and defining the problem with or without explanatory research, the researcher must take a formal statement of research objectives. Such objectives may be stated in qualitative or quantitative terms and expressed as research questions, statement or hypothesis. For example, the research objective, “To study the profitability out the extent to which sales promotion schemes affected the sales” is a research objective expressed as a statement.

On the other hand, a hypothesis is a statement that can be supported by empirical finding. The same research objective could be stated as, “To test the proposition that sales are positively affected by the sales promotion schemes undertaken this winter.” Example of another hypothesis may be: “The new packaging pattern has resulted in increase in sales and profits.” Once the objectives or the hypotheses are developed, the researcher is ready to choose the research design.

3. Planning the Research Design or Designing the Research Study:

After defining the research problem and deciding the objectives, the research design must be developed. A research design is a master plan specifying the procedure for collecting and analysing the needed information. It represents a framework for the research plan of action.

The objectives of the study are included in the research design to ensure that data collected are relevant to the objectives. At this stage, the researcher should also determine the type of sources of information needed, the data collection method (e.g., survey or interview), the sampling, methodology, and the timing and possible costs of research.

4. Planning the Sample:

Sampling involves procedures that use a small number of items or parts of the ‘population’ (total items) to make conclusion regarding the ‘population’. Important questions in this regard are— who is to be sampled as a rightly representative lot? Which is the target ‘population’? What should be the sample size? How to select the various units for to create the sample?

5. Data Collection:

The collection of data relates to the gathering of facts to be used in solving the problem. Hence, methods of market research are essentially methods of data collection. Data can be secondary, i.e., collected from relevant reports, magazines and periodicals, especially written articles, government publications, company publications, books, etc. Data can be primary, i.e., collected from the original base through empirical research by means of various tools. There can be broadly two types of sources (i) Internal sources— existing within the firm, such as accounting data, salesmen’s reports, etc. (ii) External sources— outside the firm.

6. Data Processing and Analysis:

Once data have been collected, these have to be converted into a format that will suggest answers to the initially identified and defined problem. Data processing starts with the editing of data and its coding. Editing involves inspecting the data-collection forms for omission, legibility, and consistency in classification. Before tabulation, responses need to be classified into meaningful categories. The rules for categorizing, recording and transferring the data to ‘data storage media’ are called codes. This coding process facilitates the manual or computer tabulation. If computer analysis is being used, the data can be key punched and verified.

In its simplest form analysis may involve determination of consistent patterns and summarising of appropriate details. The appropriate analytical techniques chosen would depend upon informational requirements of the problem, characteristics of the research designs and the nature of the data gathered.

7. Formulating Conclusion, Preparing and Presenting the Report:

In the final stage in the marketing research process is that of interpreting the information and drawing conclusion for use in managerial decision. The research report should clearly and effectively communicate the research findings and need not include complicated statement about the technical aspect of the study and

research methods. Often the management is not interested in details of research design and statistical analysis, but instead, in the concrete findings of the research.

1.3.2. MARKETING INFORMATION SYSTEM

Marketing Information System (MIS) is a permanent arrangement for provision of regular availability of relevant, reliable, adequate, and timely information so that it would become easy for making marketing decisions. Information keeps the organisation actively functioning, alive, and connected with internal and external marketing participants. It is a valuable asset for a firm as it is a base to manage other valuable assets. The firm fails to manage information (i.e., collecting, analyzing, interpreting, storing, and disseminating of information) will definitely fail to attain goals.

Today's marketing is dynamic, and manager has to undergo necessary changes to cope with the pace of changing marketing environment. Information is a basic input to know what is happening and what is going to happen. Marion Harper has rightly asserted: "To manage a business well is to manage its future, and to manage the future well is to manage the information."

A company needs information on a continuous basis to be aware of marketing developments taking place in the market. In order to learn about changing needs of customers, new competitors' initiatives, changing distribution practices, recent trends in promotion practices, etc., a manager requires the permanent arrangement to get the needed information on a regular basis. The system or arrangement that deals with providing the information regularly is known as marketing information system (MIS).

1.3.3. DEFINITIONS

Marketing Information System (MIS) has been defined as:

1. Philip Kotler:

"A marketing information system is a continuing and interacting system of people, equipment's, and procedures to gather, sort, analyze, evaluate, and distribute the pertinent, timely, and accurate information for use by marketing decision-makers to improve their marketing planning, implementation, and control." Philip Kotler gives alternative definition, such as: "A marketing information system (MIS) consists of people, equipment's, and procedures to gather, sort, analyze, evaluate, and distribute the needed, timely, and accurate information to marketing decision makers."

1.3.4. COMPONENTS OF MIS

MIS is made of parts, subparts or subsystems which are called the components. Typically, according to Philip Kotler, a marketing information system consists of four interrelated components – Internal Reports (Records) System, Marketing Research System, Marketing

Intelligence System, and Marketing Decision Support System, as shown in Figure 1. All components are interrelated and interdependent.

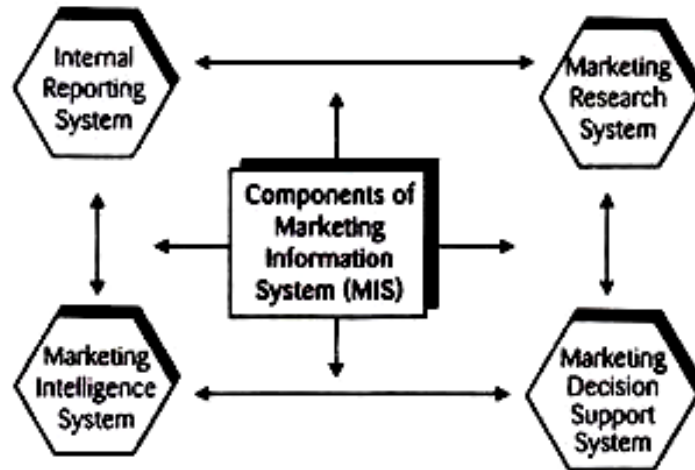


Figure 1: Components of Marketing Information System

- **Components of marketing information system**

- 1. Internal Records System:**

Internal records system is a major and easily accessible source of information. It provides the results data. It includes all records of marketing operations which will be available within organisation. This system concerns with collecting, analyzing, interpreting, and distributing required information from records of various departments of the company. Main sources include various records on sales and purchase, ordering system, sales force reporting system, inventory level, receivable-payables, marketing staff, costs, the past research works, and other literatures/reports available within organisation. To manage the internal record system, some companies appoint internal MIS committee to deal with all aspects of internal information. The committee:

- (1) Attends request for all type of information required by managers,
- (2) Determines sources of the information and tools needed to collect, evaluate, and analyze information,
- (3) Deals with presenting, distributing and updating the information,
- (4) Handles complaints of employees, and
- (5) Performs all types functions related to information. Internal records system keeps continues followup of the information throughout the organization without much expense and efforts. Managers can get the up-to-date information about marketing operations. Once the system is set up properly, it can serve the purpose continually.

- 2. Marketing Intelligence System:**

While internal report system concerns with information available from internal records of organisation, the marketing intelligence system supplies the managers with happening data. It provides information about external happenings or external environment.

While internal report system concerns with information available from internal records of organisation, the marketing intelligence system provides the managers with occurrence or current data. It provides information about external happenings or external environment. Marketing intelligence system consists of various methods, procedures and sources used by managers to obtain every-day information regularly about appropriate developments in the marketing environment. A manager can try to expose external environment in various ways. Marketing intelligence system includes of various methods. A manager can use one or more below mentioned methods: i. Reading newspapers, books, and other publications. ii. Watching TV, hearing radio, or Internet surfing. iii. Talking to customers, dealers, suppliers, and other relevant parties. iv. Talking to other managers and employees of his company as well as of other companies. v. Maintaining live contacts with other officials and agencies. vi. Purchasing useful information from professional sources. vii. Assigning marketing intelligence task to professional agencies, etc. Effective marketing intelligence system can facilitate managers to take immediate actions like reacting to competitors, meeting changing needs of customers, solving dealers' problems, and so on.

3. Marketing Research System:

Marketing research is a very strong and separate branch of the MIS. It is a formal study of specific problems, opportunities, or situations. Normally, it is carried out for solving the specific problem. In this sense, it is not a part of routine activity. It collects need-based information. Nowadays, it is treated as the separate discipline or subject. Philip Kotler defines: "Marketing Research is the systematic design for collection, analysis, and reporting of data and findings relevant to specific marketing situations facing the company." In marketing research, for collection of data primary and secondary source and various tools and methods can be used. For presenting the report collected data should be analysed properly by using appropriate statistical tools and present findings in the form of report. It is conducted by internal expert staff or external professionals.

4. Marketing Decision Support System (MDSS):

Previously, the element was known as Analytical Marketing System. While former three components supply data, the marketing decision support system concerns more with processing or analyzing available data. This component can improve efficiency and utility of the whole marketing information system.

The system is used to help managers in the decision-making process. John D. C. Little defines: "A marketing decision support system (MDSS) is coordinated collection of data, systems, tools, and techniques with supporting software and hardware by which an

organisation gathers and interprets relevant information from environment and turns it into a basis for making decisions.”

1.3.5. FEATURES OF MARKETING RESEARCH

1. **Continuous process:**
Marketing research is not only continuous but also a scientific and systematic process. It is scientific and systematic because it has well-defined procedures. It is a process of generating and evaluating data, and then refining it. It is professionally organized. It is a continuous process because every firm is faced with problems and opportunities.
2. **Wide scope:**
Marketing is a specialized activity. It encompasses several functions. Thus, marketing research has a wide scope. It includes product research, market research, consumer research, promotion research, international market research, price research and distribution research.
3. **Aid to decision-making:**
It helps the managers take practical decisions. Decisions based on experience and research is better than decisions based on intuition. Functions such as description, evaluation, explanation and prediction by the marketing researcher help in practical decision-making. Thus, it is an essential tool not only for marketing managers but also for other functional managers.
4. **Uncertainty of conclusions:**
Consumer is the focal point of marketing research. However, consumer behaviour is difficult to judge precisely. It is not a physical science, but social science. Due to this inherent nature, it suffers from certain levels of inaccuracy.
5. **Applied research:**
Marketing research is not fundamental research because it does not reveal conceptual aspects. It is applied research, as it begins with defining or identifying a problem or opportunity, and ends with a follow-up of recommendations made from research. Moreover, it is related to the commercial aspects.
6. **Commercial intelligence:**
Marketing research is equivalent of military intelligence. It provides vital insights and information of product, price, place and promotional aspects. It is the soul of modern marketing management.
7. **Statistical tools:**
Various mathematical and statistical tools are used for data analysis and interpretation. Percentages, ratios, averages, z-test, t-test, chi-square tests, etc. are used for presentation and interpretation of

findings. The use of computer software has made it more convenient for in-depth analysis, cross-sectional studies, detection of errors in sampling and questionnaires.

8. Research approaches:

A researcher has several options of research methodology. Methods include the field survey method, the observation method and the experimental research. The choice depends on factors such as time availability, funds, number of respondents to be covered, location of respondents and literacy levels.

9. Links a company to the consumers and public:

Marketing research is a function that links a company to the consumers, customers and public, through information. It evaluates marketing actions, marketing performances and marketing processes. This evaluation results in collection of information that brings company closer to its customer and society.

1.4. DATA MINING

data mining is process that companies are used to turn collected raw data into useful information. By using software to look for patterns in large batches of data, businesses can learn more about their customers to develop more effective marketing strategies, increase sales and decrease costs

Marketing data mining is used to search large databases and to improve market segmentation. It is possible to predict their behavior by analyzing the relationship between parameters such as customer's age, gender preferences, etc. to guide personal loyalty campaigns. Will unsubscribe from a service and what should be included in the mailing list based on what they are interested in or to get high response based on their search. Data Mining also finds out which offers are most valued by customers or increase in the checkout sales queue.

Examples: 1. Marketing Data mining is used to explore increasingly large databases and to improve market segmentation. By analysing the relationships between parameters such as customer age, gender, tastes, etc., it is possible to guess their behaviour in order to direct personalised loyalty campaigns. Data mining in marketing also predicts which users are likely to unsubscribe from a service, what interests them based on their searches, or what a mailing list should include to achieve a higher response rate.

2. Retail. Supermarkets, for example, use joint purchasing patterns to identify product associations and decide how to place them in the aisles and on the shelves. Data mining also detects which offers are most valued by customers or increase sales at the checkout queue.

1.4.1. IMPORTANCE OF DATA MINING

1. Data mining helps in cluster analysis:

Data Mining Helps Cluster Analysis By dividing your business database. You can identify the right information like advertising messages and specific emails with the right audience and meet their needs. Cluster Analysis enables you to select information based on your exact requirements

2. Data mining provides a competitive advantage:

No business uses business intelligence it will fall behind in this difficult situation competitive business environment Online presence with most organizations is strong Data is modernized Currency format trend determines and builds or breaks down businesses that know how to take advantage of information and follow the data trend gaining competitive advantage puts them at the top of the food chain.

They are more about the audience than the business and these trends show you how to improve your marketing and business strategies to become highly competitive.

3. Reduced costs:

modern technology as well as artificial intelligence advanced technology plays an important role in data mining and allows them to do a lot of useful things to improve their operations including the following: Forecast the trends in financial

- Improve consumer experiences
- Reinforce security
- Prevent frauds
- Increase revenue
- Reduce operational costs

Data mining further allows companies to take a more customer-centric approach. It helps to determine their profits, customer satisfaction, Forecast the trends in financial markets impact on sales, product positioning, customer preferences, pricing, and much more. That is why data mining is used in

- Healthcare
- Market analysis
- Education
- Manufacturing engineering
- CRM
- Fraud detection
- Intrusion detection

- Customer segmentation
- Financial banking
- Corporate surveillance
- Research analysis
- Criminal investigation
- Bioinformatics
- Business intelligence

4. Data Mining Improves Audience Targeting:

All businesses use data mining for marketing. Data Mining helps to estimate potential risks to reduce sales costs and improve customer satisfaction. It also helps in market segmentation competition analysis and audience acquisition or customer satisfaction.

Knowing what your customers want and giving them these things at the right time, this is the fastest way to achieve your business objectives. It also helps you build brand loyalty so you get strong customer base and flawless brand reputation.

This can only be done by providing the right information. If you are always aware of the customer experience, you will slowly but surely build an army of loyal customers.

5. Data Mining Techniques Enable You to Forecast Sales:

You can use a variety of data mining techniques and methods to gauge your customers' buying habits and when they are likely to repurchase. And to manage inventory, what products are best-selling, how to drive more traffic, how to generate more leads, and how to increase your conversion rate. This device will provide insights.

6. Data Mining Helps Detect Anomalies:

Regardless of your business niche and industry, every organization is exposed to some risks and human error. What matters is that your business must be able to handle the consequences of mistakes made by your customers, employees, suppliers, manufacturers, partners, and so on. The modern business landscape is a sensitive environment, and just one mistake can ruin your reputation, especially if we're talking about e-commerce. If you're able to detect an anomaly before it occurs and escalates, you can significantly improve the overall effectiveness of your business strategy.

7. Credit Card Marketing:

The best example of how useful data mining is can be seen in the way UN issues Visa credit cards to carefully selected and well-targeted wealthy travelers. Visa marketers segmented their database to target the right audience with email marketing and exceeded industry standards with the response is generated.

CHECK YOUR UNDERSTANDING

Fill in the blanks with suitable word.

1. ----- helps predict possible risks, increase sales, reduce costs, and improves consumer satisfaction.
A. Data Mining B. Consumer behaviour
C. Market segmentation D. CRM
2. Data mining is a process used by companies to turn raw data into useful -----
A. Strategy B. Information C. Process D. technique.
3. “----- is the systematic, search for the study of the facts relevant to any problem in the field of marketing.
A. Market Research B. Market Targeting
C. Market Segmentation D. CRM
4. ----- as a tool of getting facts to be used by the executive in formulating policies and plans.
A. Market Research B. Market Targeting
C. Market Segmentation D. CRM
5. ----- is the systematically collecting, recording and analyzing of data about problems relating to marketing of goods and services.
A. Market Research B. Market Targeting
C. Market Segmentation D. CRM
6. A ----- system is a continuing and interacting system.
A. Market Research B. Market Targeting
C. Market Information D. CRM
7. ----- is a powerful and independent branch of the MIS.
A. Marketing Research B. Market Targeting
C. Market Information D. CRM

Answer Key: 1- A., 2- B, 3- A, 4- A, 5- A, 6 – C, 7- A.

1.5. MARKET SEGMENTS

Market segmentation can help you target people who are likely to be satisfied customers of your company or enthusiastic customers of your content when you are not done for your audience. The best way to classify the audience in this way allows for more accurate attention marketing and individual actions and content. Market segmentation is the expansion of the market.

Market segmentation is a process of dividing the market of potential customers into smaller segments on the basis of certain characteristics like demographics, interests, needs, or location.

1.5.1. BASES OF MARKET SEGMENTATION

Segmenting is dividing a group into subgroups according to some set bases. These bases range from age, gender, etc. to psychographic factors like attitude, interest, values, etc.

1. Gender

Gender is one of the simplest yet important bases of market segmentation. The interests, needs and wants of males and females differ at many levels. Thus, marketers focus on different marketing and communication strategies for both. This type of segmentation is usually seen in the case of cosmetics, clothing, and jewellery industry, etc.

2. Age Group

Segmenting market according to the age group of the audience is a great strategy for personalized marketing. Most of the products in the market are not universal to be used by all the age groups. Hence, by segmenting the market according to the target age group, marketers create better marketing and communication strategies and get better conversion rates.

3. Income

Income decides the purchasing power of the target audience. It is also one of the key factors to decide whether to market the product as a need, want or a luxury. Marketers usually segment the market into three different groups considering their income. These are

High Income Group

Mid Income Group

Low Income Group

This division also varies according to the product, its use, and area in which business has operation.

4. Place

The place is where the target audience lives affect the buying decision the most. A person living in the mountains will have less or no demand for ice cream than the person living in a desert.

5. Occupation

Occupation, just like income, influences the purchase decision of the audience. A need for an entrepreneur might be a luxury for a government sector employee. There are even many products which cater to an audience engaged in a specific occupation.

6. Usage

Product usage also acts as a segmenting basis. A user can be labeled as heavy, medium or light user of a product. The audience can also be segmented on the basis of their awareness of the product.

7. Lifestyle

Other than physical factors, marketers also segment the market on the basis of lifestyle. Lifestyle includes subsets like marital status, interests, hobbies, religion, values, and other psychographic factors which affect the decision making of an individual.

1.5.2. BENEFITS OF MARKET SEGMENTATION

1. Increases clarity:

Developing clarity is the first but most important advantage of market segmentation. After cleaning and mining your market data you can get the most accurate and relevant information about the market.

2. Develops consumer insights:

Develops Knowing your potential customers is always challenging for every business Born in the current digital age your customers are just a click away when they are overloaded however the contact profile and customer segment where you can get to know your customers better

3. Improves brand loyalty and customer engagement:

Customer engagement is one of the most important benefits of market segmentation as it is important to reach customer's needs and influence interests Collect customer's behavior data from social platforms, mass media or any other source that and can complete the market can do to the psychographic division. Market segmentation has improved the way to engage customers with motivational efforts and communication

4. Streamlines mass customization:

Another great advantage of Market Segmentation is that the market segmentation has made it easier for businesses to provide services or products tailored to the specific needs of customers in a particular area.

5. Optimizes for cost efficiency and resource management:

Market segmentation has also become an essential tool for sustaining competitive advantage and developing business intelligence for cost efficiency and resource management. Increases market segmentation data plays an important role in identifying hidden market dynamics and in developing improved marketing strategies.

6. Grows niche marketing capabilities:

Market segmentation data plays an important role in identifying hidden market dynamics and developing improved marketing strategies. Segmentation of market data can help businesses open up and grow potentially specific markets.

7. Promotes the application of business data:

Currently every business generates data and can access data across industries. Companies have the advantage of using post and pre-hawk methods in segmentation. Further data visualization can also be used to improve segmentation.

8. Increases credible valuation:

Market segmentation can further manage marketing efforts. It has also become easier to measure the success of department specific policies and strategies and methods. Increasing access to data can allow businesses to analyze and evaluate marketing performance and redistribute it more effectively

9. Maintains freshness and new data:

At present, information is bombarded with customers. This can have a profound effect on their priorities. However, market segmentation lets you evaluate your audience based on new data and help you strategize your business accordingly.

10. Focused on goals:

The whole purpose of this practice is to get to know your customers better. With accurate data and insights available, you can easily stay focused and goal-oriented.

11. Informs Other Business Decisions:

Market segmentation can give you useful insights about the customer and the market. Ultimately, it helps you better understand the needs and capabilities of the market and allows you to make well-informed business decisions.

12. Higher Customer Satisfaction:

Market segmentation guides businesses to make marketing efforts marketable or customer oriented and helps them to better serve their customers. This will ultimately improve customer satisfaction.

CHECK YOUR UNDERSTANDING.**State true or false.**

1. Market segmentation is an extension of market research that seeks to identify targeted groups of consumers to tailor products and branding in a way that is attractive to the group.
2. Market segmentation is a process of dividing the market of potential customers into smaller segments on the basis of certain characteristics like demographics, interests, needs, or location.
3. Geographic segmentation divides the market on the basis of psychographic segmentation.
4. Psychographic Segmentation divides the audience on the basis of their personality, lifestyle and attitude.

Answer Key: 1- True, 2- True, 3- False, 4- True.

1.6. SUMMARY

According to Philip Kotler – Marketing is all about CCDVTP, that is Creating, Communicating, Delivering Value to the target market for profit.

Marketing is an art and marketing it acts as link between producer and the consumers. To achieve business objective, every marketer should accept the changing business environment. A marketing concept is a strategy that a company pursues to meet customer needs, increase sales, increase profits, and win competition. There are 5 marketing concepts that organizations adopt and implement. These are; Product strategy, product strategy, sales concept, marketing concept and social marketing concept. Marketing helps to create employment opportunity, product demand, maximum profit etc. Data mining and market segmentation will help to provide information regarding market and the consumer as well as customers geographic, demographic, psychological information, and how market segments are beneficial to the marketers as well as to organization to achieve their objective.

1.7. EXERCISE

FILL IN THE BLANKS

1. According to _____Marketing includes Creating, Communicating, Delivering Value to the target market for profit.
 - A. Philip Kotler
 - B. S.K Gupta
 - C. O.P Agrawal
 - D. Rajesh Viswanathan
2. The process of distribution and determination of price through the --
----- for the studies in marketing.
 - A. Demand & Supply
 - B. Selling
 - C. Maintained
 - D. Strategy
3. ----- is known as mother of marketing.
 - A. Economics
 - B. Mathematics
 - C. Finance
 - D. Digital Marketing
4. Under _____ concept company want to increase the product's sale as well as company should undertake promotion activities and selling activity at large scale.

- A. Promotion Concept
- B. Product Concept
- C. Selling Concept
- D. Marketing Concept

Answer Key: 1- A, 2- C, 3- A, 4 -A,

WRITE SHORT NOTES

1. Concepts of Marketing
2. Objectives Marketing
3. Evaluation of marketing
4. Strategic Marketing
5. Market Segmentations and its benefits.
6. Market Research
7. Data Mining & Importance of Data Mining.

WRITE A BRIEF ANSWERS

- Write definition of marketing. Explain features and objectives of marketing
- Elaborate concept of market evaluation and stages of market evaluation.
- What is market segmentation? State benefits of market segmentation.
- What is data mining? State it's Importance.
- Write the meaning of market segmentation. Explain type of market segmentation.
- Write definition of market segmentation. Explain its base and importance

1.8. REFERENCES

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CONSUMER BEHAVIOUR

Unit Structure

- 2.0. Objective
- 2.1. Introduction
- 2.2. Influencing Factors on Consumer Behaviour
- 2.3. Customer Relationship Management (CRM)
- 2.4. CRM techniques
- 2.5. Market Targeting
- 2.6. Summary
- 2.7. Exercise
- 2.8. References

2.0. OBJECTIVE

- To understand the concept of consumer behaviour
- To Study the concept of affecting factors on consumer behaviour
- To study the concept of Customer Relationship Management
- To explore the concept of techniques of Customer Relationship Management
- To understand the concept of Market Targeting and its pattern

2.1. INTRODUCTION

In the chapter, covers the concept of Consumer behavior that studies the actions of individual customers, groups, or organizations, how they select, use, and dispose of goods and services to meet their needs and desires.

Customer Relationship Management (CRM) is not just a use of technology, but a strategy to learn more about the needs and behaviors of customers so that strong relationships can be developed with them.

Customer Relationship Management (CRM) helps businesses gain insights into their customers' behavior and improve their business operations to ensure that customers are served as efficiently as possible. Aiming at marketing is a strategy that breaks a large market into smaller segments to concentrate on a specific group of customers within that audience. Instead of trying to reach an entire market, a brand uses target marketing to put their energy into connecting with a specific, defined group within that market.

2.1.1. MEANING AND DEFINITION

Consumer behaviour is the study of action of individual customers, groups or organizations how they select, use, and dispose goods and services to satisfy their needs and wants.

Marketers are expected to understand the reasons why consumers want to purchase goods and services - to determine which products are needed in the market, which are accurate and how to present the goods to customers.

The study of consumer behavior leads to the belief that consumers are market actors. The role theory approach assumes that consumers play different roles in the market. From the information provider, from the user to the payer and from the disposer, consumers play these roles in the decision-making process. Roles may vary in different consumption situations; For example, the mother plays an influential role in the child's purchasing process, while the family acts as a disposer for the products used.

2.2. INFLUENCING FACTORS ON CONSUMER BEHAVIOUR

1. Marketing campaigns:

Marketing Campaigns will affect on purchasing decision of the consumers. If marketer arranges marketing campaigns regularly, with right marketing message, they can even convince consumers to change brands or opt for more expensive alternatives.

Marketing campaigns, such as Facebook ads for e-Commerce, can even be used as reminders for products/services that need to be purchased regularly but are not necessarily on customers' top of mind (like an insurance for example). A good marketing message can influence impulse purchases.

2. Economic conditions:

For expensive products especially (like houses or cars), economic conditions play a big role. A positive economic environment is known to make consumers more confident and willing to indulge in purchases irrespective of their financial liabilities.

The consumer's decision-making process is longer for expensive purchases and it can be influenced by more personal factors at the same time.

3. Personal preferences:

Consumer behavior can also be influenced by personal factors: likes, dislikes, priorities, morals, and values. In industries like fashion or food, personal opinions are especially powerful.

Of course, advertisements can influence behavior but, at the end of the day, consumers' choices are greatly influenced by their

preferences. If you're vegan, it doesn't matter how many burger joint ads you see, you're not gonna start eating meat because of that.

4. Group influence:

Peer pressure also influences consumer behavior. What our family members, classmates, immediate relatives, neighbors, and acquaintances think or do can play a significant role in our decisions.

Social psychology impacts consumer behaviour. Choosing fast food over home-cooked meals, for example, is just one of such situations. Education levels and social factors can have an impact.

5. Purchasing power:

Last but not least, our purchasing power plays a significant role in influencing our behavior. Unless you are a billionaire, you will consider your budget before making a purchase decision.

The product might be excellent, the marketing could be on point, but if you don't have the money for it, you won't buy it.

Segmenting consumers based on their buying capacity will help marketers determine eligible consumers and achieve better results.

1. Psychological Factors:

Human psychology is a major determinant of consumer behavior. These factors are difficult to quantify but powerful enough to influence purchasing decisions.

Some of the important psychological factors are:

i. Motivation:

When a person is motivated enough, it affects a person's buying behavior. A person has many needs such as social needs, basic needs, security needs, dignity needs and self-real needs. Out of all these needs, basic needs and safety needs take precedence over all other needs. So basic needs and security needs have the power to motivate the customer to buy products and services.

ii. Perception:

Consumer perception is a major factor that affects consumer behavior. Consumer retention is the process by which a customer gathers information about a product and interprets the information to create meaningful images about a particular product.

When a customer sees ads, promotions, customer reviews, social media feedback, etc. related to a product, then they make an impression about the product. Consumer perceptions therefore have a major impact on consumer purchasing decisions.

iii. Learning:

When a person buys a product, he / she gets to learn more about the product. Learning from experience comes over time. Consumer education depends on skills and knowledge. While a skill can be acquired through practice, knowledge can only be acquired through experience.

Education can be either conditional or cognitive. In conditional learning the client has to face a situation frequently, which forces the client to respond to it. So in cognitive learning, the consumer uses his knowledge and skills to find solutions and solutions from the product he buys.

iv. Attitudes and Beliefs:

Consumers have certain attitudes and beliefs that influence their purchasing decisions. Based on this attitude, the consumer treats a product in a specific way. This attitude plays an important role in defining the brand image of the product. Therefore, marketers try hard to understand the attitude of the customer in order to design their marketing campaign.

2. Social Factors

Social Factors Humans are social beings and they live around many people who influence their buying behavior. Human Try to imitate other people and want to be socially accepted in the society. So their buying behavior is influenced by other people around them. These factors are considered social factors. Some social factors are:

i. Family:

The family plays an important role in shaping a person's buying behavior. When a person buys family products, he develops preferences from an early age and keeps buying the same products even when he grows up.

ii. Reference Groups:

A reference group is a group of people to whom a person associates himself. In general, buying behaviour are common to all people in the reference group and they affect each other.

iii. Roles and status:

A person is affected by his role in the society. If a person is in a high position, his purchasing behavior is greatly affected by his position. If the person who is the CEO of the company buys according to his status, then the method of purchase of the employee or employees of the same company will be different buying pattern.

3. Cultural factors

A group of people is associated with a set of values and ideologies that belong to a particular community. When a person comes from a particular community, his / her behavior is influenced by the culture

associated with that particular community. Here are some cultural factors:

i. Culture:

Cultural factors have a strong influence on the behavior of the consumer buyer. Cultural factors include the core values, needs, desires, preferences, perceptions and behaviors that consumers see and learn from their immediate family members and other important people around them.

ii. Subculture:

There are many subcultures in a cultural group. These sub cultural groups share the same set of beliefs and values. Subcultures can consist of people from different religion, caste, geographies and nationalities. These subcultures by itself form a customer segment.

iii. Social Class:

Each and every society across the globe has form of social class. The social class is not just determined by the income, but also other factors such as the occupation, family background, and Education and accommodation. Social class is important for predicting consumer behavior.

4. Personal Factors

Individual factors influence their buying behavior for customers. These individual factors vary from person to person, creating different perceptions and customer behaviors. Here are some individual factors: .

i. Age:

Age is a major factor influencing on purchasing behavior. Young people choose to shop differently than middle-aged people. The shopping behavior of older people is completely different. Teenagers will be more interested in buying colorful clothes and beauty products. Middle-aged people focus on home, property and vehicles for the family.

ii. Income:

Income has the potential to influence a person's purchasing power. Higher income gives consumers higher purchasing power. When a consumer's disposable income is high, it gives consumers more opportunity to spend on luxury products. Consumers in the low-income or middle-income group spend most of their income on basic necessities like groceries and clothing.

iii. Business:

The customer's business influences the buying behavior. A person tends to buy things that are right for his / her business. For example, if a doctor buys clothes according to profession, similarly way of purchase of a professor will be different.

iv. Lifestyle:

Lifestyle is an attitude and a way in which a person lives in a society. Purchasing behavior is greatly influenced by the consumer's lifestyle. For example, when a consumer leads a healthy lifestyle, the products he or she buys are associated with healthier junk food options.

5. Economic Factors

Consumer purchasing habits and decisions depend to a large extent on the economic situation of the country or market. When a nation is prosperous, the economy is strong, which gives more money to the market and gives consumers higher purchasing power.

When consumers experience a positive financial environment, they are more confident in spending on product purchases. So, a weak economy represents a struggling market; Which is affected by unemployment and low purchasing power.

Economic factors have a significant impact on a customer's purchasing decision. **Here are some key financial factors:**

i. Personal Income:

When a person's disposable income is high, purchasing power increases at the same time. Disposable income refers to the amount of money left over after spending on a person's basic needs.

When disposable income increases, so does the cost of various items. But when disposable income decreases, the parallel costs on many items also decrease.

ii. Family Income:

Family income is the total income of all family members. When more people in the family earn, more income is available to buy basic necessities and luxuries. High family income affects family members to buy more. When extra income is available for the family, there is a tendency to buy more luxury items which one person would not have been able to buy otherwise.

iii. Consumer Credit:

When a customer is provided easy credit for purchasing goods, it promotes high spending. Sellers are making it easier for customers to get credit in the form of credit cards, easy installments, bank loans, rental purchases and many more. When more credit becomes available to consumers, purchases of comfort and luxury items increase.

iv. Liquid Assets:

Consumers who have liquid assets spend more on comfort and luxury items. Liquid assets are assets that can be easily converted into cash. Cash, bank savings and bonds are just a few examples of

liquid assets. When a customer has more liquid assets, he gets more confidence to buy luxury items.

v. Savings:

How much a customer wants to save from his income has a huge impact. If the customer decides to save more, the cost of purchase decreases. Conversely, if a consumer is interested in saving more, most of his income will go to the purchase of products

2.3. CUSTOMER RELATIONSHIP MANAGEMENT

Business is connected to its customers, the better we manage, the more success we will have. Therefore, an IT system that specifically addresses the problems of dealing with their customers regularly would help companies to grow popularly. Customer relationship management (CRM) is not just the application of technology but is a strategy to learn more about customers' needs and behaviours to develop stronger relationships with them.

As such it is more of a business philosophy than a technical solution to assist in dealing with customers effectively and efficiently. Nevertheless, successful CRM relies on the use of technology.

In the commercial world, the importance of retaining existing customers and expanding business is imperial. The more opportunities that a customer has to conduct business with your company the better and one way of achieving this is by opening up channels such as direct sales, online sales, franchises, use of agents, etc. However, the more channels you have, the greater the need to manage your interaction with your customer base.

Customer relationship management (CRM) helps businesses to gain an insight into the behaviour of their customers and modify their business operations to ensure that customers are served in the best possible way. In essence, CRM helps a business to recognise the value of its customers and to capitalise on improved customer relations. The better you understand your customers, the more responsive you can be to their needs.

CRM can be achieved by:

- finding out about your customers' purchasing habits, opinions and preferences
- profiling individuals and groups to market more effectively and increase sales
- changing the way you operate to improve customer service and marketing

2.4. CRM TECHNIQUES

1. Automate Your Email Marketing Campaign

Email marketing helps you reach your customers quickly, easily, and cost-effectively. It feeds into both CRM and marketing automation. A CRM (customer relationship management) is a system to manage all your company's interactions with current and prospective customers. To increase sales, to maintain customer relationship, customer retention, it would become an easy to integrate with email marketing campaigns. So that customers will get easy access of links, images, information.

2. Use Social CRM for More Meaningful Interactions

Social media and CRM are so intertwined that there's even a term for combining the two: social CRM. It's a modern way of customer communications by reaching out to customers via social media channels like Twitter or Facebook. It can also include email, chat, text, and even phone communication, but social media activity is the star.

That allows communications to be more meaningful and effective. There's another element of social CRM that is equally as important as conversions and customer retention: customer support.

After all, to have excellent customer relationships, you'll need to answer customer queries and complaints, and quickly.

3. USE CRM CLOUD Software:

Cloud-based CRM technique is simply CRM software that is hosted in the cloud, meaning collected customer data is stored and accessed by businesses via the internet. If we use this technique, business doesn't have to worry about data management and storage, or paying for individual licenses for multiple devices.

You can make your contact management efficient with your cloud CRM by keeping customer contact data up-to-date, send emails to your mailing list virtually anytime, and quickly contact your sales teams and marketing teams. This was not possible if traditional software systems are used that can be accessed only from the computers they are installed on.

4. Instant Access, Anytime, Anywhere

CRM technique gives us Instant access, anytime, anywhere, its need strong internet connection. So that any time and from anywhere you can reach to your customers. You and your staff, no matter how big or small a team, need only an internet connection to get started with your CRM.

There's no need to be tied down to your office computer. Whether it's a weekday night or a weekend, you can take your customer relationship management tools with you. All you need is a stable internet connection and you can log in from your mobile phone or tablet, home PC or laptop, whichever you like.

5. Mobile CRM:

Mobile CRM can help maintain and track client transactions, communications, and dealings with the enterprise. Technology has made it easy to complete most of the work with handheld smartphones and tablets. Customer relationship management is the key to enterprise success.

6. Use Predictive Analysis for Accurate Insights

The predictive analysis abilities of a CRM tool are one of its most valuable assets. Marketers always wish we could look into a crystal ball and predict the future.

Based on real-time updates and the latest patterns of customer behavior, it can predict areas in which need to improve.

CRM data analytics allow for on-target marketing campaigns. They also help you enhance your customer support, so you nurture and build a loyal building.

2.5. MARKET TARGETING

A company cannot concentrate on all the segments of the market. The company can satisfy only limited segments. The segments the company wants to serve are called the target market, and the process of selecting the target market is referred as market targeting. Market segmentation results into dividing total market into various segments or parts.

Such segments may be on the basis of consumer characteristics or product characteristics or both. Once the market is divided into various segments, the company has to evaluate various segments and decide how many and which ones to target. It is simply an act or process of selecting a target market.

2.5.1. DEFINITION

Market is segmented using certain bases, like income, place, education, age, and life cycle, and so on. Out of them, a few segments are selected to serve them. Thus, evaluating and selecting some market segments can be said as market targeting.

However, we can define the term as:

1. We can define the term as: Market targeting is a process of selecting the target market from the entire market. Target market

2. It involves basically two actions – evaluation of segments and selection of the appropriate market segments. In this relation, market targeting can be defined as: Market targeting is an act of evaluating and selecting market segments.

2.5.2. PROCEDURE OF MARKET TARGETING

Market targeting procedure consists of two steps:

1. Evaluating Market Segments:

Evaluation of market segments calls for measuring suitability of segments. The segments are evaluated with certain relevant criteria to determine their feasibility.

To determine overall attractiveness/suitability of the segment, two factors are used:

i. Attractiveness of Segment:

In order to determine attractiveness of the segment, the company must think on characteristics/conditions which reflect its attractiveness, such as size, profitability, measurability, accessibility, actionable, potential for growth, scale of economy, differentiability, etc. These characteristics help decide whether the segment is attractive.

ii. Objectives and Resources of Company:

The firm must consider whether the segment suit the marketing objectives. Similarly, the firm must consider its resource capacity. The material, technological, and human resources are taken into account. The segment must be within resource capacity of the firm.

2. Selecting Market Segments:

When the evaluation of segments is over, the company has to decide in which market segments to enter. That is, the company decides on which and how many segments to enter. This task is related with selecting the target market. Target market consists of various groups of buyers to whom company wants to sell the product; each tends to be similar in needs or characteristics. Philip Kotler describes five alternative patterns to select the target market. Selection of a suitable option depends on situations prevailing inside and outside the company.

The process of manipulating the marketing mix in terms of differentiating products, methods of communication and other marketing variables is known as market targeting or target marketing. Market targeting should not be confused as synonymous to market segmentation. Market segmentation is the prelude to targeting.

Through segmentation, a firm divides the market into many segments. But all of them need not form the target market. The target market signifies only those segments that it wants to adopt as its markets. Thus the target markets are selected out of the segments formed.

2.5.3. FIVE PATTERNS OF TARGET MARKET SELECTION

1. **Single Segment Concentration:**

In this case, the marketer prefers to go for single segment. In our hypothetical example, the company X uses this strategy when it produces a typical product for a single type of market like plasma TV. In real life, companies like Allahabad Law Agency (only law books) and BPB publications (only Computer books) are good examples. The company may adopt this strategy if it has strong market position, greater knowledge about segment-specific-needs, specified reputation and probable leadership position.

2. **Selective Segment Specialization:**

This is known as multistage coverage because different segments are sought to be captured by the company. The company selects a number of segments each of which is attractive, potential and appropriate. There may be little or no synergy among the segments, but this strategy has the advantage of diversifying the firm's risk.

In our example, if the company X produces plasma TV as well as Walkman, the two different types of products obviously for two different types of markets, then it can be cited as an example of Selective Segment Specialisation strategy. Bata shoes were mostly in the popular segment until beginning of 1990s. Then, it turned itself into premium segment while still retaining the appeal of popular segment. The taking of select segments of shoe market could not help Bata to gain full control of market. After 1995, it has come back again to the popular segment.

3. **Market Specialisation:**

Here the company takes up a particular market segment for supplying all relevant products to the target group. In our example, the company X can implement Market Specialisation strategy by producing all sorts of home appliances like TV, washing machine, refrigerator and micro-oven for middle class people.

Here the chosen segment is the middle class and the firm specializes in that market only. Sudha Publications Pvt. Ltd. publishes and sells books for the students and job-hunters that include competition books (CAT, IIT-JEE, IAS), general knowledge books and personality development books.

4. **Product Specialisation:**

Product specialisation occurs when a company sells certain products to several different types of potential customers. In our example, if the company X produces only a particular type of gizmo like toaster that is consumed by all type of people, they we can say that the company uses Product Specialisation strategy. Product specialisation promises strong recognition of customer within the product areas. Super Precision Components supply small nuts and screws for use in military, industry and daily use.

5. Full Coverage:

The company attempts to serve all customer groups with all the products they might need. Only very large firms can undertake a full market coverage strategy that can be done in 2 ways:

i. Undifferentiated marketing or convergence:

The company ignores market segment differences and goes after the whole market with one market offer. It focuses on a basic buyer need rather than on differences among buyers.

ii. Differentiated marketing or divergence:

The company operates in several market segments and designs different programmes for each segment. It creates more total sales than the former. But the following costs would be higher:

a) Product modification cost

b) Manufacturing cost

c) Administrative cost

d) Inventory cost

e) Promotion cost

As both the sales and the costs are higher, the profitability for this strategy cannot be ascertained. Companies should be cautious about over segmenting the market. If it happens, the company must seek counter segmentation to broaden the customer base. Johnson & Johnson broadened its target market for its baby shampoo to include adults. It is very difficult to serve all segments of the market. Big companies can go for full market coverage.

CHECK YOUR UNDERSTANDING

Write short notes:

1. Consumer behavior and affecting factors on consumer behaviour
2. Techniques of Customer management relationship
3. What is the difference between market targeting and market segmentation

2.6. SUMMARY

Consumer behaviour is the study of action of individual customers, groups, or organizations how to select, use, and dispose of goods and services to satisfy their needs and wants. Consumer behaviour is influenced by various factors such as marketing factor, personal factor, psychological factor, etc. It affects consumers buying behaviour. Segmenting consumers based on their buying capacity will help marketers determine eligible consumers and achieve better results.

Customer relationship management (CRM) helps businesses to gain an insight into the behaviour of their customers and modify their business operations. CRM helps a business to recognise the value of its customers and to capitalise on improved customer relations. The better you understand your customers, the more responsive you can be to their needs.

Market is segmented using certain bases, like income, place, education, age, and life cycle, and so on. Out of them, a few segments are selected to serve them. Thus, evaluating and selecting some market segments can be said as market targeting.

It involves basically two actions – evaluation of segments and selection of the appropriate market segments. In this relation, market targeting can be defined as: Market targeting is an act of evaluating and selecting market segments.

2.7. EXERCISE

Q.1.FILL IN THE BLANK WITH CORRECT OPTION

1. _____ is the study of action of individual customers, groups or organizations.
 - A. Consumer Behaviour
 - B. Marketer Behaviour
 - C. Market Research
 - D. Market targeting

Ans- A

2. _____ is evaluating and selecting some market segments.
 - A. Customer relationship management
 - B. Market targeting
 - C. Consumer Behaviour
 - D. Market Research

Ans -B

3. -----occurs when a company sells certain products to several different types of potential customers.
- A. Product specialization
 - B. Market Specialisation
 - C. Selective market segmentation
 - D. Consumer behaviour

Ans – A

4. The process of manipulating the ----- in terms of differentiating products, methods of communication and other marketing variables is known as market targeting or target marketing.
- A. Marketing Mix
 - B. Consumer Behaviour
 - C. Market Segmentation
 - D. Data Mining

Ans - A

5. _____this is known as multistage coverage because different segments are sought to be captured by the company.
- A. Selective Segment Specialisation
 - B. Market Segmentation
 - C. Product specialisation
 - A. Marketing mix

Ans -A.

Q.2. WRITE SHORT NOTES

- 1. Consumer Behaviour
- 2. Market Targeting and its procedure.
- 3. Customer Relationship Management and Marketing.
- 4. Five patterns of targeting marketing
- 5. Explain the difference between market segmentation and market targeting in your own words.

Q.3. ANSWER IN BRIEF

- 1. State the meaning of consumer behaviour. Explain affecting factors of consumer behaviour.
- 2. State the meaning of Customer Relationship Management (CRM) and explain its techniques.
- 3. Explain meaning of Market Targeting. State its procedure.
- 4. Write definition of market targeting. State five pattern of target market selection.

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MARKETING DECISIONS I

Unit Structure

- 3.0. Objective
- 3.1. Introduction
- 3.2. Marketing Mix
- 3.3. Product
- 3.4. Product Life Cycle
- 3.5. Branding
- 3.6. Summary
- 3.7. Exercise
- 3.8. References

3.0 OBJECTIVES

- After studying this unit, the student will be able –
- To understand the concept of Marketing Mix
- To explore the product Decision areas
- To study the concept of Product Life Cycle
- To evaluate the Managing stages of Product Life Cycle
- To examine concept of Branding

3.1. INTRODUCTION

Marketing is such a task which involves a continuous process. Decision making is a very crucial task in marketing, needing knowledge, experience and even an experimental attitude. There needs to be different approaches while doing marketing mix. Marketing mix required to be effectively dealt with four elements, called four “P” s. Effective marketing requires effective product decision strategies. Different marketing decisions are expected on different stages of the Product Life Cycle like, introduction, growth, maturity and decline. Every stage of the Product Life Cycle is unique; it calls for specific decision making. Appropriate decisions are key to success in marketing.

3.2. MARKETING MIX

Marketing mix is the policy adopted by the manufacturers to get success in the field of marketing. Those days, when goods were matched with the market, have gone. The modern market concept emphasizes the importance of the consumer’s preference. Manufacturers take various policies to get success in the market and the marketing mix is one of the important policies.

In marketing planning, we make use of marketing information to assess the situations. Therefore, a manufacturer first analyses the nature of the consumer's needs and then plans his product to give satisfaction to the consumers. All the marketing effort focuses attention around the consumer's need.

The management therefore is concerned with the markets and market behaviors to identify the target groups of consumers through market information. Then the management plans to meet the consumer's needs and to face the competitors. All these programmes involve a number of functions, which are to be planned carefully; and planning's need analysis of the market to take a decision-prediction and forecasting, to the future needs of the public.

3.2.1. DEFINITION

According to Borden, "The marketing mix refers to the appointment of efforts, the combination, the designing and the integration of the elements of marketing into a programme or mix which, on the basis of an appraisal of the market forces will best achieve an enterprise at a given time". According to Stanton, "Marketing mix is the term used to describe the combination of the four inputs which constitute the core of a company's marketing system-the product, the price structure, the promotional activities and the distribution system."

3.2.2. Elements of marketing mix (Four Ps): based on words initiated with the letter "P", i.e. Product, Price, Promotion and Place (Distribution). Marketing mix has stood on four pillars of four P's, they are explained below:

1. Product:

The product itself is the first element of marketing mix. Products must satisfy consumer needs. The management must, first decide the products to be produced, by knowing the needs of the consumers. The product mix combines the physical product, product services, brand and packages. The marketing authority has to decide the quality, type of goods or services which are offered for sale.

A firm may offer a single product (manufacturer) or several products (seller). Not only the production of right goods but also their shape, design, style, brand, package etc., are of importance. The marketing authority has to take a number of decisions as to product additions, product deletions, product modifications, on the basis of marketing information.

2. Price:

The second element to affect the volume of sales is the price. The marked or announced amount of money asked from a buyer is known as basic price-value placed on a product. Basic price alterations may be made by the manufacturer in order to attract the

buyers. This may be in the form of discount, allowances etc. Apart from this, the terms of credit, liberal dealings will also boost sales.

3. **Promotion:**

The product may be made known to the consumers. Firms must undertake promotion work-advertising, publicity, personal selling etc., which are the major activities. And thus the public may be informed of the products and be persuaded by the customers. Promotion is the persuasive communication about the products, by the manufacturer to the public.

4. **Distribution (place):**

Physical distribution is the delivery of products at the right time and at the right place. The distribution mix is the combination of decisions relating to marketing channels, storage facility, inventory control, location, transportation warehousing etc.

Check Your Understanding:

1. The product itself is the first of marketing mix.(**element**)
2. Theis the combination of decisions relating to marketing channels, storage facility, inventory control, location, transportation warehousing etc.(**distribution mix**)

3.3. PRODUCT

3.3.1. DEFINITION

According to Philip Kotler, “A product is anything that can be offered to satisfy a need or want”

Business Dictionary defines product: A good, idea, method, information, object or service created as a result of a process and serves a need or satisfies a want. It has a combination of tangible and intangible attributes (benefits, features, functions, uses) that a seller offers a buyer for purchase.

For example, a seller of a toothbrush not only offers the physical product but also the idea that the consumer will be improving health of their teeth.

3.3.2. CLASSIFICATION OF PRODUCTS

Marketers have traditionally classified products on the basis of their characteristics. According to Kotler, products can be classified as follows.

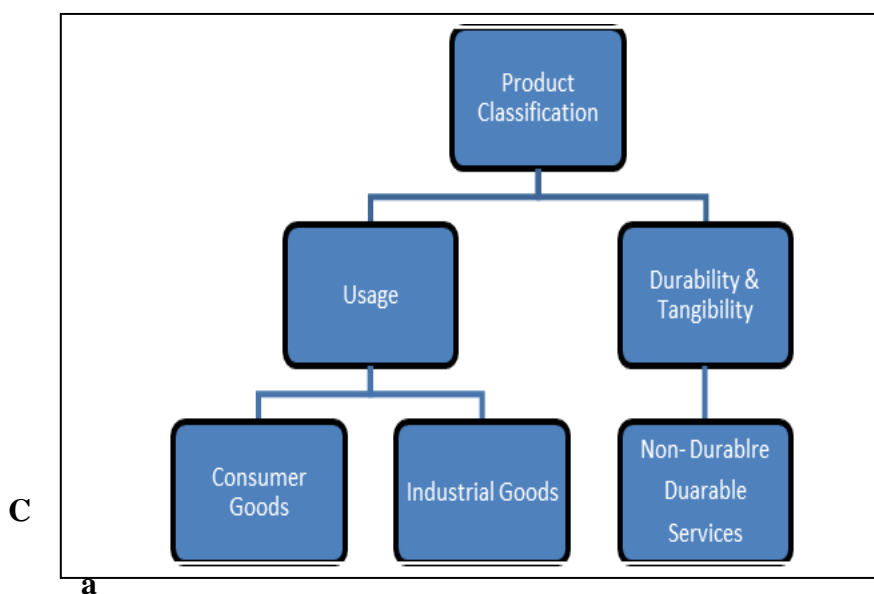
On the basis of durability and tangibility

Accordingly, products can be classified into three groups.

- A. **Non-durable goods** are tangible goods normally consumed in one or few uses, like, soda, cool drinks, soap and toothpaste. These

goods are purchased often as they are consumed in one or few uses. Marketers have to design a strategy according to the need satisfying capacity of the products. Such products should be made available in many locations, making them accessible. At the same time, the margin should be small, and advertising should be given importance, to induce trial by the consumer. Continuous advertising can also help establish preference.

1. **Durable goods** are also tangible goods that normally survive many uses, for example, refrigerators, machine tools, furniture and clothing. Since the usage derived is for a longer period of time, consumers look into the various features thoroughly and any after sale services associated like delivery, demos, maintenance, guarantee, spare parts, etc., and take the purchase decision. This is the reason why such products need more personalized sales and service.



rt 3.1:Classification of products

2. **Services** are intangible, inseparable, perishable and variable in nature. e.g. teaching, legal advice, haircuts, consultancy services etc. A product has physical characteristics like color, size, dimension, weight, taste, smell, etc. whereas services do not possess any of them. Hence, services are called intangible. The service provider and the service in itself are inseparable; which, in turn, makes the service inseparable. Services are perishable in nature because services cannot be stored like a physical product. Service provided by different providers varies and cannot be identical. This gives the feature of variability to services. As a result, services require more quality which can be made possible through customization, supplier credibility and adaptability.

B. Consumer goods classification:

The innumerable goods offered to consumers they can be classified as follows:

1. **Convenience goods:** Consumers usually purchase convenience goods frequently, immediately and with very little effort. Pre-shopping effort and research are at the minimum. Examples include soaps, newspapers, magazines, pens, etc.

Convenience goods can be divided further as staples, impulse and emergency goods. Staple goods are those which are bought on a regular basis. They usually constitute necessities like groceries and related products. Examples include biscuits, fruits, jam, etc. Impulse goods are those which are purchased without any planning and search effort. Again examples here include magazines, chocolates, biscuits and the like.

Emergency goods are purchased when a need has to be met with urgently. Umbrellas in rain, medicine during a headache etc. are a few examples. Impulse and emergency goods are usually placed by manufacturers in such a manner where consumers are likely to experience an urge to buy them.

2. **Shopping goods:** The consumer, while purchasing shopping goods, in the process of selection and purchase, characteristically compares on such bases as suitability, quality, price and style. Examples include furniture, clothing, cars and other major appliances.

Shopping goods can further be classified as:

Homogeneous shopping goods are similar in quality but different in price. This justifies comparisons. E.g. Mobile phone service providers.

Heterogeneous shopping goods differ in product features and services that may be more important than price. The seller usually carries a wide range to cater to the needs of individual tastes and must have well trained sales people to inform and advice customer E.g.: mobile phones

3. **Specialty goods:** These have unique characteristics or brand identification for which a sufficient number of buyers are willing to make a special purchasing effort. Examples include cars, stereo components, photographic equipment and men's suits. A Mercedes is a specialty good because interested people will travel far to buy one. Specialty goods do not involve making comparisons. Buyers invest time only to reach dealers carrying the wanted products. Dealers do not need convenient locations, although, they must let the buyers know their locations.

4. **Unsought goods:** These are the goods that the customer does not know about or does not normally think of buying, like, smoke detectors. Unsought goods require advertising and personal selling support. The classic examples of known, but, unsought goods are grave stones, encyclopedias, cemetery plots, etc.

C. Industrial goods Classification

Industrial goods can be classified in terms of how they enter the production process and their relative costliness. Three groups are identifiable in this category - materials and parts; capital items and supplies and business services.

1. **Materials and parts** are goods which enter the manufacturer's product completely. They fall into two classes: raw materials and manufactured materials and parts.

Raw materials fall into two major groups: farm products (e.g., wheat cotton, livestock, fruits and vegetables) and natural products (e.g., fish, lumber, crude petroleum, iron ore etc.) Farm products are supplied by many producers, who turn over to the marketing intermediaries, who provide assembly, grading, storage, transportation and selling services. Since they are perishable and some are seasonal, they demand special marketing practices. Branding is not common; very few do it. Price and delivery reliability are the major factors influencing the selection of suppliers.

Manufactured materials and parts include component parts and materials such as small motors, tyres, castings, etc. Most manufactured materials and parts are sold directly to industrial users. Price and service are major marketing considerations and branding and advertising tend to be less important.

2. **Capital Items** are long-lasting items that facilitate developing or managing the finished product. They include installations of buildings, offices, and heavy equipment like elevators, drill presses, main frame computers etc. advertising is much less important than personal selling. Portable factory equipment and tools are also included in this classification.
3. **Supplies and business services** are short term goods and services that facilitate development or managing the finished product. Supplies include maintenance and repair items like paint, nails, brooms and others like coal, writing paper, lubricants, etc.

Business services include maintenance and repair services like window cleaning, copier repair and advisory services like legal services, management consulting, advertising, etc. They are usually supplied on contractual basis. Reputation plays a key role in selection.

3.3.3. PRODUCT MIX DECISION

A company can have more than one product in its total offering. The entire range of products of a company offered for sale can be referred to as product mix or product assortment of a company.

Likewise, Bajaj Electricals, a household name in India, has almost ninety products in its portfolio ranging from low value items like bulbs to high priced consumer durables like mixers, luminaries and lighting products.

The number of products carried by a firm at a given point of time is called its product mix. This product mix contains product lines and product items. In other words, it is a composite of products offered for sale by a firm. One of the realities of business is that most firms deal with multi-products. This helps a firm to spread its risk across different product groups. Also, it enables the firm to appeal to a much larger group of customers or to different needs of the same customer group. So, when Videocon chose to diversify in to other consumer durables like music systems, washing machines and refrigerators, it sought to satisfy the needs of the middle and upper middle-income groups of consumers.

Often, firms take decisions to change their product mix. These decisions are dictated by the above factors and also by the changes occurring in the marketplace. The changing lifestyles of Indian consumers led BPL-Sanyo to launch an entire range of white goods, like, refrigerators, washing machines, and microwave ovens. It also motivated the firm to launch other entertainment electronics.

Raheja's, well-known builders firm in Bombay, took a major decision to convert one of its theatre buildings in the western suburbs of Bombay into a large garments and accessories store for men, women, and children; perhaps, the first of its kind in India, to have almost all products required by these customer groups.

Competition from low priced washing powders (mainly Nirma) forced Hindustan Levers to launch different brands of detergent powder at different price levels positioned at different market segments.

Customer preferences for herbs, mainly Shikakai motivated *Lever* to launch black *Sunsilk* Shampoo, which has Shikakai. Also, low purchasing power and cultural bias against the shampoo market made Hindustan *Lever* consider smaller packaging mainly sachets, for single use. So, it is the changes or anticipated changes in the marketplace that motivates a firm to consider changes in its product mix.

A **product line** refers to several products that are related and developed by the same manufacturer. Items within a product line generally share the same basic theme, and with the help of a successful marketing strategy, these products can be effective.

Frequently, a product line includes different products that are offered to the public at varying price points. This way, a manufacturer or company can ensure that all products within a line will be purchased by all kinds of people. In offering a product line, companies normally develop a basic platform and modules that can be added to meet different customer requirements.

For Example, the product line of *Pepsi Co.* includes *Pepsi*, *Kinley* and many others which fall within the group of soft drinks.

		-----DEPTH-----			
W	Product Line 1	1-a	1-b	1-c	1-d
I	Product Line 2	2-a	2-b	2-c	
D	Product Line 3	3-a	3-b		
T	Product Line 4	4-a	4-b		
H					

The structure of product mix has dimensions of both ‘width’ and ‘depth’

Width of product mix refers to the different product lines found within the company. In other words, breadth is measured by the number of product lines carried. For example, Bajaj Electricals produces bulbs, fluorescent lights, mixers and grinders, toasters, pressure cooker sand host of other electrical appliances.

Depth of the product mix refers to the average number of items offered by the company within each product line. In other words, the depth is measured by the assortment of sizes, colours, models, prices and quality offered within each product line.

The consistency of the product mix refers to how closely the various product lines are related in terms of consumer behavior, production requirements, and distribution channels or in some other way.

Kotler observes, “All three dimensions of product mix have a market rationale. Through increasing the width of the product mix, the company hopes to capitalize on its good reputation and skills in the present market. Through increasing the product depth of its product mix, the company hopes to entice the patronage of buyers of widely differing tastes and needs. Through increasing the consistency of its product mix, the company hopes to acquire an unparalleled reputation in a particular area of endeavor.”

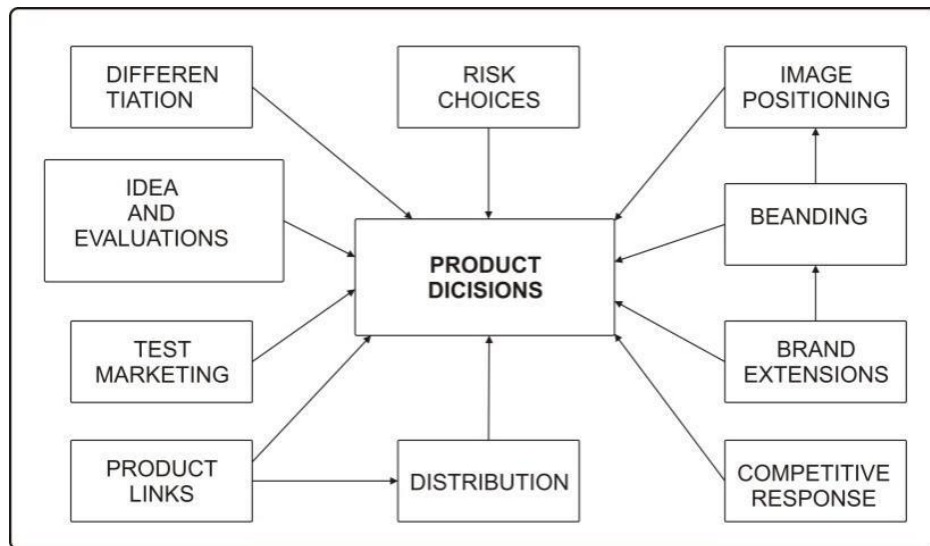


Chart 3.2 showing the various Product decisions

Product line extension refers to any additional products that may be added to an existing product line. Product extensions are introduced to the public in order to ward off competitors. By creating products that match other competitive products, manufacturers are able to keep customers interested in a product that they are familiar with. Since most people purchase brands that they know, these same consumers are more likely to purchase a new product from a brand that they are comfortable with rather than purchase a product from an unknown brand.

Marketers create target markets based upon age groups, geographical locations and ethnicity. Target markets refer to a group or groups of people that are likely to purchase one product. Thus, even though products might be related, some products may look different, smell-different, and even appear unrelated in order to appeal to different types of people.

For example, many air freshener manufacturers offer a variety of products ranging from flame less candles targeted at parents with young children; to simple aerosol air fresheners, targeted at consumers who don't want to spend a lot of money on an air freshener. While these products are related, they are vastly different.

Thus, a great deal of strategy goes into marketing various products. Marketers must be aware of competition at all times to advise manufacturers on new products that should be added to an existing product line. In addition, a marketing agency should be aware of those products that sell and those that remain unpopular.

Through the collection of statistical data, marketers can effectively determine what products should be kept within a product line and what products should be phased out. Pricing is used to create a large barrier between different products, and higher-priced products are usually justified based upon certain ingredients, emphasizing quality and longer life of the products.

The Bajaj Chetak was a popular Indian-made motor scooter produced by the Bajaj Auto Company. The Chetak is named after Chetak, the legendary horse of Indian warrior Rana Pratap Singh. In the face of rising competition from Bikes and Cars, the Chetak lost ground in India, and production was discontinued in 2005.

Discontinuing a product has to be a well thought out decision; as, once a product is out of sight, it will be out of consumer's mind. Unexpected market changes, faulty demand analysis, financial crunch, business cycle changes, etc. contribute to discontinuing products and services. Few products manage to make an appreciable comeback. Discontinuing a product could be the natural result of the product falling out in its life cycle. A decade ago, radio was revived, which was once a discontinued product. This happened due to its fading popularity taken away by television which substantially grew in the 1990s.

Check Your Understanding:

1. Heterogeneous shopping goods in product features and services (**differ**)
2. A refers to a number of products that are related and developed by the same manufacturer. (**product line**)
3. goods are those which are bought on a regular basis. (**Staple**)
4. is measured by the assortment of sizes, colours, models, prices and quality offered within each product line. (**The depth**)

3.4. PRODUCT LIFE CYCLE (PLC)

It is based upon the concept of biological life cycle. For example, when the life cycle of a plant is studied, the following may be understood. A seed is planted (the first stage of introduction) it begins to sprout (second stage – growth) it shoots out leaves, puts down roots as it becomes an adult (maturity) and after a long period as an adult, the plant begins to shrink and die out (decline).

In theory, the same can be applied for a product. Although a product is developed with a commercial motive, it is still affected by the concept of product life cycle. After a period of development, it is introduced or launched into the market gains more and more customers as it grows. Eventually, the market stabilizes and the product attains the stage of maturity. After a period of time, the product is overtaken by development and introduction of superior products, substitutes by competitors, sales drop, it goes into decline and is eventually withdrawn. However, many products fail in the introduction phase.

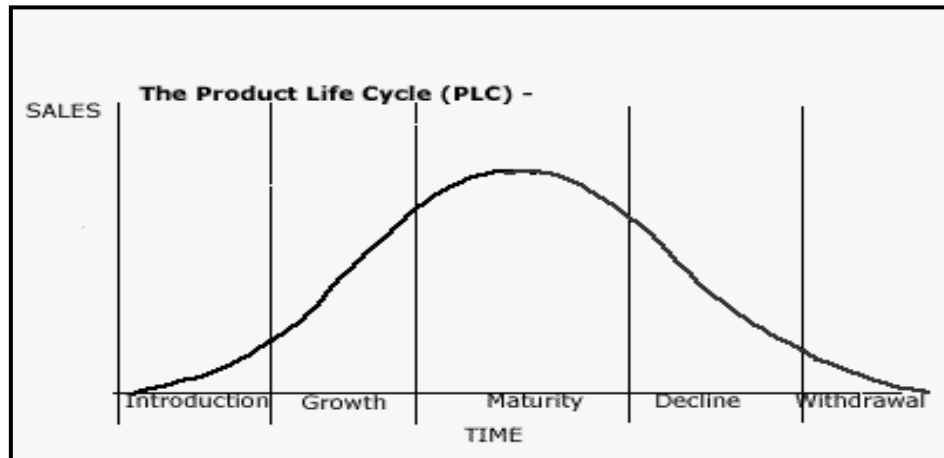


Figure 3.1: Different stages in a Product Life Cycle

1. Introduction [Pioneering or development stage]:

After doing Research and development, when a product is introduced in the market, sales grow at a slow to very slow rate. At this stage, the product is promoted to create awareness. This stage is also characterized by heavy advertising and sales promotion. The pressure for immediate profit does not exist.

If the product has no or few competitors, a skimming price strategy is employed. This refers to a strategy in pricing for new products where the manufacturer aims to build the image of high quality and prestige and, therefore, offers the product at a high price. At this stage, if the product is accepted by the consumers, the manufacturer will be able to earn large revenue within a short period of time. A successful product attracts competition sooner than later. So, before the product faces competition and the market share are split between more than one player skimming price helps a manufacturer to earn higher profits in shorter period of time.

Marketing strategies during the introduction stage of the product:

- Aggressive awareness campaigns
- Efforts to induce product trials
- Focus on buyers who are most ready to buy– particularly the high-income groups.
- Secure strong distribution network and retail outlets for high brand presence.

2. Growth or market acceptance stage:

Once a product easily passed the hurdles encountered in the introduction stage, a product reaches the growth stage. High rise in sales indicate the acceptance by the consumers. Therefore, competitors are attracted into the market with very similar offerings. Products become more profitable as growth in sales is rapid. In this stage, advertising and effective distribution are considered as vital factors. Advertising generates awareness and in turn demand is stimulated in the market. Hence market is created. This

demand should be complimented by adequate distribution in all desired locations. Otherwise, the product can miserably lose its share to competition. Companies form alliances, joint ventures and take each other over. Advertising expense is high and focuses upon building brand. The market share tends to stabilise.

During the growth stage, a firm uses several strategies to sustain rapid market growth:

1. It improves product quality, adds new product features and improved styling.
2. It adds new models and flanker products (products of different sizes, flavors and so forth that protect the main product).
3. It enters new market segments
4. It increases its distribution coverage and enters new distribution channels
5. It shifts from product- awareness advertising to product-preference advertising
6. It lowers prices to attract the next layer of price sensitive buyers

Stanford University graduate students, created Yahoo web search engine in 1994. Yahoo search engine has become the number one place to be on the web, averaging 129 million unique visitors a month, representing almost 80% of the online population. Yahoo's revenues, which exceeded \$6 billion in 2005 came from a number of sources – banner ads, paid search, subscriptions for services such as personals and abroad band partnership with SBC Communications. Yahoo's \$1.6 billion acquisition of Overture Services in 2003, a key paid-search competitor of Google, helped strengthen its claim as one stop shop for advertisers. Subsequent years have seen many additional acquisitions to expand the company's online capabilities and services, including online social event calendar Upcoming.org, online video editing site Jump cut and online social contest site bix.com. Yahoo! Also continues to grow globally with strong emphasis on Europe and Asia, helped in part by acquisition of KelKoo, a European comparison-shopping site, for \$579 million and 46% of Alibaba, a Chinese company for \$1 billion in cash in 2005.

A firm in the growth stage faces a trade-off between high market share and high current profit. By spending money on product improvement, promotion and distribution, it can capture a dominant position. It foregoes maximum current profit in the hope of making even greater profits in the next stage.

3. Maturity

Those products that survive the earlier stages tend to spend the longest time in this phase. Sales grow at a decreasing rate and then stabilise. While the sales curve is leveling off, the profits of both producers and retailers start declining because of rising expenditure and lowering of prices. At this stage, therefore, marginal producers are compelled to drop out of the market. Producers attempt to differentiate products and brands. Price wars and intense competition occur. At this point, the market reaches

a point of saturation. Producers begin to leave the market due to poor margins. Promotion becomes more widespread and uses a greater variety of media as supply exceeds demand and demand stimulation becomes essential.

During the maturity stage, a firm uses several strategies to sustain its position in the market: Since the maturity stage divides in to three phases of growth stable and decaying maturity, the strategies also modify accordingly:

1. Companies abandon weaker products to concentrate on more-profitable products
2. Market modification: Includes market expansion by influencing usage rate and the number of users.
3. Product modification: Includes quality (new, better, stronger, bigger) improvement, feature (enhance size, weight, materials, additives, accessories, etc.) or style (increase the product's aesthetic appeal) improvement
4. Marketing Program Modification:
 - a. Playing with the options of pricing—lower or increase it;
 - b. Distribution channels—penetrate more or use new channels;
 - c. Advertising—increase expenditure, change message or ad copy, media mix, frequency of ads, etc.;
 - d. Sales Promotion—trade deals, price off coupons, rebates, warranties, gifts, contested.
 - e. Personal selling – increase/decrease no. of salespersons, revise sales territories / sales force incentives, improve sales call planning Services—speed up delivery, more technical assistance, better credit, etc.

4. Decline or death stage

At this point there is a downturn in the market. The stage is characterized by either the product's gradual replacement by some new innovation or by an evolving change in the consumer buying behaviour. The buyers do not buy as much as they did before. For example, paper napkins [innovative products] are introduced to replace linen napkins for being more convenient [consumer tastes have changed]. There is intense price-cutting and many more products are withdrawn from the market. Emphasis is placed on efficient and low cost distribution strategies. Thus, it becomes concentrated in few large mass distributors. Profits can be improved by reducing marketing expense and cost cutting. Most managements shift their focus to other products, gradually phasing out the declining product as its future grows increasingly dark.

Examples of products that declined and were written off in the market: Floppy disks, pagers, audio players, cassettes, VCRs, CD players, Desktop computers, etc. in electronics. Moti soap, Cuti cura face powder etc. in hygiene care segment; etc.

In certain cases, such as Apple, the company knows to re-emerge from every product that moves towards decline. The moment one version of the iPod becomes obsolete, or even before (allowing Apple to control *when* a product enters its own decline phase), a new version appears on the market. However, this is applicable only in the electronics industry where the life of the product in general is visibly short-lived and innovation is the norm of the day for such a volatile industry.

To resist declining sales, the management has the following strategies / alternatives:

1. It may improve the product or revitalize it in some way.
2. It may review the marketing and production programs to be sure that they are efficient.
3. It may streamline the product assortment by removing the unprofitable sizes, styles, colours and models.
4. It will cut all possible costs to the bare minimum level that will optimize profitability over the limited remaining life of the product; or
5. The appropriate strategy also depends on the industry's relative attractiveness and the company's competitive strength in that industry.
6. In handling aging products, a company faces many tasks and decisions. The important ones are identifying weak products, recommending revamp strategies and deciding on its retention or withdrawal.
7. Abandon the product if continuing it only yields losses to the company.

3.4.2. PROBLEMS WITH PRODUCT LIFE CYCLE

In reality, very few products follow such a prescriptive cycle. The pattern of a product's sales and profit curves is controllable. By timely and effective implementation of specific marketing actions, [new packaging, re-pricing or product changes] the life cycle of the product may be extended or stretched out. With proper forecasts, at each stage, the management should anticipate the marketing requirements of the following stage. The length of each stage varies enormously. The decisions of marketers can change the stage, for example, from maturity to decline by price-cutting. Not all products go through each stage. Some go from introduction to decline. It is not easy to tell which stage the product is in for certain products whose segmentation and market strategies are not standardised.

Check Your Understanding:

1. Branding gives to a product (**personality**)
2. Brand awareness includes both brand as well as brand.....(**recognition, recall**)

3.5. BRANDING

3.5.1. INTRODUCTION AND MEANING

All over the world millions of organisations, who produces multiple products and services, each company claims their product or service is the best as compare to the competitor's. Branding helps to become distinguished product or service with their name, logo, or slogan, which recalls in the mind of customers. Branding helps to become popular and known in the market.

Branding gives personality to a product; packaging and labeling put a face on the product. Effective packaging and labeling work as selling tools that help marketer sell the product. Starbucks, Sony, Nike, brands command a price premium and deeper customer loyalty.

DEFINITION

The American Marketing Association defines a Brand as, “A name, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors”

A brand is thus a product or service whose dimensions differentiate it in some way from other products or services designed to satisfy the same need. These differences may be functional, rational, or tangible, symbolic, or emotional-related to what the brand represents.

3.5.2. The Role of Brands

- i. The ability of a brand to simplify decision making and reduce risk is invaluable;
- ii. Brands also perform valuable functions for firms;
- iii. Simplify product handling or tracing;
- iv. Help to organize inventory and accounting records;
- v. Offers the firm legal protection for unique features or aspects of the product;
- vi. Intellectual property;
- vii. Brands can signal a certain level of quality so that satisfied buyers can easily choose the product again;
- viii. Brand loyalty provides predictability and security of demand;
- ix. Loyalty also can translate into a willingness to pay a higher price—often 20 to 25 percent more;
- x. Competitive advantage; Sustained future revenues to their owner

3.5.3. Different Concepts of Branding

Let's understand different concepts of Branding like, Brand Awareness, Brand Name, Brand Loyalty, Brand Equity.

1. **Brand awareness:**

Brand awareness includes both brand recognition as well as brand recall. Brand recognition is the ability of consumer to recognize prior knowledge of brand when they are asked questions about that brand or when they are shown that specific brand, i.e., the consumers can clearly differentiate the brand as having being earlier noticed or heard.

While brand recall is the potential of customer to recover a brand from his memory when given the product class/category, needs satisfied by that category or buying scenario as a signal.

2. **Brand Name:**

Brand name is one of the brand elements which helps the customers to identify and differentiate one product from another. It should be chosen very carefully as it captures the key theme of a product efficiently and economically. It can easily be noticed and its meaning can be stored and triggered in the memory instantly. Choice of a brand name requires a lot of research. Brand names are not necessarily associated with the product.

For instance, brand names can be based on places (Air India, British Airways), animals or birds (Dove soap, Puma), people (Louise Phillips, Allen Solly). In some instances, the company name is used for all products (General Electric, LG).

3. **Brand Loyalty:**

Brand loyalty is the extent to which a consumer constantly buys the same brand within a product category. Consumers remain loyal to a specific brand as long as it is available. They don't buy from other suppliers within the product category. Brand loyalty exists when the consumer feels that the brand consists of the right product characteristics and quality at right price. Even if the other brands are available at cheaper price or superior quality, the brand loyal consumer will stick to his brand.

4. **Brand Equity:**

Brand Equity is the value and strength of the Brand that decides its worth. It can also be defined as the differential impact of brand knowledge on consumer's response to the Brand Marketing. Brand Equity exists as a function of consumer choice in the market place. The concept of Brand Equity comes into existence when consumer makes a choice of a product or service. It occurs when the consumer is familiar with the brand and holds some favorable positive strong and distinctive brand associations in the memory.

3.5.4 COMPONENTS OF BRANDS:

1. **Logo:**

A logo should be brand's identity. Logo is the first interaction which customer has with the brand. Logo images sticks in the mind of customers and recall the memories of product or services.

Logo should be pop up on almost every asset of the brand. It should be on business cards, website, merchandise, social media pages, and all advertising and marketing materials. Logo should represent what brand is about, like in Amazon spelling arrow starts at A and reach up to Z, which represent A to Z products or services.

2. **Colour:**

In branding Colour has its own importance, as colour can express key values. Many times, the product and services offered in different colour than regular one creates confusion in the mind of consumers. Sticking to one colour or the one colour combination is important in branding. Colour is also the important component of brand. Blue bird, Unilevers's Blue colour these are some of the examples.

3. **Shape:**

Branding strategies also gives emphasis on Shape, as it is an important component of branding. Shapes can present in companies' logo, web page backgrounds, layout design, packaging and other stationery. Unilever's U shape, kodak's k shape, Twitters bird shape these are some of the examples.

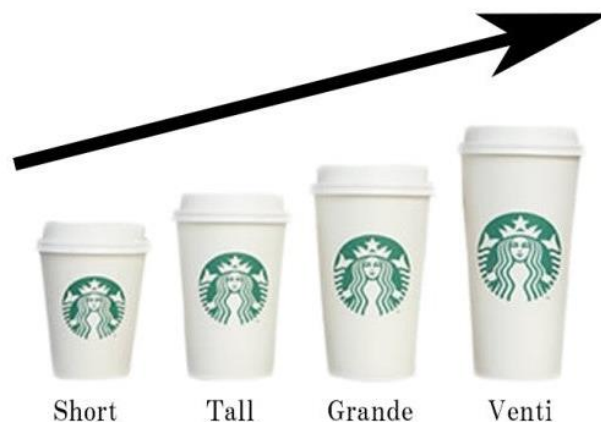
4. **Tagline:**

"Eat fresh.", "Just do it." "Kuch mitha ho jaye", These are the most well-known taglines in the world. "Kar lo Duniya mutthi me" Taglines, also known as slogans, are the flagship of brand messaging.

5. **Tone of voice and vocabulary:**

At Starbucks, you can't get a small coffee.

Well, you can get the smallest of their three standard sizes... but the name of the size is "tall."



That's because Starbucks developed their own unique branded vocabulary to differentiate their product offerings from other brands'. Even though they didn't coin the words they use for the different drink sizes, they were the first to use them in this unique way.

6. **Fonts:**

Using fonts as a brand is another component of branding. Johnson and Johnson, Fords and Instagram using their brand in Fonts. Johnson and Johnson, using only small letters in cursive writing. Ray Ban is also recognized with its fonts.

7. **Positioning:**

Positioning is helps in placing product or service at gap created by competitors. It is all about making company's offer more attractive over competitors offers?

A brand's positioning is most different component of branding. Which try to communicate its messages like a low-priced brand try to communicate that their product is the most economic for customers. The company might choose bright, value-communicating colours like yellow and orange and creates an image of as simple, friendly and optimistic.

3.5.5. BRAND ELEMENTS FOR BRAND EQUITY

A brand element that provides a positive contribution to brand equity, for example conveys certain valued associations or responses. Brand elements are those trade markable devices that identify and differentiate the brand. Marketers must choose brand elements to build as much brand equity as possible. The test of brand building ability of these elements is what consumers would think or feel about the product if the brand element were all they know.

Slogans, logos, symbols, Jingles, packaging all are a part of brand elements. LIC of India uses the symbol of a lit lamp enveloped by two folded hands in the Indian traditional Namaste, symbolizing protection.

MRF brand of tires uses the symbol of muscular hands holding a tire, symbolizing a tire with muscles.

Slogans are also an extremely efficient means to build brand equity. Raymond uses "The complete man". Slogans help consumers grasp what the brand is and what makes it special.

3.5.6. BRAND ELEMENT CHOICE CRITERIA

There are six main criteria while choosing brand elements:

- i. **Memorable:** A brand element must be easily recalled and recognized. For example, lux, LG, Taj are short and memorable brand elements.

- ii. **Meaningful:** Brand elements must be credible and suggestive of the corresponding category. It must suggest something about a product ingredient or the type of person who might use the brand. For example, Fair & Lovely fairness cream, Mother's recipe pickles.
- iii. **Likable:** Brand element must be aesthetically appealing. It should be likable visually, verbally and in other ways also. For example, Scorpio, Splendor, Sony
- iv. **Transferable:** The brand element must be able to be used to introduce new products in the same or different categories. It should add to the brand equity across geographic boundaries and market segments.

For example, Amazon.com initially was online book seller, but never called itself Books RU. Amazon is the world's biggest river, and the name suggests the wide variety of goods that could be shipped and diverse range of products the company sells.

- v. **Adaptable:** Brand element must be adaptable and updatable.

Lifebuoy for example, was launched in the year 1895, underwent lot of changes, in the year 2002 the biggest change took place with new formulations, color, fragrance and packaging to make the brand contemporary. But the brand still maintains its core value proposition of Health.

- vi. **Protectable:** The brand element must be legally protectable. For example, names like Xerox, Kleenex which became synonymous with product categories should retain their trade mark rights and not become generic.

3.5.7. BRAND STRATEGIES

A firm's branding strategy reflects the number and nature of both common and distinctive brand elements it applies to the product it sells. Deciding how to brand a new product is especially critical. When a firm introduces a new product, it has three main choices:

- (1) It can develop new brand elements for the new product,
- (2) It can apply some of its existing brand elements,
- (3) It can use a combination of new and existing brand elements.

When a firm uses an established brand to introduce a new product, it is called a **brand extension**.

In a **line extension**, the parent brand is used to brand a new product that targets a new market segment within a product category currently served by the parent brand, such as through new flavors, forms, colors, added ingredients, and package sizes. For example, Lifebuoy soap from HLL has many line extensions. (Lifebuoy care, lifebuoy deo fresh, lifebuoy nature etc.)

In a **category extension**, the parent brand is used to enter a different product category from that currently served by the parent brand.

When a new brand is combined with an existing brand, the brand extension can also be called a **sub-brand**. An existing brand that gives birth to a brand extension is referred to as the **parent brand**. If the parent brand is already associated with multiple products through brand extensions, then it may also be called a **family brand**.

A **Brand line** consists of all products: original as well as line and category extensions— sold under a particular brand. A **Brand mix** is the set of all brand lines that a particular seller makes available to buyers. **Branded variants** are specific brand lines supplied to specific retailers or distribution channels. A **licensed product** is one whose brand name has been licensed to other manufacturers who actually make the product.

3.5.8. FACTORS INFLUENCING BRAND EQUITY

According to David Aaker, ‘brand equity is a set of brand assets and liabilities linked to a brand, its name and symbols, that add to or subtract from the value provided by a product or service to a firm and/ or to that firm’s customer.’

Nowadays every old and new company is focusing on their branding. When any organization want to set brand equity in market the following five factors determining the brand equity: 1. Brand Loyalty 2. Brand Awareness 3. Perceived Quality 4. Brand Association 5. Other Proprietary Brand Assets.

Brand equity gives advantage of premium value that a company gets from a product with a well-known name as compared to its general competitor. Brand equity makes product memorable, simply identifiable, excellent in quality and consistency. For example, the extra money that consumers are willing to spend to buy branded shoes rather than the store brand of shoes is an example of brand equity.

Brand equity can be negative if consumers are ready to pay more for a general product than for a branded one. Negative brand equity happens if a company had a major product recall or damages environment.

Factors determining brand equity are as follows:

1. Brand loyalty
2. Brand awareness
3. Perceived quality
4. Brand associations in addition to perceived quality
5. Other proprietary brand assets such as patents, trademarks and channel relationships.

1. Brand Loyalty:

Brand loyalty is the extent to which a consumer constantly buys the same brand within a product category. Consumers remain loyal to a specific brand as long as it is available. They don't buy from other suppliers within the product category. Brand loyalty exists when the consumer feels that the brand consists of the right product characteristics and quality at right price. Even if the other brands are available at cheaper price or superior quality, the brand loyal consumer will stick to his brand.

2. Brand Awareness:

People will repeatedly buy a well-known brand because they are pleased with the brand. Or there may be a supposition that a brand that is well-known is probably dependable, in business to stay, and of reasonable quality. A recognized brand will thus often be selected over an unknown brand. The awareness factor is particularly important in contexts in which the brand must first enter the consideration set. It must be one of the brands that are evaluated.

3. Perceived Quality:

A brand will have associated with it a perception of overall quality not necessarily based on the knowledge of detailed specifications. Perceived quality will directly influence purchase decisions and brand loyalty, especially when a buyer is not motivated or able to conduct a detailed analysis.

It can also support a premium price which, in turn, can create gross margin that can be reinvested in brand equity. Further, perceived quality can be the basis for a brand extension. If a brand is well regarded in one context, the assumption will be that it has high quality in a related context.

4. Brand Association:

The underlying value of a brand name is often based on specific associations linked to it. Associations such as Ronald McDonald can create a positive attitude or feeling that can become linked to a brand such as McDonald's. If a brand is well positioned on a key attribute in the product class (such as service backup or technological superiority), competitors will find it hard to attack.

5. Other Proprietary Brand Assets:

The last three brand equity categories we have just discussed represent customers' perceptions and reactions to the brand; the first is the loyalty of the customer and the fifth category represents other proprietary brand assets such as patents, trademarks and channel relationships. Brand assets will be most valuable if they inhibit or prevent competitors from eroding a customer base and loyalty.

These assets can take several forms. For example, a trademark will protect brand equity from competitors who might want to confuse customers by using a similar name, symbol, or package. A patent, if strong and relevant to customer choice, can prevent direct competition. A distribution channel can be controlled by a brand because of a history of brand performance.

Check Your Understanding:

1. Branding gives to a product (**personality**)
2. Brand awareness includes both brand as well as brand..... (**recognition, recall**)

3.6. SUMMARY

Marketing mix is the policy adopted by the manufacturers to get success in the field of marketing. The modern market concept emphasizes the importance of the consumer's preference. Manufacturers take various policies to get success in the market and the marketing mix is one of the important policies. Marketing mix is based on words initiated with the letter "P", i.e. Product, Price, Promotion and Place (Distribution). Marketing mix has stand on four pillars of four P's.

A product is developed with a commercial motive; it is still affected by the concept of product life cycle. After a period of development, it is introduced or launched into the market gains more and more customers as it grows. Eventually, the market stabilizes and the product attains the stage of maturity. After a period of time, the product is overtaken by development and introduction of superior products, substitutes by competitors, sales drop, it goes into decline and is eventually withdrawn. However, many products fail in the introduction phase.

Brand is a name, term, sign, symbol, design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors. The first branding strategy decision is whether to develop a brand name for a product. Today branding is such a strong force that hardly anything goes unbranded. Assuming a firm decides to brand its products or services, it must then choose which brand names to use. Four general strategies are often used.

3.7. EXERCISE

MULTIPLE CHOICE QUESTIONS

1. Which of the following not a part of Marketing -Mix?
a. Product b. Price c. **Peace** d. Place
2. Which of the following is a part of Marketing -Mix?
a. Plan b. **Price** c. Peace d. Platform

3. Brand is the probability that consumers are familiar about the life and availability of the product.
a. value b. equity c. name d. **awareness**
4. Brand is the value and strength of the Brand that decides its worth.
a. value b. **equity** c. name d. awareness
5. Brand is the extent to which a consumer constantly buys the same brand within a product category.
a. **loyalty** b. equity c. name d. awareness

FILL IN THE BLANKS

1. help consumers grasp what the brand is and what makes it special.
2. Once a product easily passed the hurdles encountered in the introduction stage, a product reaches the stage.
3. The is the first element of marketing mix.
4. Marketers have traditionally classified products on the basis of their.....
5. shopping goods are similar in quality but different in price.
6. shopping goods differ in product features and services that may be more important than price.

[1. Slogans, 2. Growth, 3. Product, 4. Characteristics,
5. Homogeneous, 6. Heterogeneous]

WRITE SHORT ANSWERS

1. Explain Four “Ps”
2. Explain introduction Stage in Product Life Cycle.
3. Explain the role Brands

WRITE SHORT NOTES

- a) Marketing Mix
- b) Brand Equity
- c) Branding

LONG ANSWERS

1. Explain Marketing Mix in details with examples.
2. Explain Product Life Cycle in details.
3. Explain branding strategy decisions.

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MARKETING DECISIONS II

Unit Structure

- 4.0. Objective
- 4.1. Introduction
- 4.2. Packing
- 4.3. Product Positioning
- 4.4. Service Positioning
- 4.5. Pricing
- 4.6. Summary
- 4.7. Exercise
- 4.8. References

4.0 OBJECTIVE

- To understand the concept of Packing
- To explore the Product Positioning
- To study the Strategies of Product Positioning
- To evaluate the Service Positioning with Importance & Challenges
- To examine the concept of Pricing

4.1. INTRODUCTION

It is not only the product, which appeals to the customers but the packing. Sometimes packing overrides the product and its quality, customers are attracted towards the packing and feel it comfortable to carry, give as a gift and so on. Good packing is always essential for safety and satisfaction. After packing the product positioning in the mind of the customers is necessary to survive in the competitive market. Product positioning strategies help to keep alive the product in images of customers. Service Positioning is also playing the same role as product positioning does. There are many challenges to do positioning, but overcoming them is helping to achieve target turnover. There are many pricing strategies, which require using as per the situations. Many factors influencing pricing decisions need to be considered before taking pricing decisions.

4.2. PACKING

Different kinds of products need different kinds of packaging, for example, liquid products are packed in barrels and bottles; whereas, solid products are wrapped. The organizations use special containers for fragile products, such as glassware.

Packing is not only to make the product attractive visible but to safeguard the goods in transit in distribution channel. Again, packaging involved in different shaping, designing and producing the container or covering with different for a product.

“Packing” and “Packaging” both are using in replacement of each other, but usually, ‘packaging’ referred to retail use or consumer use container whereas ‘packing’ refers to distribution transport container for safety and security of product.

Concept of packaging was registered first in the year 1035AD by Persian traveler, who visited markets in Cairo. He observed that those vegetables, spices and hardware were sold had been covered in paper for carrying it. Many different materials being used like Baskets of reeds, wooden boxes, pottery vases, woven bags etc. In 19th century the paperboard cartons were started to use.

Packaging is the science, art, and technology of enclosing or protecting products for distribution, storage, sale, and use. Packaging also refers to the process of design, evaluation, and production of packages.

4.2.1. DEFINITION

Business Dictionary defines, “Packing is the preparation of product or commodity for proper storage and/or transportation. It may entail blocking, bracing, cushioning, marking, sealing, strapping, weather proofing, wrapping, etc.”

“Packaging refers to the processes (such as cleaning, drying, and preserving) and materials (such as glass, metal, paper or paperboard, plastic) employed to contain, handle, protect, and/or transport an article. Role of packaging is broadening and may include functions such as to attract attention, assist in promotion, provide machine identification (barcodes, etc.), impart essential or additional information, and help in utilization.” – Business Dictionary

4.2.2 ESSENTIALS OF GOOD PACKAGE

Good packing should give physical safety, ensure marketing through its attracted designs, following are some objectives in addition to protection.

The following are the Essentials of good packing:

1. To Deliver Physical Security:

Packaging guarantees that products are protected against vibration, temperature, shock, compression, deterioration in quality etc. Packing and packaging also protect the products against theft, leakage, pilferage, breakage, dust, moisture, bright light etc.

2. To Enable Marketing:

Packing and packaging play an important role in marketing. Good packing and packaging along with attractive labelling are used by sellers to promote the products to potential buyers. The shape, size,

colour, appearance etc. are designed to attract the attention of potential buyers.

3. To Convey Message:

There is so much of information about the product that a manufacturer would like to deliver to the users of the product. Information relating to the raw materials used, the type of manufacturing process, usage instructions, use by date etc. are all very important and should be conveyed to the users. Manufacturers print such information on the packages.

4. To Provide Convenience:

Packing and packaging also add to the ease in handling, display, opening, dissemination, transportation, storage, sale, use, reuse and disposal. Packages with comfort to carry handles, soft squeezed tubes, metallic containers, conveniently placed nozzles etc. are all examples of this.

5. To Offer Containment or Accumulation:

Small objects are typically put together in one package for reasons of efficiency and economy. For example, a single bag of 1000 marbles require less physical handling than 1000 single marbles. Liquids, powders, granular materials etc. need containment.

6. To Offer Segment Control:

In the medicinal and pharmaceutical field, the precise number of contents is needed to control usage. Medicine tablets are divided into packages that are of a more suitable size for individual use. It also helps in the control of inventory.

7. To Enable Product recognition:

Packing and packaging enable a product to have its own identity. This is done by designing a unique and distinct package through the effective use of colours, shapes, graphics etc. Such identification and distinction are very essential in the present situation of intense competition and product clutter.

8. To Improve Profits:

Since consumers are willing to pay a higher price for packaged goods, there will be higher profit realization. Moreover, packaged goods reduce the cost of handling, transportation, distribution etc. and also cut down wastage and thereby increase profits.

9. To Furnish Self-Service Sales:

The present trend in retailing is effective display and self-service sales. Products require effective packing for self-service sales.

10. To Enrich Brand Image:

Attractive packing and packaging in a consistent manner over a long time enhances the brand image of the product.

Positioning strategy can be conceived and developed in a variety of ways. It can be derived from the object attributes, competition, application, the types of consumers involved, or the characteristics of the product class. All these attributes represent a different approach in developing positioning strategy, even though all of them have the common objective of projecting a favorable image in the minds of the consumers or audience.

Product positioning is the process of identifying the needs of different groups of customers and the extent to which competing products are perceived to meet customer's needs. In other words, relating a product to the market is termed as 'product positioning'.

It also includes activities like determining the market segments towards which major marketing effort will be directed on behalf of a product and suggesting methods to differentiate products from competing ones. Thus, the whole process is meant to bring together the market segments and products. The process can be used to retain existing products and services as well as to introduce new ones.

Thus, product positioning refers to targeting the product at specific class of customers or for specific needs. It determines the image of the product in relation to the rival products. The strategies used for this purpose are product differentiation and segmentation. Product positioning involves creating a unique, consistent, and recognized customer perception about a firm's offering and image. A product or service may be positioned based on an attitude or benefit, use or application, user, class, price, or level of quality.

4.3.1. DEFINITION

According to Kotler and Armstrong, "A product's position is the way the product is defined by consumers on important attributes the place the product occupies in consumers' minds relative to competing products."

In the words of William Stanton, "Positioning means developing the image that a product projects in relation to competitive products and to firm's other products."

Positioning can be defined as, "identifying a market niche for a brand, product or service utilizing traditional marketing placement strategies such as price, promotion, distribution, packaging, and competition".

4.3.2. PRODUCT DIFFERENTIATION CAN OFFER THE FOLLOWING ADVANTAGES

- (i) It helps in facing competition.
- (ii) It facilitates some control over the price of the product.
- (iii) It enables the marketer to create brand loyalty

- (iv) Awareness of differences in the product helps to boost the firm's goodwill.
- (v) It provides ideas for advertising.

However, product differentiation tends to increase the problem and costs of advertising and sales promotion. Firms with limited product line find product differentiation particularly useful.

4.3.3. STRATEGIES OF PRODUCT POSITIONING

1) Using Product characteristics or Buyer Benefits as a positioning

This strategy basically focuses upon the characteristics of the product or customer benefits. For example, if I say imported items, it basically tells or illustrates a variety of product characteristics such as durability, economy or reliability etc. Let's take an example of motorbikes some are emphasizing on fuel economy, some on power, looks and others focuses on their durability. Hero Cycles Ltd. positions first, emphasizing durability and style for its cycle. At time even you would have noticed that a product is positioned along two or more product characteristics at the same time. You would have seen this in the case of toothpaste market, most toothpaste insists on 'freshness' and 'cavity fighter' as the product characteristics. It is always tempting to try to position along several product characteristics, as it is frustrating to have some good characteristics that are not communicated.

Probably the most-used positioning strategy is to associate an object with a product characteristic or customer benefit. With examples, Honda and Toyota have emphasized economy and reliability and have become the leaders in the number of units sold. Volvo has stressed safety and durability.

2) Pricing as a positioning

Quality Approach or Positioning by Price-Quality – Lets take an example and understand this approach just suppose you have to go and buy a pair of jeans, as soon as you enter in the shop you will find different price range jeans in the showroom say price ranging from Rs. 350 to Rs. 2000. As soon as look at the jeans of Rs. 350 you say that it is not good in quality. This is why. Because of perception, as most of us perceive that if a product is expensive will be a quality product whereas product that is cheap is lower in quality. If we look at this Price – quality approach it is important and is largely used in product positioning strategy. In many product categories, there are **brands** that deliberately attempt to offer more in terms of service, features or performance. They charge more, partly to cover higher costs and partly to let the consumers believe that the product is, certainly of higher quality.

3) Positioning based on Use or Application

Let's understand this with the help of an example like Nescafe Coffee for many years positioned itself as a winter product and advertised mainly in

winter but the introduction of cold coffee has developed a positioning strategy for the summer months also. Basically this type of positioning-by-use represents a second or third position for the brand, such type of positioning is done deliberately to expand the brand's market. If you are introducing new uses of the product that will automatically expand the brand's market.

4) Positioning strategy based on Product Users

Another positioning approach is to associate the product with its users or a class of users. Makes of casual clothing like jeans have introduced 'designer labels' to develop a fashion image. In this case the expectation is that the model or personality will influence the product's image by reflecting the characteristics and image of the model or personality communicated as a product user. Positioning approach is to associate a product with a user or a class of users. Some cosmetics companies seek a successful, highly visible model as their spokesperson as the association for their brand. Michael Jordan, for example was used by products as diverse as Nike, McDonald's etc.

5) Positioning based on Product Class

In some product class we have to make sure critical positioning decisions. For example, freeze dried coffee needed to position itself with respect to regular and instant coffee and similarly in case of dried milk makers came out with instant breakfast positioned as a breakfast substitute and virtually identical product positioned as a dietary meal substitute. One more example, Dove positioned itself apart from the soap category, as a cleansing cream product, for women with dry skin.

6) Positioning based on Cultural Symbols

In today's world many advertisers are using deeply entrenched cultural symbols to differentiate their **brands** from that of **competitors**. The essential task is to identify something that is very meaningful to people that other **competitors** are not using and associate this *brand* with that symbol.

Air India uses maharaja as its logo, by this they are trying to show that we welcome guest and give them royal treatment with lot of respect and it also highlights Indian tradition. Using and popularizing trademarks generally follow this type of positioning.

7) Positioning based on Competitor

In this type of positioning strategy, an implicit or explicit frame of reference is one or more **competitors**. In some cases, reference competitor(s) can be the dominant aspect of the positioning strategy of the firm, the firm either uses the same or similar positioning strategy as used by the competitors or the advertiser uses a new *strategy* taking the competitors' positioning strategy as the base.

A good example of this would be Colgate and Patanjali. Colgate when entered into the market focused on to modern toothpaste other than traditional one, but when Patanjali entered into the market with focus on

Ayurveda and basically with traditional ingredients, Colgate launch Colgate Vedshakti based on Ayurveda, which was a positioning strategy adopted because of competition.

4.4. SERVICE POSITIONING

Positioning is concerned with the identification, development, and communication of a differentiated advantage which makes the organization's products and service perceived as superior and distinctive to those of its competitors in the mind of its target customers.

Services have several distinguishing features which have special implications for the positioning and attributes to emphasize. Three key characteristics for service positioning are intangibility, the degree of variability or heterogeneity in the quality of a given service, and inseparability. Briefly, the positioning is a mental image or picture that a service provider would like to have about it in the consumer's mind.

It is a deliberate attempt at building an identity of a certain kind for the service. For example, McDonald's in India has a slightly up market image than in the US, where it is viewed as cheap American fast food. Since a hamburger is an everyday item of American food, it made sense for McDonald's to develop that positioning. In India, that slot is already occupied by a variety of Indian alternatives. For example, the idli-dosa corner food stalls in the south, the paratha serving stalls in the north, or the tea and samosa corners of Kolkata. Therefore, the mind space that McDonald's has tried to occupy is of two types. One, the affluent, westernized teenager. Second, the modern upscale family possibly driven by children who enjoy the feeling of eating at a McDonald's. Positioning has a lot to do with the target segment to which we choose to market, and it has elements like price, packaging, communication and ambience, which reinforce the positioning, attempted by the company. Banks, for example, used to position themselves as austere, dull but safe place, you could trust until recently. Some public sector banks in India have still not changed. However, consumer tastes have changed; competitors in the field have brought in modern views from the advanced countries. Presently, every bank is trying to offer an ambience, which is friendly with smiling young tellers and receptionists, and customer service representatives, not to mention the call centres and free photographs to open bank accounts with. Thus, positioning can also be a function of a time, and a place or a function of what the consumers expect.

Service positioning is the unique identity of a service in a competitive market. A valuable position serves customer needs and stands out from the competition in a way that has meaning to customers. The following are illustrative examples of service positioning.

1. **Convenience:** Making things easy for the customer. For example, the delivery service that keeps trying to deliver until they find that your home. Convenience can be provided of location, time saving, portability, packaging etc.
2. **Capabilities:** Unique capabilities such as the consulting service that offers rare and in-demand skills.
3. **Functions & Features:** Allowing customers to accomplish goals in a way that competitors can't match. For example, the airline with the most direct flights to Asian cities from Germany.
4. **Customer Service:** More friendly and diligent customer service such as the telecom company that is pleasing to do business with.
5. **Variety:** Offering more choice such as the streaming media service with the most content.
6. **Quality:** A quality-based service position such as the media service with the best original content.
7. **Value:** A good price relative to everything the service offers. For example, the insurance coverage that always has the lowest price.
8. **Reliability:** A reliable service such as the airline that is always on time.
9. **Safety:** A safe service such as the airline with the best safety record that always puts safety first in everything they do.
10. **Performance:** Performance such as the fastest delivery service.
11. **Demographics:** Services that satisfy the customer needs of a particular demographic such as a family friendly hotel that offers special rooms for families with young children.
12. **Tailoring:** Tailoring the service to the customer such as the luxury hotel that goes out of its way to configure rooms and services to customer preferences.
13. **Sensory:** Positioning related to taste, smell, touch, sound and visual appeal. For example, the restaurant with the best tasting ice cream.
14. **Usability:** The most usable service such as the car navigation system that works as customers expect.
15. **Authenticity:** A service that is the real thing.
16. **Customer Experience:** An overall experience such as a happy theme park.
17. **Peak Experiences** A service that offers peak experiences that feel like an accomplishment such as the travel service that offers adventure and personal enrichment.

18. **Benefits:** Offering the customer direct or indirect rewards. For example, a professional certification service that tends to boost an employee's long-term salary.
19. **Reputation:** A service with a unique reputation on the market such as an investment bank with a track record of successful IPOs.
20. **Legacy:** A unique position based on the history of your firm such as a bank that is hundreds of years old that positions itself as time-tested, established and reliable.
21. **Knowledge:** Positioning a service as having superior knowledge such as an investment advisor who is well connected.
22. **Status:** Social status such as a night club in where you're likely to run into celebrities.
23. **Values:** Values such as the insurance company that cares about people with special services to help clients who experience losses.
24. **Gratitude:** A service that appreciates the customer's business. For example, the bar that remembers your name and favorite beverage.
25. **Culture:** A service that represent a culture or subculture. For example, the restaurant chain that gives local variety foods.
26. **Lifestyle:** A service that represent a lifestyle such as a restaurant that offers a slow food experience

Source: <https://simplicable.com/new/service-positioning>

4.4.2 CHALLENGES

1. Intangibility Challenges

Challenges of intangibility in the service industry are one of the hardest things to overcome. People can touch and see a product and are exchanging money for something they need and can take home to use. Conversely, people only see the results of a service, which may not always be immediate. It requires faith on the customers' part that they will get the desired results for their money.

For example, if you own a cleaning service, you have to convince your customers to trust you that their homes will be cleaned to their satisfaction. Providing before and after testimonials or pictures may be another way of overcoming the challenges of intangibility in service marketing and gaining trust.

2. Demonstrating Empathy

Convince your customers in your marketing efforts that you understand their problems and are offering a solution. Do this using people, processes and physical evidence. For example, if you and your employees have families and work full time, this identifies with working families who have no time for housecleaning.

Before-and-after pictures in your marketing materials, such as your website, brochures and advertising, are all physical evidence. Finally, you may need to interact personally with customers

multiple times as part of the marketing process to establish a relationship and convince them you understand their needs. Promote your business to the right target customers in the right place to have the highest effect. For example, with a cleaning business, you may want to target your advertising to high end office buildings that have a lot of high-earning, busy prospects.

3. Competitive Pricing

How you price your services is an important marketing element. You need to be competitive, so research several competitors' prices to gauge what your prospective customers expect to pay. Then assess your costs – your overhead such as rent, insurance, salaries and supplies – to determine if you can meet your costs and make a profit with that pricing. Consider bundling extra features with your services to differentiate your company and garner a higher price; perceived value by customers is very important, according to Inc. For example, you can offer to wax floors as part of your service, or do laundry as part of a bonus package.

4. Implementing People

As a services company, marketing your people, including you, is paramount. A service is consumed when it's purchased or produced – just the results or effects linger, and sometimes temporarily. For example, your customer's home will get dirty again, so the result of your cleaning delivery is temporary. The client may or may not call you again based on the overall experience. How your people performed that service and interacted with your clients will impact repeat business. The relationship is important; follow up with your customer with personalized notes or a telephone reminder as part of your marketing tactics.

4.5. PRICING

To the consumer, price defines the worth of the product. It explains the relative value of the product when compared to competitors' products and other substitutes. Price is a complex term evolved out of many calculations to satisfy the objectives of the producer, as well as, the consumer. In its totality, price includes a brand name, a bunch of benefits expected by the consumer, the profit element for the producer, credit terms, after sale services, packing, membership, etc.

Pricing refers to the act of arriving at the right monetary value at which the product or service can be offered, for sale in the market, to the consumers. It has to take into account the various factors that influence the pricing for a particular product at a given period.

4.5.1. PRICING OBJECTIVES

Pricing objectives are providing directions to your business in deciding the cost of a product or service to your existing as well as prospective consumers. A pricing objective should reflect your company's goals

related to marketing, financial, strategic and product. Pricing objects are also covering consumer price expectations and the levels of available stock and production resources.

Pricing objectives include pricing for profits, escalating sales volume, counter competitors' prices, prevent competitors – or for pure survival. Each pricing objective requires a different price-setting strategy to achieve business goals successfully. The choice of a pricing objective need not have to last everlastingly. As per the direction of business and market variation, it becomes necessary to adjust the pricing objective.

1. Pricing for Profit

The level of profit is determined by the price charged. Adding the desirable amount of profit to cost before determining the price is most necessary. However, due to changes in the external environment, such as, rising cost, changing trends etc., in the long run, the company aims to stabilize prices and profit levels. This objective of stable price and profits can be set in motion by keeping the prices within safe limits – not allowing them to fall below a norm during the slump and not allowing them to rise above the norm during boom. Profit level is also influenced by method of pricing adopted.

- **Profit margin maximisation:** seeks to maximise the per-unit profit margin of a product. This objective is typically applied when the total number of units sold is expected to be low.
- **Profit maximisation:** seeks to earn the greatest pound amount in profits. This objective is not necessarily tied to the objective of profit margin maximisation.

2. Sales-related Objectives

Sales-oriented pricing objectives seek to boost volume or market share. A volume increase is measured against a company's own sales across specific time periods.

A company's market share measures its sales against the sales of other companies in the industry. Volume and market share are independent of each other, as a change in one doesn't necessarily activate a change in the other.

The main sales-related pricing objectives include:

- **Sales growth:** It is assumed that sales growth has a direct positive impact on profits so pricing decisions are taken in way that sales volume can be raised. Setting a price, altering or modifying policies are targeted to improve sales.
- **Targeting market share:** The objectives of pricing aim to maintain the existing market share, sometimes, to increase it or even to decrease it. The market share of a company is usually expressed in terms of percentage of sales for the total industry. For example, if it is said that Colgate holds more than 50% of the market share for toothpaste and oral hygiene industry, it means to say that more than

50% of the consumers rely on Colgate for their oral care needs. Price is an important element or variable in maintaining and improving market share. The price fixed for a product or a service should also follow the laws of the land in which the company is functioning.

- **Increase in market share:** Sometimes, price and pricing are taken as the tools to increase market share. When you realise that your market share is lower than expected it can be raised by appropriate pricing; pricing is aimed at improving market share.

3. Competition-related Objectives

Every company tries to react to their competitors with appropriate business strategies. With reference to price they may wish:

- **To face up to the competition:** today's markets are characterised by intense competition and companies set and modify their pricing policies so as to respond to their competitors. Many companies use price as a powerful tool to react to the level and strength of competition.
- **To deter competitors:** to prevent the entry of competitors can be one of the main pricing objectives. To achieve this objective, a company keeps its price as low as possible to minimise profit attractiveness of products. In some cases, a company reacts offensively to prevent entry of competitors by selling products at a loss.
- **Signal quality:** buyers believe that a high price is related to high quality. In order to create a positive image in customers' minds that your product is superior to that offered by close competitors you will design your prices accordingly.

4. Customer-related Objectives

Customers should be central to every marketing decision so, in order to keep customers on your side you need suitable pricing policies and practices to win the confidence of customers:

Often, price is used as a weapon to meet competition or eliminate the same. The simplest way to meet competition is to match the price with the competitors. This becomes a price-based strategy to beat competition. Here, quality and cost considerations are to be taken as more or less identical. Consumers now go by other factors, except price, to judge the relative worth of the different brands. Factors such as weight, colour, dimensions, fragrance, appearance, etc., become important factors. This is called as maintenance pricing. Contrary to this, a firm can also adopt the destroyer pricing policy. Here, a very low price is adopted to kill new entrants and to destroy the existing competition.

5. Market Penetration

A company can price its product with a specific objective. If the objective is to achieve quick growth in sales, it may adopt a low price to encourage

sales in the beginning so that the product gains popularity. This is also called as penetration pricing as it makes the product affordable.

This objective is concerned with entering deep into the market to attract the maximum number of customers. This objective calls for charging the lowest possible price to win price-sensitive buyers. A penetration strategy might be right for you if you are in a position to rapidly gain market share, bring down unit costs and purposefully price low to create barriers to entry: think Amazon, Uber, Facebook.

6. Skimming

This expression comes from the farming practice of milking cows - the cream rises to the top and you skim it off.

From a business perspective, this pricing objective is concerned with skimming maximum profit in the initial stage of a product's life cycle. Because the product is new, offering new and superior advantages, your company can charge a relatively high price because you are catering to customers with a higher willingness to pay, i.e. the early adopters.

Certain customer segments will buy a product even at a premium price in order to be ahead of the game. Later you can aim at more price-sensitive consumers with a lower price. Some prime examples are purchasers of movies, music, online games, gaming consoles (Microsoft Xbox), smartphones (iPhone) and luxury vehicles.

The advantage of using a Skimming pricing policy is that you can theoretically get the maximum profit from each level of customer. You need to bear in mind however that you can only charge the high price for your product when there are no close substitutes.

7. Stabilising

This objective seeks to keep your product prices in line with the same or similar products offered by your competitors to maintain a stable level of profit generated from a particular product – or to avoid starting a price war where no one wins. It's a tactical goal that encourages competition on factors other than price and focuses on maintaining market share.

Stability in price makes a good impression on your buyers - frequent changes in pricing can adversely affect the prestige of your company.

8. Survival

This is perhaps the most fundamental of all pricing objectives. Pricing is aimed at survival with a hope for growth in the (not too far distant) future. Your company may use a survival-based pricing objective when it's willing to accept short-term losses for the sake of long-term viability.

Under this objective, pricing can be flexible – prices are lowered in order to increase sales enough to keep the business going, i.e. cover essential costs. For a short term, on a temporary basis, the goal of making a profit is set aside for the objective of survival. Once the situation that initiated the

survival pricing has passed, product prices should be returned to previous or more appropriate levels.

9. **Maintaining the image:**

Every company would have created an image for itself in the public's eye. This image is built through the sum total of factors representing the company such as products, trademarks, brand names, logos, packages, etc. This image is highly influenced by how the company handles the 'pricing' factor. For example, if a company is known for offering premium quality products, it will harm its existing image if it offers low priced and low-quality goods. The image will be disturbed in the eyes of the public. Therefore, pricing can make or break an image.

(Source: <https://blog.blackcurve.com/why-pricing-objectives-are-fundamental>)

4.5.2. FACTORS INFLUENCING PRICING POLICY

Pricing decisions are influenced by numerous factors. Pricing policies should be consistent with pricing objectives.

A - INTERNAL FACTORS are those which arise within the organisation and are, therefore, controllable. The important internal factors are discussed below:

1. **Product Cost:**

Cost of the product is the basic determinant of its price. Only after ascertaining cost, pricing can be achieved in a financially healthy manner. Resources have to be utilized to their best point in order to achieve cost efficiency and enhance profitability. Cost will help ascertain the amount of profit to be added in order to arrive at profit and thereby the selling price. When cost is the basic determinant, price can change according to the quantity offered, thereby passing on the benefit of economies of scale to the ultimate consumer.

2. **Pricing Objectives:**

Pricing objectives of a company play a crucial role in determining the price. Therefore, price can be based on the objectives alone. A well-established company can afford to offer a very low price for its product, if the objective is to capture market and wipe out competition. Here, in the initial stages, profitability is not giving importance. Once the competitors are wiped out, they can shoot up the price and work on profitability. However, if a new or an existing company wants to offer a product as a high end one, they may adopt premium pricing. It can be justified because of high quality offered, better range of benefits to the consumer and superior ingredients used in the manufacturing process.

3. **Product differentiation:**

The concept of product differentiation aims to distinguish one brand from the other on various dimensions. The manufacturer makes use of aspects like color, size, packaging, name, ingredients, smell,

advertising theme, logo etc. to achieve the same. Especially, in consumer goods, this concept is put to practice to the maximum extent. Whether it is biscuits, soaps, shampoos, detergents or chocolates or even cell phone service providers – all make use of product differentiation. One more such dimension is the price element itself. This strategy was well demonstrated by TATA DOCOMO, which revolutionized its name using price as the distinguishing factor.

4. Product life cycle:

The price of a product is influenced by the stage in its life cycle. In the introduction stage, the price should allow market penetration. Therefore, price is kept low. This helps the product to build goodwill. In the growth stage, prices can be raised depending upon consumer acceptance. The price rise continues until the product reaches maturity and stabilizes. Once it enters the decline stage, the price is actually cut down to encourage sales. Thus, the stage of the product in its life cycle is a deciding factor for pricing.

5. Marketing mix:

Price, itself, is a component of marketing mix for a product. However, it is not an independent factor. Since all the components of the marketing mix are inter dependent, a change in one factor will cause changes in others. Therefore, pricing decisions should be conducive to the working of the other elements in the marketing mix. In fact, price is considered to be the greatest weapon in the hand of the marketing manager.

B - EXTERNAL FACTORS are those which control the firm as they exist in the external uncontrollable environment. The firm usually does not have any control over them. The important external factors are discussed below:

1. Product Demand:

Demand refers to the desire to purchase a product backed by purchasing power. This is an important factor in determining the price of the product. Demand is, in turn, affected by many factors like number of competitors, pricing policy of competitors, buyers' preference, their capacity and willingness to pay, etc. All these factors should be studied while fixing the price.

2. Competition:

Competition refers to other players in the market, within the industry, offering products which satisfy the same needs of the customers, as offered by the company under consideration. These products exhibit similar features with same benefits and, therefore, the consumer can choose among them.

3. Economic conditions:

This refers to the play of business cycles. Accordingly, during good economic conditions, demand is high and therefore, sales are also

high. Competition increases during boom to take advantage of the high demand scenario. This leads to higher competition. Even established players reposition their products in a high inflationary period by revising the price to a higher level. The manufacturer recovers such cost rise by adding it to the price and the ultimate consumer has to bear it. Similarly, once the boom period phases out and makes way to depression, which is also part of the business cycle, price are considerably affected as it is a period characterized by low income, falling sales and decreasing demand. Many producers provide price saving offers to survive and also offer value for money to customers who are experiencing lower incomes.

4. Different kinds of buyers:

Buyers can be either business buyers/industrial buyers or individual customers/final users. The composition of these two categories of buyers and their behavior clubbed together impact pricing decisions. Generally, if the number of buyers are large in number and at the same time small in strength, lesser will be the impact on pricing decisions as they are too small to influence unless well organized. However, if the number of buyers is small in number but high in strength, they will be an important influencing factor. Apart from this, the firm has to distinguish its pricing policy among the industrial users and final users.

5. Government regulations:

The laws of the land govern every aspect of business and pricing is also covered among them. Legislations like MRTP [Monopolies and Restrictive Trade Practices Act], Consumer Protection Act, etc., effectively discourage companies from engaging in anti-consumer practices.

6. Competitive Structure:

Much depends on the number of buyers and sellers operating in a market and the extent of entry and exit barriers. These factors affect a company's level of flexibility in setting prices.

A non-regulated monopoly can set prices at any level it determines to be appropriate. However, in case of regulated monopoly there is less pricing flexibility and the company can set prices that generate a reasonable profit. In case of oligopoly, there are few sellers and market entry barriers are high, such as auto industry, computer processor industry, mainframe-computer, and steel industry etc. If an industry member company increases the price, it hopes others will do the same. A similar response is likely to result when a company reduces its price in an attempt to increase its market share, other companies follow suit and the initiator company gains no appreciable advantage.

Monopolistic market structure consists of numerous sellers with differentiated offerings in terms of tangible and intangible attributes and brand image. This allows a company to set different price than

its competitors. In most successful cases, the nature of competition is likely to be based on non-price factors. Under perfect competition there are very large number of sellers and buyers perceiving all products in a category as the same. All sellers set their prices at going market price as buyers are unwilling to pay more than the going market price. Sellers have no flexibility in price setting.

4.5.3. PRICING STRATEGIES

A pricing strategy is a course of action framed to affect and guide price determination decisions. These strategies help in realizing pricing objectives and answer different aspects of how will price be used as a variable in the marketing mix, such as new product introductions, competitive situations, government pricing regulations, economic conditions, or implementation of pricing objectives. More than one pricing strategy may be selected to address the needs of different markets or to take advantage of opportunities in certain markets.

There are different strategies that companies adopt for accomplishing pricing objectives.

Some of the important and often used ones are discussed here.

1. REVERSE PRICING STRATEGIES:

In this type of strategy, the firm decides on the retail price of the product before design and production cost estimation. The price so fixed guides how much should be budgeted for production and marketing. This policy is used when a company wants its product to be competitive price wise or in a situation where the new product has to be positioned in a certain manner in the existing product line.

2. NEW PRODUCT PRICING STRATEGY:

a) Premium Pricing:

Premium price refers to charging a high price where there is uniqueness about the product or service. The price is higher than regularly what the product or service may deserve. This price works because of the unique or new features it is able to offer to the consumer which did not exist earlier. This approach is used where a substantial competitive advantage exists. Such high prices are charge for luxuries such as Cunard Cruises, Savoy Hotel rooms, and Concorde flights.

b) Penetration Pricing:

Here, price charged for products and services is set artificially low in order to gain market share. Once this is achieved, the price is increased. This approach is used by Sun satellite TV.

c) Economy Pricing:

This is an affordably low price. The cost of marketing and manufacture are kept at a minimum. Here, companies adopting this

strategy reduce or avoid spending exorbitantly on marketing activities or even attractive and expensive packing ideas and pass on the benefit of reduced cost to the ultimate consumer in the form of reduced price.

d) Price Skimming:

Here, as discussed earlier, companies charge a high price because of a substantial competitive advantage. However, the advantage is not sustainable. The high price tends to attract new competitors into the market and the price inevitably falls due to increased supply. Manufacturers of digital watches used a skimming approach in the 1970s. Once other manufacturers were tempted into the market and the watches were produced at a lower unit cost, other marketing strategies and pricing approaches are implemented. Thus, price skimming lasts till monopoly is broken and other players enter the market.

3) Product Mix Pricing Strategies: -

These strategies are related to pricing a set of products within the product mix of the company. They include:

a) Optional product pricing: Products sometimes come with optional features. Companies will attempt to increase the amount customers spend once they start to buy by luring them into the optional features. Optional features or services are 'extras', which increase the overall price of the product or service. For example, airlines will charge for optional extras such as guaranteeing a window seat or reserving a row of seats next to each other.

b) Captive product pricing: Where products have complements, companies will charge a premium price where the consumer is captured. For example, a razor manufacturer will charge a low price and recoup its margin (and more) from the sale of the only design of blades which fit the razor.

c) Product line pricing: Where there is a range of products or services the pricing reflects the benefits of parts of the range. For example, in case of car washes, basic wash could be Rs.100, wash and wax Rs.200, and the whole package Rs.300.

4) Price Discrimination Strategy: -

This is a pricing strategy that charges customers different prices for the same product or service, even though sales costs are the same for all the transactions. In pure price discrimination, the seller will charge each customer the maximum price that he or she is willing to pay. In more common forms of price discrimination, the seller places customers in groups based on certain attributes and charges each group a different price. Buyers may be discriminated on the basis of income, ethnicity, age, or geographic location. For price discrimination to succeed, other entrepreneurs must be unable to

purchase goods at the lower price and resell them at a higher one. Price discrimination allows a company to earn higher profits than standard pricing because it allows firms to capture every last rupee of revenue available from each of its customers. While perfect price discrimination is illegal, when the optimal price is set for every customer, imperfect price discrimination exists. For example, movie theatres usually charge three different prices for a show.

A marketer may charge more for one model of a product than for another in order to add perceived value to the product. For example, makers of designer jeans charge a premium price for a product that costs no more to manufacture than no-name jeans. There are two conditions that must be met if a price discrimination scheme is to work. First the firm must be able to identify market segments by their price elasticity of demand and second the firms must be able to enforce the scheme.

For example, airlines routinely engage in price discrimination by charging high prices for customers with relatively inelastic demand - business travelers - and discount prices for tourist who has relatively elastic demand.

So, in other words, price discrimination can happen in any of the following ways -Customer wise discrimination, Time wise discrimination, Place wise discrimination.

5) Price Adjustment Strategies:-

a) Psychological Pricing:

Psychological Pricing approach is used when the marketer wants the consumer to respond on an emotional, rather than rational basis. This method creates a pleasing perception so that the consumer is made to buy the product. The seller here will consider the psychology of price and the positioning of price within the market place. Bata Footwear follows this method by pricing their products at Rs.199.95 instead of Rs. 200;Rs 799.95 instead of Rs. 800 etc. Consumer durables are priced in this manner.

b) Geographical pricing:

Geographical pricing is applicable where there are variations in price in different parts of the world. For example where shipping costs are present there will be an increase in price. It is a Variable-pricing method in which a selling price is computed according to the customer's location or market's distance.

Geographical pricing is advantageous to customers who are near to a product's original place of manufacture and discourages customers who are away from the product by the high pricing of the products due to the transportation, shipping or some other costs incurred in delivering and storing the product.

c) Product Bundle Pricing:

In this approach, sellers combine several products in the same package. This helps to move old stock. Videos and CDs are often sold using the bundle approach.

d) Value Pricing:

This approach is used where external factors such as recession or increased competition force companies to provide 'value' products and services to retain sales e.g. value meals at McDonalds.

e) Promotional allowances:

The term promotional pricing usually implies a low price to place the product in an advantageous position as against its competitors. Pricing to promote a product is a very common application. Thus, promotional pricing is temporary pricing of goods and services at lower-than-normal levels for a special promotional effort. There are many examples of promotional pricing including approaches such as BOGOF (Buy One Get One Free). Important ones worth mentioning include Trade adjustment strategy, Seasonal discount, Cash discount, Trade-in-allowance and Quality discounts.

4.6. SUMMARY

Different kinds of products need different kinds of packaging, for example, liquid products are packed in barrels and bottles; whereas, solid products are wrapped. The organizations use special containers for fragile products, such as glassware.

Packing is not only to make the product attractive visible but to safeguard the goods in transit in distribution channel. Again, packaging involved in different shaping, designing and producing the container or covering with different for a product.

Product positioning involves creating a unique, consistent, and recognized customer perception about a firm's offering and image. A product or service may be positioned on the basis of an attitude or benefit, use or application, user, class, price, or level of quality.

Services have a number of distinguishing features which have special implications for the positioning and attributes to emphasize. Three key characteristics for service positioning are the intangibility, the degree of variability or heterogeneity in quality of a given service, and inseparability.

The price is the monetary value at which the manufacturer or the producer is willing to part his offering to his customer. Pricing objectives are multifold in nature. Important ones are growth in sales, improving market share, profits level, controlling cash-flows and combating competition. The important factors that determine price a. Internal factors include

Product cost, Pricing objectives, Product differentiation, and Product life cycle and Marketing mix. b. External factors include Product demand, Competition, Economic conditions, Buyer behavior and Government regulations.

4.7. EXERCISE

MULTIPLE CHOICE QUESTIONS

1. Packing and packaging are basically done to the product.
 - a. **Protect** b. Produced c. Manufacture d. None of the others
2. Air India uses maharaja logo as positioning based on.....
 - a. **Cultural symbol** b. Competition c. Price d. Users
3. Colgate introduced Vedshakti toothpaste as positioning based on.....
 - a. Cultural symbol b. **Competition** c. Price d. Users
4. The common objective of Product Positioning is projecting a image in the minds of the consumers or audience.
 - a. **Favorable** b. Adverse c. Dark d. Bad

FILL IN THE BLANKS

1. Promotional pricing is pricing of goods and services at lower-than-normal levels for a special promotional effort.
2. pricing is applicable where there are variations in price in different parts of the world.
3. Psychological Pricing approach is used when the marketer wants the consumer to respond on an....., rather than rational basis.
4. is a pricing strategy that charges customers different prices for the same product or service, even though sales costs are the same for all the transactions.
5. Price skimming lasts till is broken and other players enter the market.

[1. Temporary 2. Geographical 3. Emotional 4. Price Discrimination Strategy 5. Monopoly]

TRUE OR FALSE

1. Premium price refers to charging a low price where there is a uniqueness about the product or service.
2. The laws of the land govern every aspect of business and pricing is also covered among them.

3. A non-regulated monopoly cannot set prices at any level it determines to be appropriate.
4. Demand refers to the desire to purchase a product backed by purchasing power.
5. The simplest way to meet competition is to match the price with the competitors.

[1. False, 2.True3. False 4.True 5.True]

SHORT ANSWERS

1. Explain Internal factors influencing Pricing strategies.
2. Explain External factors influencing Pricing strategies.

SHORT NOTES

1. Premium Pricing
2. Packing

LONG ANSWERS

1. Explain Pricing Strategies
2. Explain Product Positioning
3. Explain Service Positioning
4. Essentials of Good Packing

4.8. REFERENCES

<https://www.yourarticlelibrary.com/marketing/marketing-management/packaging-and-branding/what-is-packaging/997210>

MARKETING DECISIONS III

Unit Structure

- 5.0. Objective
- 5.1. Introduction
- 5.2. Physical Distribution
- 5.3. Marketing Channel
- 5.4. Supply Chain Management
- 5.5. Promotion
- 5.6. Summary
- 5.7. Exercise
- 5.8. References

5.0. OBJECTIVES

- To Understand Physical distribution and which factors are influencing physical distribution.
- To explore the concept of traditional and contemporary channels of marketing.
- To study the concept of Supply Chain Management.
- To explore and study the concept of promotion and elements of promotion.

5.1 INTRODUCTION

This unit will help student to understand physical distribution is an important marketing function describing the marketing activities relating to the Movement of raw material from suppliers to the workshop and transfer of finished goods from product line to the consumer. Physical distribution involves the management of the physical flow of products and the establishment and operation of flow system. Producer can select one or more channels of distribution and to ensure smooth functioning in minimum cost.

Students will learn about traditional channels of marketing like newspapers, telephone, radio, television etc., as well as contemporary or modern channels of marketing like internet, social media like Facebook, Instagram, LinkedIn etc., which are used to marketing of product which help to achieve business goals easily.

Supply chain management means physical distribution operates the movement of the product made and all the processes that converts Raw material in finished product. This is an important function in the manufacturing and retail sector because of its efficiency Affects other

integral parts of the business-like operating cost, customer service, financial management etc.

Promotion is the process of dissemination of knowledge, data or information about a product, service, or problems. promotion as part of marketing that is Disseminate information about product, product line, brand or company.

5.2. PHYSICAL DISTRIBUTION

Physical distribution is an important marketing function describing the marketing activities relating to the Movement of raw material from suppliers to the workshop and transfer of finished goods from product line to the consumer. Physical distribution is the science of Business Logistics where by the proper amount of the right kind of product is made available at the place where demand for it exists. Physical distribution is key link between manufacturing and demand creation.

Physical distribution (P.D) is the flow of actions concerned with professional transfer of finished goods from the manufacturing unit to the ultimate consumer. Physical distribution takes place within numerous wholesaling and retailing distribution channels, and includes such important decision areas as customer service, inventory control, materials handling, protective packaging, order procession, transportation, warehouse site selection, and warehousing. Physical distribution is part of a larger process called “distribution,” which includes wholesale and retail marketing, as well the physical movement of products. Send goods from one place to another.

Logistics is coordinating the flow of goods, services, and information with members of the supply chain. Physical distribution involves the handling and moving of raw materials and finished products from producer to consumer with the help of intermediary.

It has been defined as a term employed in manufacturing and commerce to describe the broad range of activities concerned with efficient movement of finished products from the end of production line to the consumer. In short physical distribution refers to the physical flow of the product from producer to consumers. Physical distribution management consists of the design and administration of systems to control the flow of products.

Physical distribution creates ‘time’ and ‘place’ utility, which maximises the value of products “by delivering them to the right customer at the right time and right place.”

5.2.1. MEANING

The physical distribution function is responsible for completing the marketing transaction once the function of an exchange is completed, i.e., buyer and seller come to terms and enter into a contract of sale. It should be noted that before the sale can be completed, the product must be available at the place the buyer wants it, at the time he wants it, and in the

quantity he wants. In general, the function of physical supply attempts to complete the delivery of goods at the right place, at the right time and in the right quantity.

Definition

According to Philip Kotler, physical distribution “involves planning, implementing and controlling the physical flows of materials and final goods from place of production to the place of end use to satisfy buyers’ needs.”

Physical distribution is all about moving and storing the products and finally making them available to the consumers. Distribution is the process of making the products/services available to the consumer. It involves movement of the products/services from the manufacturers to the end user.

Physical distribution requires a distribution infrastructure that includes transportation, warehousing, material handling, inventory control, processing, customer services, which facilitate the movement of goods. Physical distribution includes both the marketing channels and these facilitators.

Physical distribution is purported to delivery of goods in right quantity, time and at right place. The scholars have defined the physical distribution as related to material handling, transportation, store, keeping, packaging, inventory control etc.

- **According to Wendell M. Smith** – “Physical distribution is the science of Business Logistics where by the proper amount of the right kind of product is made available at the place where demand for its exists. Viewed in this light, physical distribution is key link between manufacturing and demand creation.”
- **According to W.J. Stanton** – “Physical distribution involves the management of the physical flow of products and the establishment and operation of flow system.”
- **According to Cundiff and Still** – “Physical distribution involves the actual movement and storage of goods after they are produced and before they are consumed”.

5.2.2. INFLUENCING FACTORS ON PHYSICAL DISTRIBUTION

Every producer has to find a way to distribute his products to their final users. To distribute, various channels are available in today’s economy. A producer can select one or more channels of distribution and to ensure smooth functioning and minimized cost.

This is understood by studying the factors that influence the choice of distribution channels, which are described below:

A. PRODUCT FACTORS/CONSIDERATIONS

The first and most important factor that influences on the choice of the channel of distribution is the nature of goods. Perishable goods like cakes

and breads that are required to be sold quickly, are sold directly by the manufacturers to the consumers through retail outlets. Goods that last longer can be handled by more intermediaries to insure a larger market.

i. Physical and Technical Nature:

Products which are of low unit value and have common use amongst consumers are generally sold through middle men; whereas, the sale of expensive and elite consumer goods and industrial products is conducted directly by the producer himself.

Products that are perishable, i.e., products which are subjected to frequent changes in fashion or style or trend, as well as those products which are heavy and bulky, go through relatively shorter routes and, are often distributed directly in order to minimize costs and damage.

Industrial products that need demonstration, installation and after sale-services are often sold directly to the consumers; while, retailers generally sell consumer products which are of technical nature.

Certain technical or complex products need installation and advice of product use including demonstration, service visits, etc. For this, having exclusive trained personnel is essential. Some companies prefer exclusive dealership in such cases.

In case of an entrepreneur who produces a large number of products, he may find it economical to set up his own retail outlets and sell his products directly to the consumers. At the same time, companies which have a narrow range of products may make their sale through wholesalers and retailers.

A new product needs greater promotional effort in the initial stages and, hence, few middlemen or intermediaries may be required.

ii. The Market Position:

Here, the focus is on the reputation of the manufacturer. A product promoted by an established and reputed manufacturer has a higher degree of market acceptance and, therefore, can be sold through various channels with little effort. A new product, thus, has quick sales based on the producer's reputation. This may, however, have long-term risks.

B. MARKET FACTORS/CONSIDERATIONS

i. The Existing Market Structure and Size:

Producers may have to study the existing market structure. It can be geographically concentrated or wide spread. For example, industrial markets are usually concentrated in a few large cities involving only large customers. Producers or channel commanders can have difficulty in changing that.

However, consumer goods market has a different structure, as; it is directly related to, the masses. Consumer preferences dictate channel selection. For example, baby food manufacturers changed their channel of distribution to supermarkets, as; research revealed that mothers preferred super markets over drug stores.

ii. Consumer Behaviour and Nature of the Purchase Deliberation:

Purchase decisions are made differently for different products. Consumers spend more time and effort on durables such as washing machine and mobile phone than on a pack of biscuits or toothpaste. The frequency of purchase influences purchase deliberations. Products, which are purchased frequently by consumers, have more buyer-seller contacts and middlemen are suggested.

iii. Availability of the Channel:

Availability of a channel refers to the willingness of channel members to accept a brand. For this, the channel commander or the producer has the task of winning over the cooperation of the channel members. The producer may adopt push or pull strategy. In push strategy, the producer resorts to regular activities of convincing the existing channel members to accept the product and passes it through various points to reach the retailer and then the final consumer.

In the pull strategy, the producer resorts to aggressive promotional activities on the final consumer, relying on the fact that strong consumer demand will force middlemen to accept the product in order to cater to the consumer satisfaction.

iv. Competitor's Channels:

A new firm always studies the existing distribution pattern and this, necessarily, includes identifying the distribution channels employed by competitors. Every business has certain established norms and practices and this may, even, apply to channels of distribution. If the existing pattern has given success to the competitors, a new firm may adopt the same channel as long as it is suitable and logical. As a matter of fact, finding new avenues may prove to be costlier and cumbersome.

C. INSTITUTIONAL FACTORS/CONSIDERATIONS

The channel members also influence the choice of the channel to be selected.

They are briefly discussed as follows:

i. Financial Ability of Channel Members:

In the process of sending the goods through the channels of distribution, it is found that manufacturers need to aid the retail dealers financially, either through, interest free loans, or other credit terms. Credit terms being competitive the willingness to extend credit is a determinant in channel acceptance. Retailers also sometimes finance their suppliers either directly or by investing in

the company. Usually, government agencies are restricted from making advance payments.

ii. The Promotional Strengths of Channel Members:

Every producer, i.e., the channel commander, wants his product to be promoted. For national brands, producers themselves take up the responsibility. However, for others, distributors promote jointly with the producer. In case of certain private brands, the job is taken up by wholesalers or retailers who establish the brand name.

iii. The Post-Sale Service Ability:

Many products carry a warranty and this is used by the consumer post purchase. The responsibility of serving the warranty has to be well established. It can be the manufacturer himself or a channel member.

Since the retailer-distributor is the closest in touch with the consumer, the consumer may expect this service from them itself. In certain cases, the product may be returned to the manufacturer for servicing or services may be performed by an independent service outlet established for this purpose.

D. UNIT OR FIRM SPECIFIC FACTORS/CONSIDERATIONS

Every firm has its own strengths and weaknesses, which influence channel decisions.

Among them, important ones are discussed below:

i. The Company's Financial Position:

Huge companies, which have the financial and human resource capability may not only produce the goods but also may have the ability to set up their own retail outlets thereby creating a lot of visibility for themselves. On the other hand, smaller companies which do not have either the financial capability or manpower resources might just concentrate on production and leave the marketing of goods to others.

ii. The Extent of Market Control Desired:

Market control refers to the ability of a firm to influence the behaviour of channel members according to the will of the management.

Here, the entire distribution network is served by factors such as resale price maintenance, territorial restrictions, quotas and the like. The channel commander, i.e., the producer or the manufacturer, may desire to exercise such command from time to time. The extent to which they want the control is the question to be answered, as, higher the control, higher will be the channel directness.

iii. The Company's Reputation:

Popular companies, known for their products or services, have little or no problem in settling with a particular channel. This is because reputed companies do not go in search of intermediaries. Instead, the intermediaries come in search of them.

Reputation is reflected through higher sales, timely and quick replenishment of stocks, low levels of inventory, easy settlement of claims, competitive margins granted etc. The selected channel turns out to be cheaper and dependable due to the willingness and cooperation extended by channel members.

iv. The Company's Marketing Policies:

A company's marketing strategy lays down the method of distribution. Important factors such as advertising, sales promotion, pricing, delivery and after sale services influence the channel selection the most.

For instance, a company that invests heavily in advertising and sales promotion makes the selected channel direct, as, little effort is required to push the product through the chosen line. Alternatively, a company adopting a price penetration policy, [comes with a low margin], chooses a longer channel.

E. ENVIRONMENTAL FACTORS/CONSIDERATIONS

i. Economic and Legal Factors:

Due to the economic disparity prevalent in the economy, the government promotes public distribution system through fair price shops to reach out to the economically weak sector. This constitutes the public distribution system, which primarily focuses on the distribution of necessities.

The private distribution system also needs a certain amount of regulation. Much legislation has been passed from time to time to regulate the functioning of the various channels of distribution. One such important legislation is the MRTP Act of 1969.

ii. Fiscal Factors:

Sales tax rates vary from state to state as it is a state fiscal matter. Although such sales tax is part of the retail price set for a product, it is actually borne by the final consumer; it has its role to play in channel arrangements.

For example, let us say, sales tax rate in Karnataka is higher when compared to Kerala, a producer may, therefore, take advantage of this benefit, prefer to open his office in Kerala and pass on the reduced tax benefit in the form of reduced price. This can also become a competitive advantage to the product.

CHECK YOUR UNDERSTANDING:**State true or false.**

1. Physical distribution is part of a larger process called “distribution,” which includes wholesale and retail marketing, as well the physical movement of products. Send goods from one place to another.
2. If the existing pattern has given success to the competitors, a new firm may adopt the same channel as long as it is suitable and logical.

Answer Key: 1- True, 2- True.

5.3. MARKETING CHANNELS

Traditional marketing and contemporary marketing are explained below as Marketing channels flows:

A. TRADITIONAL MARKETING



The characteristics of the traditional market is as follows:

1. The traditional markets are owned, built and managed by the government or local.
2. A system of bargaining between the seller and the buyer. Bargaining is one of the cultural forms in the market. It is to establish social relationships between sellers and buyers closer.
3. The place of business is diverse and united in the same location. Though all are in the same location, merchandise every seller sell different items. There is also a grouping of merchandise according to the type of merchandise such as merchant groups of fish, vegetables, fruits, herbs, and meat.
4. Most of the goods and services offered locally made. Merchandise sold in traditional markets is the result of the earth generated by the area. Although there are some merchandise taken from crops from other areas which are not far from the area but not to import up out of the island or country.

1. Traditional Marketing

Traditional marketing relies on offline strategies, including direct sales, direct mail (postcards, brochures, letters, fliers), tradeshow, print advertising (magazines, newspapers, coupon books, billboards), referral (also known as word-of-mouth marketing), radio, and television. In most cases, the goal of traditional marketing is to create brand awareness. Although opinions about traditional marketing vary, a large number of marketers, especially in the B2B (business to business) space don't believe that traditional marketing is effective. For example, in a recent survey, just 4% of respondents rated leads generated from print, radio and TV ads as high quality.

2. Direct sales

Direct sales involves the marketing and sale of products and services directly to consumers, but not from a fixed retail location. Often, direct sales are done at the prospective customers homes or at their jobs, but direct sales can also be done over the phone.

3. Direct mail

Direct mail marketing creates awareness of a product or service through postcards, letters, fliers, brochures and other printed pieces sent through the mail. This type of marketing is targeted to a specific group of people. For example, a local flower shop could send postcards to people living within 5 miles of its store. Direct mail marketing can be expensive: a business must pay for the design and printing costs to send the direct mail pieces, as well as the postage.

4. Tradeshow

Tradeshow continue to be a popular marketing channel for many businesses. For example, in the B2B space, attendees at tradeshow are 34 percent more likely to make a purchase than people who hear about a product through other channels.

5. Print

Print marketing creates awareness of a product or service through ads in a newspaper, magazine, the Yellow Pages, billboards, etc. Print marketing can be targets (such as a local Yellow Page ad) or can be broad (an ad in a national magazine or newspaper). Print marketing is expensive (see chart below). But while consumers today dislike ads, those who enjoy looking at ads prefer, by a wide margin, ads in print magazines.

6. Referral

Referral marketing (also known as word-of-mouth marketing), leverages your existing customers to advocate for your business. It typically costs little to execute (some businesses provide referral payments to customers who bring in other customers).

7. Broadcast

Although few small businesses rely on television and radio advertising to reach their target audience, some try (often without

much success). At the tail end of the stock market bubble in 2000, Pets.com, a young startup with a half-baked business model, spent millions of dollars on a Superbowl ad – featuring a sock puppet. The company folded shortly after the ad aired.

<https://www.crowdspring.com/blog/small-business-marketing-guide-types-of-traditional-and-online-marketing/>

A. CONTEMPORARY MARKETING

Marketing occupied an important place in all stages of economic life, even from barter system. But today, marketing is a complicated stage. Modern marketing possesses special characteristics. Modern marketing covers all business activities in order to ascertain the demand, product planning, distribution and facilitating the entire marketing process. The modern marketing emphasizes the need for integrated and well-coordinated marketing programme. It aims to attract the customers.

The features of modern marketing are discussed next:

1. Consumer Orientation:

Modern marketing recognizes consumer's supremacy in marketing. The managerial attention was focused on the market and the consumer. The management becomes consumer or marketing-oriented. Consumer-orientation or market-orientation may be defined as the "managerial state of mind concerned with consumer satisfaction and profit, and not sales volume alone." Consumer becomes the pivot of all business decisions.

In production-orientation, large-scale production becomes the rule of day. By ignoring the marketing side, the managements focus their attention only on production. Under sales orientation stage, attention is focused on attaining maximum sales. But the production-orientation stage continues, though with declined sales. In consumer-orientation, the consumer becomes the pivot around whom all business is developed. Creation of satisfied customers is the main goal of modern marketing. Profit can be earned only by serving the consumer's need.

2. Modern Marketing Begins with the Customers:

The producers of the last century had little care for the consumers. Now, the production is carried on in large quantity. The manufacturer produces more than what the society needs. The marketer aims to develop the market; the market becomes seller's market. Similar marketers appear in the market and there arises competition.

The consumer, who comes in the last stage, accepts the goods; there is no alternative. But the situation has changed. Market has developed from national to international. Competition is the order of the day. Businessmen have started realizing it. Earning profit is possible only through the consumer's satisfaction.

To satisfy a customer, his needs are to be known. Under consumer-oriented marketing, it becomes essential to know what the consumer needs. This is possible only when information is collected from the consumers. Modern marketing begins with the consumers and ends with the consumers. Marketing research starts at this stage.

3. Modern Marketing Begins Before Production:

In early periods, there were less competitions and as such sales were easily made. But now this stage has changed. The consumer looks for the usefulness and acceptability of a product. As such it has become essential to find out the needs and desires of consumers, through marketing research. The information from the market or the consumer will decide the future of the product. Thus, product planning and development is undertaken before the actual production takes place. The pricing, distribution etc. are secondary. These enable a marketer to face the customer, who is the king.

4. Modern Marketing is a Guiding Element:

At present competition is more acute, because many entrepreneurs produce similar commodities en masse. Marketing has also become a still competition. The ability of the marketer depends on the ability of finding a consumer and to satisfy him. Businessman has to understand the economic development of a country and must aim to raise the standard of living. People may choose one among the products. They decide what product to purchase and what product not to purchase. Reasons may be the advantages; a purchaser looks for or may not be found in the product.

CHECK YOUR UNDERSTANDING

Q: State true or false

1. Traditional marketing theories include Co-Creation. - True
2. Traditional theory suggests creating a bridge between customer and business through gamification. -False

Q. Write answer in one sentence.

In which channel of marketing includes print media, billboard and TV advertising, flyer and poster campaigns and radio broadcast advertising? - In Traditional marketing.

5.4. SUPPLY CHAIN MANAGEMENT

Supply Chain Management handles all the processes of how your product is made and converts the raw material into finished product. This is an important function in production and retail as its efficiency affects the success of other integral parts of the business:

1. **Customer service:** A well-organized supply chain means your customer receives orders as per their expectations every time. They also expect accessible support after purchase, which can affect your supply chain management.
2. **Operating costs:** The supply chain needs to be timed in a way that will support the demand level of the product to avoid overstocking and inventory costs. It also manages the cost of supplies, such as raw materials and transportation.
3. **Financial management:** You accelerate the flow of your customers' products; you accelerate your flow in the business. If you can make your product 30 dollars in 10 days customers, you give them 20 days early currency. The visibility of the chain in your response can highlight that you can reduce your spending time and increase profit margins.

5.4.1. COMPONENTS OF SUPPLY CHAIN MANAGEMENT

Following are the components of supply chain management:

1. Planning

Planning is deciding in advance what to do? How to do? When to do? who is going to do it? Planning starts with the facts of operation policy. First decide where to set up shop to make product - either domestically or internationally - and decide whether you want to make the whole product yourself or buy some components elsewhere. This has to be done strategically as both have advantages and challenges.

Next, decide how you will create and store your product. Will you make them in advance and store them to wait for the order? Or, do you make it when customers place an order? You may also have a portion of the final product prepared in advance and a full product or order customization offer upon ordering. You can use any combination of these strategies and a method of measuring performance is established before planning begins.

2. Sourcing

The next step is to get your raw material and any components you want to outsource. This must be done at the best possible price, at the right time, in the right amount.

It is important that all suppliers are thoroughly scrutinized and all contracts are negotiated to get the best value without sacrificing quality. Delivery scheduling is also critical. Optimal health chain management requires evaluating supplier performance, as well as ensuring complete trust required to import and export payments schedule.

3. Location

Location is important for successful supply chain management. A suitable location convenient for your resources and content is ideal. For example, a carbonated beverage company set up in a water-scarce area can disrupt the business spirit.

4. Making

This is where the preparation, assembling, testing and packing activities take place. This stage also includes performance measurements, how you store data, your product facilities and the establishment of rules for regulatory compliance.

5. Delivery

Delivery, also called logistics, involves all the steps involved in processing, delivering and transporting customer orders. Paying the service provider to manage the warehouse and inventory, or both, is also included in this phase.

This is where you consider the trial and warranty period and the invoicing once the final product is delivered.

6. Returns

Refunds You will need a smooth and easy process to return defective products to customers. This will also include how to handle "end of life" products when it comes time to stop making, selling and supporting specific products for you.

For defective products, this stage includes established rules for monitoring your company's performance, costs, and inventory for returned products. This means:

- Identifying Product Status, Authorizing Refunds
- Schedule Replacement Product Shipment, Providing Refund.
- Identifying the product condition

CHECK YOUR UNDERSTANDING

State true or false.

1. Supply chain management is not handling the flow of how your product is made and all the processes that transform the raw material into the finished product.
2. In delivery, encompasses all the steps for processing like customer orders, distributing them, and transporting them.

Answer Key: 1- False, 2- True.

5.5. PROMOTION

Promotion means spreading information about a product, service or issue. Promotion as part of marketing means spreading information about a

product, product line, brand, or company. Promotion includes: Publicity and public relations. Advertising. Promotion mix is a list of channels a company chooses to help them achieve a certain goal in the market. The communication in these channels must be compelling to attain reasonable market effectiveness. So, your selected promotional mix must be:

- Captivating
- Educating
- Persuasive

5.5.1. ELEMENTS OF PROMOTION MIX

The promotion mix components enable the company to effectively promote their products in its target market segment. It allocates resources to appropriate components based on the company's objectives and budget. These factors include advertising, public relations, sales advertising, direct marketing, personal sales.

1. Advertisement:

This is a way for companies to communicate their products and services through paid advertising. Often, a third-party act as a facilitator. So, the company gets its advertisement on the third-party platform and the third party gets it to their viewers. However, companies should not do this randomly, they should choose a platform with their target market segment. Examples of advertising media are television, billboards, radio, posters, mobile apps, emails, web pages.

2. Public relations:

This is how companies try to promote a positive public image. This can be achieved by conducting promotion shows with third parties, posting their news in the media and releasing press releases about their activities.

3. Sales promotion:

In this element of promotion, mixed marketers try to increase sales through pre-determined limited market offers. For example, flash sales, coupons, recurring sales. Clearly, this has advantages. New companies can use this to attract customers. Older ones, who have a good market share, can use it to protect the interests of their customers.

4. Direct marketing:

Interactive customer websites, emails, messaging firms etc. can motivate customers for call to action which motivates customers to take action. These channels of direct marketing provide results that are instantly updated in the interest of measurable COS firm customers.

5. Personal selling:

Some companies feel that it is better for an agent like a salesperson to communicate directly with their potential customers face to face or on the phone. This ad mix component is called individual sales. This is the most traditional form of propaganda. Clearly, there is a significant investment in time between customers and sales representatives to communicate face to face. So, it may be less efficient than other components.

5.5.2. IMPORTANCE OF PROMOTION MIX

The importance of Promotion Mix is as follows:

1. Credibility:

Public presentation of your company helps in strengthening the belief of validity and permanence in the minds of the customers.

2. Brand Name Strengthening in the Minds of Customers:

It is a common belief that what comes up frequently is remembered and what is remembered is fulfilled. So, in a promotional mix, especially in ads, customers get repeat of your brand. And it can make your brand name synonymous with that product. In Nigeria, for example, most people call every noodle on the market Indomi.

3. Increase in sales:

The most common reason for companies to engage in advertising is to promote sales and thus increase profits.

4. Build relationships:

Companies can build stronger relationships with retailers in that industry by creating targeted promotion mixes. Therefore, it can give the company a good market share of its market segment.

5. Stir excitement:

This is usually achieved through sales advertising. Some customers are turned on by competitions and giving to them. You can turn solitary shopping into a living.

6. Determine your customers:

This should be a priority in your promotion mix strategy. You have to know where to get your target market segment. Some signature behavior could help with this. For example, If you are a jewelry store owner that targets consumers whose yearly income is more than 1.20 crores. Your chosen promotional mix component will target people who earn that amount each year.

7. Set your goals:

This is why you want to promote your product. Different companies have different objectives Advertising is an example, introducing a new product to the market, correcting a false impression, retailer. Concentrate on stocking more of your product, new features to enable the product to interact with existing market Development.

8. Measure the results and make adjustments:

Clearly, a rise in the number of sales by your firm would serve as a good yardstick in the measurement of how effective your promotion mix has been. You adjust for more growth or elimination of an ineffective element.

9. Publicity:

Public information about a company, product, service, or issue appearing in the mass media as a news item.

5.5.3. FACTORS THAT AFFECT PROMOTION MIX

The various factors affecting the promotion mix can be company-related, product-related or customer-related. So, let's take a look at these factors and learn how they can affect the mix of your ads.

1. Product type:

There are different types of products. There are some types of branded products, non-branded products and new products. Clearly, marketers should use different components of the promotion mix for any of the above product types. While advertising may be more appropriate for branded products, personal sales may be a factor of choice for non-branded products.

2. Product usage:

Consumer goods generally target more consumers than industrial goods. Therefore, advertising and sales promotion is more suitable for consumer goods while personal sales are more suitable for industrial goods.

3. The target market segment:

Target market segment is a factor that can affect the promotion mix. Therefore, a company that distributes to customers in the country may use social media or TV ads for their products. However, companies that have an integrated customer base can only use individual sales.

4. Availability of funds:

This is a very important factor that affects the mix of all advertisements. Individual sales are the cheapest of all promotional mix cost spectrum. Advertising and sales promotions are expensive and should be done by affordable companies. Therefore, the available funds will greatly influence the choice of your promotion mix. Also, funding not only affects your mix but also the duration of your promotional mix.

5. Marketer's competence:

Some marketers do not have experience with certain advertising mixes. So while they are important to the success of the campaign, they do not use it in their campaigns.

CHECK YOUR UNDERSTANDING:

State true or false

1. Promotion does not includes: Publicity and public relations & advertising.
2. Personal selling is most traditional form of promotion.
3. Availability of funds will affect on choice of promotion mix and the duration of your promotion mix.

Answer Key: 1- False, 2- True, 3- True

5.6. SUMMARY

In this chapter includes Physical distribution, marketing channel, supply chain management, promotion and elements of promotion etc. Physical distribution is an important marketing function descri-bing the marketing activities relating to the flow of raw materials from the suppliers to the factory and the movement of finished goods from the end of production line to the end user or consumer. Physical distribution is key link between manufacturing and demand creation. Producer can select one or more channels of distribution and to ensure smooth functioning and minimized cost.

Marketing channel is a system which ensures the distribution of the merchandise from the producer to the consumers by passing it through multiple levels known as middlemen. It is also known as channels of distribution. Every product is different from one another and so are their channels of distribution. There are two types of marketing channels that is traditional marketing is an umbrella term that covers the wide array of advertising channels. These may include print media, billboard and TV advertising, flyer and poster campaigns and radio broadcast advertising. Second type of marketing channel is contemporary marketing channel. Contemporary Marketing also known as modern marketing strategies.

Supply chain management is handling the flow of how your product is made and all the processes that transform the raw material into the finished product. It's a critical function within manufacturing and retail because its efficiency impacts the success of other integral parts of the business.

Promotion means spreading information about a product, service or issue. Promotion as part of marketing means spreading information about a product, product line, brand, or company. Promotion includes: Publicity and public relations, Advertising etc.

5.7 EXERCISE

Q:1. Fill in the blanks with correct option:

1. _____ is the handling and moving of raw materials and finished products from producer to consumer with the help of intermediary.
A. Physical Distribution B. Marketing Channels
C. Promotion Mix D. None
2. According to -----“Physical distribution is the science of Business Logistics where by the proper amount of the right kind of product is made available at the place where demand for its exists.
A. Wendell M. Smith B. W.J. Stanton
C. Cundiff and Still D. Philip Kotler
3. The first and most important factor that influences on the choice of the channel of distribution is the _____.
A. Nature of Goods B. Marketing Channel
C. Promotion activity D. Availability of Funds
4. -----is an umbrella term that covers the wide array of advertising channels.
A. Traditional marketing B. Modern Marketing
C. Green Marketing D. Integrated Marketing
5. _____ theories include Co-Creation.
A. Traditional marketing B. Contemporary Marketing
C. Green Marketing D. Integrated Marketing
6. SCOR model stands for _____.
A. Supply Chain Operations Reference B. Service Chain organization
C. Source of channel
D. None from the above.

Answer Key: 1 – A, 2- A, 3- A, 4- A, 5 – B, 6 – A

WRITE SHORT NOTES

1. Physical Distribution
2. Influencing Factors on physical distribution
3. Traditional and Contemporary Marketing Channel
4. Supply chain management and Its component
5. Elements of Promotion mix
6. Define Physical Distribution. Write influencing factors of physical distribution.
7. Write meaning of marketing channel.
8. State the difference between traditional and contemporary marketing channel.
9. Define supply chain management. Explain Component of Supply chain Management.
10. What is promotion? Explain the elements of promotion mix.

5.8. REFERENCES

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MARKETING DECISIONS IV

Unit Structure

- 6.0. Objective
- 6.1. Introduction
- 6.2. Integrated Marketing Communications
- 6.3. Sales Management
- 6.4. Personal Selling
- 6.5. Summary
- 6.6. Exercise
- 6.7. References

6.0. OBJECTIVE

- To understand the concept of integrated Marketing and its scope and importance.
- To study sales management and its emerging trends in selling.
- 3.To explore the concept of personal selling and skills sets required for effective selling.

6.1. INTRODUCTION

This unit is focused on integrated marketing communication. Integrated Marketing Communication (IMC) has a competitive edge in the market. Integrated marketing communication can produce stronger message consistency and greater sales impact. It forces management to think about every way the customer comes in contact with the company, how the company communicates its positioning the relative importance of each vehicle and timing issues

Sales management is the process of developing a sales force, coordinating sales operations, and implementing sales techniques that allow a business to consistently hit, and even surpass, its sales targets. Sales management has gained importance to meet increasing competition and the need for improved methods of distribution to reduce cost and to increase profits. Sales management today is the most important function in a commercial and business enterprise.

6.2. INTEGRATED MARKETING COMMUNICATIONS

Integrated Marketing Communication (IMC) involve coordinating the various promotional elements and other marketing activities that communicate with the firm's customers to deliver the same and consistent positioning and marketing message. IMC makes sure that irrespective of

the delivery channel, the message does not change. Integrated Marketing Communication can combine different channels like email, call, TV, print etc. and different methods like advertising, direct marketing, sales promotion, PR etc. The basic IMC tools used to accomplish an organization's communication objectives are referred to as the promotional mix.

Integrated marketing communication is important to have a competitive edge in the market. With increasing amount of marketing research, the preferences of customers are very well known to managers. With this expertise at hand, the managers are able to design the marketing communications that are aligned to the consumer's preferences and at the same time it is communicated at the time when the consumer wants to i.e. the right time.

6.2.1. SCOPE OF IMC

1. Setting Goals

Integrated Marketing Communication (IMC) is an approach to brand communications where the different modes work together to create a seamless experience for the customer. Customers are presented with a similar tone and style that reinforce the brand's core message. The ultimate goal is to make all aspects of marketing communication—advertising, sales promotion, public relations, direct marketing, personal selling, online communications and social media—work together as a unified force, rather than in isolation. This synergy between different marketing elements maximizes their cost effectiveness.

2. Receive Better Results

In the traditional approach to marketing communications, businesses and their agencies plan separate campaigns for advertising, press relations, direct marketing and sales promotions. Integrated campaigns use the same communication tools to reinforce each other and improve marketing effectiveness. In an integrated campaign, you can use advertising to raise awareness of a product and generate leads for the sales force.

By communicating the same information in press releases and feature articles, you reinforce the messages in the advertising. You can then use direct mail or email to follow up inquiries from the advertising or press campaigns and provide prospects with more information. To help convert those prospects to customers, you can use telemarketing to sell directly or make appointments for the sales team. An active online presence on social media sites like Facebook and Twitter provide a further set of tools for reaching out to your customer base.

3. Creative Consistency Throughout Channels

In an integrated campaign, the different tools feature the same creative treatment. By repeating the headlines, key phrases and

images in each communication, you ensure that prospects and customers receive consistent messages each time they see one of the elements of the campaign. Creative consistency helps reinforce the basic campaign themes by increasing the number of times prospects see or hear the same message. By working consistently through several different channels, you can better build awareness of your business name, brands, offers, catch phrases or other messages you emphasize.

4. Overall Cost Savings

Creative consistency in your integrated campaigns can also save you money. By using the same images and adapting the same copy for different media, you reduce copy-writing, design and photography costs. Expensive video production output can be used in multiple media like television, YouTube and Facebook. If you work with external communications suppliers, you may be able to reduce agency fees by working with a single firm that offers integrated communications services, rather than separate specialist agencies.

5. Aligning with Customer Preferences

An integrated campaign helps you provide customers with information in the format they prefer. Consumers and business customers can specify if they want to receive product information via email, direct mail, text message or telephone. Clients that you do not reach directly can still benefit from your campaigns by viewing your print ads or hearing your radio and TV spots. Integration ensures that customers and potential customers receive the same information in all communications. You can also meet the needs of customers who search the Internet for product information by integrating your website design and content with other communications.

<https://courses.lumenlearning.com/boundless-marketing/chapter/integrated-marketing-communications/>

6.2.2. IMPORTANCE OF INTEGRATED MARKETING COMMUNICATION

1. Integrated marketing communication plays an integral role in communicating brand message to a larger audience:

Integrated Marketing communication helps in integrating all essential components of marketing to communicate similar message to potential and existing end-users. Integrated marketing communication goes a long way in creating brand awareness among customers at a minimal cost. Integrated marketing communication is essential not only for business-to-business marketing but also for direct interaction with customers. Organizations implementing integrated marketing communication not only successfully promote their brands among target audience but also develop trust among them who would always stick to their brands, no matter what. Through integrated marketing communication, similar message goes

to customers simultaneously, eventually creating a better impact on them. Believe me, the end-user does not even think of buying Brand B, if features and benefits of Brand A are communicated well to the end-users. Integrated marketing communication is more effective as it carefully blends various marketing tools such as advertising, public relations, direct marketing and so on.

2. Integrated marketing communication scores over traditional ways of marketing as it focuses on not only winning new customers but also maintaining long term healthy relationship with them:

Integrated marketing communication ensures two-way dialogue with customers - a must in all business. Customer feedbacks need to be monitored well if you wish to survive in the long run. Remember, their feedbacks are valuable and need to be evaluated carefully. Gone are the days when marketers used to rely only on advertising and simple promotions to make their brand popular among end-users. In the current scenario of cut throat competition, marketers need to promote their brands by effectively integrating relevant marketing tools for better results and increased productivity. Integrated marketing communication plays an essential role in delivering a unified message to end-users through various channels and thus has better chances of attracting customers. A single message goes to customers across all marketing channels be it TV, Radio, Banners, hoardings and so on. Integrated marketing communication ensures the brand (product or service) is an instant hit among end-users. It also develops a sense of attachment and loyalty among end-users.

3. Integrated marketing communication saves time which is often lost in figuring out the best marketing tool:

Through integrated marketing communication, marketers can smartly blend and integrate all marketing tools for better response. In a layman's language integrated marketing communication provides a wide range of options which help marketers connect easily with their target customers. Integrated marketing communication ensures that the customer gets the right message at the right place and right time. Integrated marketing communication uses several innovative ways to promote brands among customers such as newspaper inserts, hoardings and banners at the most strategic locations, pamphlets, brochures, radio or television advertisements, press releases, discount coupons, loyalty clubs, membership clubs, PR Activities, sales promotional activities, direct marketing initiatives, social networking sites (Face book. Twitter, Orkut), blogs and so on.

Integrated Marketing Communication Components:

When determining a budget for an integrated marketing plan, it is important for managers to understand the components of IMC in order to allocate funds properly. These include:

Three Components



A diagram that shows two facets of integrated marketing for a website as well as the audiences that are reached - email (your friends) and outreach (potential new friends).

- **Integrated Marketing Budgets:** When budgeting a marketing plan, it is important to allocate funds appropriately to the different facets of integrated marketing.
- **The foundation** – This component is based on a strategic understanding of the product and market. This includes changes in technology, buyer attitudes, and behavior, as well as anticipated moves by competitors.
- **The corporate culture** – Increasingly brands are seen as indivisible from the vision, capabilities, personality, and culture of the corporation.
- **The brand focus** – This is the logo, corporate identity, tagline, style, and core message of the brand.
- **Consumer experience** – This includes the design of the product and its packaging, the product experience (for instance in a retail store), and service.
- **Communications tools** – This includes all modes of advertising, direct marketing, and online communications including social media.
- **Promotional tools** – This includes trade promotions; consumer promotions; personal selling, database marketing, and customer relations management; public relations and sponsorship programs.
- **Integration tools** – This is software that enables the tracking of customer behavior and campaign effectiveness. This includes customer relationship management (CRM) software, web analytics, marketing automation, and inbound marketing software.

CHECK YOUR UNDERSTANDING**State true or false**

1. Integrated Marketing communication helps in integrating all essential components of marketing to communicate similar message to potential and existing end-users.
2. Through integrated marketing communication, marketers can smartly blend and integrate all marketing tools for better response.

Answer Key : 1- True, 2- False

6.3 SALES MANAGEMENT

Sales management is the process of developing a sales force, coordinating sales operations, and implementing sales techniques that allow a business to consistently hit, and even surpass, its sales targets.

If your business brings in any revenue at all, a sales management strategy is an absolute must. When it comes to boosting sales performance for any size of operation, no matter the industry, the secret to success is always precise sales management processes, which starts with a great sales manager who knows how to inspire and lead a sales department. Besides helping your company reach its sales objectives, the sales management process allows you to stay in tune with your industry as it grows, and can be the difference between surviving and flourishing in an increasingly competitive marketplace. Whether you're an experienced or new sales manager, you should be able to evaluate and gain visibility into your current sales force with the following guide to sales management.

Once you have a clear picture of what processes to monitor and how to keep track of them, you'll be equipped to pinpoint issues early on, coach people before it's too late, and have a better overview of the tasks the team should be doing to increase its sales.

Overall, sales management will help businesses and their workers better understand results, predict future performance, and develop a sense of control by covering the following three aspects.

- Sales Operations
- Sales Strategy
- Sales Analysis

The process will vary from business to business, especially as you work your way down the line, but operations, strategy and analysis are the three key starting or focal points.

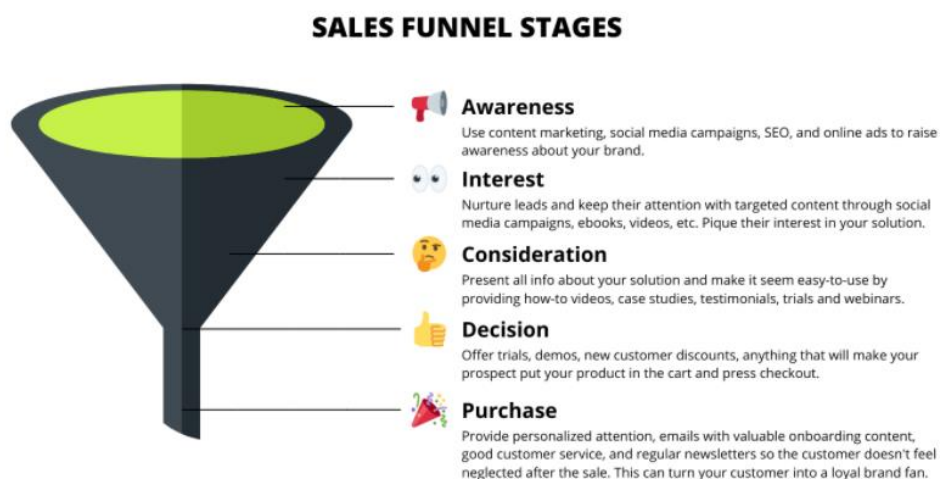
6.3.1. COMPONENTS OF SALES MANAGEMENT

1. Strategy:

Without having a clear strategy your sales efforts will be fruitless. To know what resources and specialists your business may require,

you should set up a sales process and plan a series of activities at every stage of your sales funnel or sales pipeline. This can be done for either the whole company or in regard to individual brands, goods, or services.

A sales funnel is a powerful analytical tool, if designed with a data-first approach. It describes a single customer's journey through 5 steps: awareness, interest, consideration, decision, and — the most desired stage for all businesses — purchase.



The funnel conditions sales pipeline — determined stages of reaching out to clients. It varies between companies, depending on the market type, resources owned, and business objectives. But as a rule, the pipeline has such stages as lead generation, qualification, meeting, proposal, and closing the deal.

Keeping in mind the funnel and the pipeline, you'll be able to come up with a documented sales plan. This typically covers:

- Development goals
- Sales KPIs
- Buyer personas profiles
- People and processes
- Exact selling methodologies
- Software needed.

2. Operations

A sophisticated strategy isn't worth a penny without being implemented. You need the team on paper to come true. People are the stumbling block that separates average companies from the best players in the market.

It's not only those sales reps bring you revenue — they are your brand's ambassadors. Salespeople directly deal with:

- **Lead conversion.** They build a bridge between what the client needs and what your company can offer.
- **Business growth.** Sales representatives initialize referrals and help build customer loyalty.
- **Client retention.** Their connections with customers shouldn't be under-evaluated. Remember that a 5% increase in retention rates may boost profits by 25%.

3. Analysis

Sales analysis concerns either KPIs and sales metrics. A key point here is to bring actionable insights that can be further used in the sales strategy. The following effectiveness indicators are usually used by most sales managers:

- Total revenue
- Revenue growth rate
- Revenue distribution by sources
- Revenue distribution by representatives
- Average conversion rate
- Sales-to-date
- Average purchase value.

Sales management process

Even though all team members contribute to commercial goals, it's the manager's responsibility to get the job done. Their tasks include:

1. Setting goals

To manage the process, you need to have a sales roadmap. With it, it's possible to track the reps' ongoing performance and timely determine whether comprehensive assistance is needed to achieve the goals.

2. Planning and managing sales activities

This area of responsibility concerns developing and testing sales activities. Trying out new technologies and approaches is the only way your team can succeed in nurturing customers better than competitors do.

3. Motivating the team

If you build team members' competencies, you'll boost employee retention and increase employee lifetime. Don't become too experimental, however. Use good old methods of employee retention — the ones that have been tested by generations of managers:

- **Set SMART goals.** A never-ending pursuit of unattainable results is exhausting and leads to emotional and professional burnout.
- **Appreciate personal contribution.** Gen Z are not the ones who will wait for changes — they want to lead them. If you value talent, be ready to give them enough space for initiative and decision-making.

- **Build trust.** Let each team member see the big picture and go over plans with your people. Share growth-hacking insights, corporate strategic goals, and how the company's doing overall. If there are some issues — communicate these.
- **Encourage high-performance culture.** Cultivate a results-based work environment approach rather than just a work-to-do-work approach.



4. Evaluating and reporting

For every decision you make or insight you speak, put numbers in front. Use essential software, create sales dashboards, and deliver comprehensive sales reports. Make data integrated and visualize where relevant.

6.3.2. Global Trends in Selling:

1. Technological Revolution

Innovation in the processing and transformation of the information have increased the capabilities of both the sales force and consumers. Today consumers can collect information of product and services, compare prices by different suppliers and place orders through the internet. In order to compete successfully, sales department must adopt the latest technology. These technological innovation helps to increase the efficiency and reduce the cost of sales efforts.

Example of Technological Environment

For example, the banking industry has reduced the cost of serving its customers by using technologies such as automated teller machines (ATM's), toll -free call centers, and the Web. As of early 2005, the cost of a bank transaction conducted by a human teller was approximately \$2, compared to \$1 for a telephone banking transaction, \$.50-1.00 for an ATM transaction, and about ten cents for banking over the Internet.

2. **Globalization**

A company faces competition not only from domestic companies but also from the companies abroad, sales management must meet foreign competition. They must also improve personal selling efforts in other countries. Companies selling goods and services in the global market, faces new challenges due to differences in culture, languages, lifestyle etc. Sales managers must develop a global perspective.

3. **Customer Relationship Management (CRM)**

It is the outcome of the combination of relationship marketing & information technology. Relationship marketing seems to build long-term & mutually satisfying relationships with the key customers, distributors & suppliers. Information technology enables a company to provide excellent customer service, by meeting the individual needs of each customer. Creating new customers is more costly as compare to retaining them. Therefore, companies have started “CRM” program's to expand their relationships with the customers. The challenge before sales management is to identify the market segments who will respond to CRM.

Example of CRM.

capturing your client's mobile numbers systematically and paying for a service which automatically sends out the messages. The investment is absolutely worth it. It will increase the communication between the organisation & its customers.

1. **Sales Force Diversity**

Sales Force is becoming more and more diverse in terms of age, caste, religion, nationality and other demographic characteristics. Today, the salespeople are better educated and the needs and the expectations of a diverse sales force is different

2. **E-Selling**

E-selling is known as electronic commerce which means buying and selling online by using internet. A lot of companies are beginning to sell product and services online. E-commerce is the part of eMarketing where promotion and selling are done through the internet. It enables the co. To build relationships with the target audience.

Example-: A book seller company sells online books directly to the customers.

Types of E-selling

- B2C- Business-to-Consumer
- EX- Market Creator, Service Provider etc.
- B2B- Business-to-Business
- EX- E-Distributor, B2b Service Provider Etc.
- C2B- Consumer-to-Business

- EX- Blogs
- C2C- Consumer-to-Consumer
- EX- Commercial Auction Sites

3. Team Selling

In the recent years most of the companies have started using a team selling approach, the purpose is to build long – term and mutually beneficial relationship with the customers having high sales and profits potential. This approach is also used to see complex products services to the prospective customer. The selling team usually consist of a similar executive technical expert, sales person and a sales representative. It is a challenging task to design and effective compensation plan for the selling team.

https://www.academia.edu/4688869/Emerging_trends_of_sales_management

CHECK YOUR UNDERSTANDING STATE TRUE OR FALSE

1. Multi-channel may also lead to conflicts and control problems when two or more channels may compete for same customer.
2. CRM enable companies to provide excellent real-time service by focusing on meeting the individual needs of each valued customer, through the use of CRM software packages.
3. Sales management is the process of developing a sales force, coordinating sales operations, and implementing sales techniques that allow a business to consistently hit, and even surpass, its sales targets.

Answer Key: 1 – True, 2 – True, 3 – True

6.4. PERSONAL SELLING

Personal selling is also known as face-to-face selling in which one person who is the salesman tries to convince the customer in buying a product. It is a promotional method by which the salesperson uses his or her skills and abilities in an attempt to make a sale.

Personal selling is when a company uses salespersons to build a relationship and engage customers to determine their needs and attain a sales order that may not otherwise have been placed. The personal selling process is a seven-step approach: prospecting, pre-approach, approach, presentation, meeting objections, closing the sale, and follow-up.

The sales cycle, more generally speaking, turns leads into prospects, suspects into prospects and prospects into customers.

The most significant strength of personal selling is its flexibility. Salespeople can tailor their presentations to fit the needs, motives, and

behaviour of individual customers. As sales people see the prospect's reaction to a sales approach, they can immediately adjust as needed.

Personal selling also minimizes waste effort. Advertisers typically expend time and money to send a mass message about a product to many people outside the target market. In personal selling, the sales force pinpoints the target market, makes a contact, and expends effort that has a strong probability of leading to a sale.

Everything you need to know about process of personal selling. Personal selling or salesmanship itself is a process.

There are several stages involved in the process and a salesman has to understand all the stages in the process to make the process more effective.

This process involves identifying the prospective buyer, establishing a contact and relationship with the buyer, presentation of the product to the buyer and demonstrating its uses and benefits, convincing the customers about the product by efficiently handling objections from the customers, negotiating the price and terms of payment and finally getting the orders.

6.4.1. PROCESS OF PERSONAL SELLING

1. Identifying the Prospective Buyer (Prospecting and Qualifying):

The first stage of personal selling process involves identifying potential customers. All prospects identified may not turn out to be actual customers. Hence identifying the right prospect is essential as it determines the future selling process. Marketers tap different sources to identify the prospective customers. Marketers search for prospects in directories, websites and contact through mail and telephone.

Marketers establish booth at trade shows and exhibitions, get the names of the prospects from existing customers, cultivate referral sources such as – dealers, suppliers, sales representatives, executives, bankers etc. After identifying the prospect, the sales person qualifies the prospects on the basis of their financial ability, needs, taste and preferences.

2. Pre-Approach:

The next step to prospecting and qualifying is pre-approach. At this stage the salesperson needs to decide as to how to approach the prospective customer. The salesperson may make a personal visit, a phone call or send a letter, based on the convenience of the prospects.

3. Approach:

At this stage the salesperson should properly approach the prospects. He should properly greet the buyer and give a good start to the conversation. The salesperson's attitude, appearance, way of speaking matters most at this stage.

4. Presentation and Demonstration:

At this stage the salesperson provides detailed information about the product and benefits of the product. The salesperson narrates the features of the product, explains the benefit and the worth of the product in terms of money.

5. Overcoming Objections:

After presentation and demonstration, when customers are asked to place order, they are reluctant to buy and raise objection. Customers give importance to well-established brands, show apathy, impatience, reluctance to participate in the talk etc. Customer may raise objection with regard to price, delivery schedule; product or company characteristics, etc. Salesperson handles such objections skillfully by clarifying their objections and convinces the customer to make purchase.

6. Closing:

After handling objections and convincing customers to buy the product, the salesperson requests the customer to place order. The salesperson assists the buyer to place order.

7. Follow-Up and Maintenance:

Immediately after closing the sale, the salesperson should take some follow up measures. The sales person assures about delivery at right time, proper installation, after sales service. This ensures customer satisfaction and repeat purchase.

6.4.2. SKILL SET FOR EFFECTIVE SELLING

Key marketing skills can be broken down into two categories - soft skills and hard skills. Soft skills are more and more widely applied and are useful (or necessary) in a variety of career paths. Hard skills are more focused on technical capabilities and the introduction of specific tools and strategies. Given that marketing is a very broad field, the difficult skills you need to employ can vary according to different roles. But for the purpose of this article, we are going to focus on some of the common skills that employers are looking for. When hiring an entry-level marketing generalist (usually a coordinator or assistant role).

1. Communication

Communication is at its root, marketing is to communicate with the audience, so it is no wonder that communication in this field requires high skills! Your job as a marketer will be to be able to express yourself and convey ideas to others in a clear, engaging way.

2. Creativity and Problem-Solving

Marketing is about reducing noise and delivering a resonant message to your target customer. Creativity and thinking outside the box to find new ways to do things is a trademark of successful marketing professionals. Even if you are not a creative person (for example, if you are a more data person), marketing requires the ability to tackle problems from a new angle and find innovative solutions to growing challenges.

3. Attention to Detail

Pay attention to details As a marketer, your work will be seen by many, be it a blog post, social media graphic or printed piece of promotional material. Accuracy is essential - both to maintain the image of your company and to ensure that your customers get the right information.

4. Interpersonal Skills

Working in marketing often means working closely with a comprehensive marketing team, colleagues from other departments, clients and / or vendors. Given that you interact frequently with all sorts of different people, it is important that you have good interpersonal skills and build strong working relationships with others.

5. Leadership

Although your first marketing role may not be in management, leadership is an important skill to build and develop over time and can be used at any stage of your career. Depending on your role, this could mean taking responsibility for a specific project, working as a point person for a salesperson or client, or assisting junior team members in their work.

6. Adaptability

Marketing is a rapidly changing field in which new best practices, tools and standards are constantly emerging. In addition, marketing teams often have to work on strict deadlines and they can be assigned projects at the last minute or change priorities with a few suggestions. A successful marketer will enjoy such a fast-paced environment and be able to adapt easily to changing circumstances.

7. Writing

Writing is an essential skill that you will have in any field, but it is especially important in marketing, where (as mentioned above) communication is an important part of your daily work.

8. Data Analysis & Analytics

Data Analysis and Analysis Marketing is nothing but measurement: you need to be able to measure the success and ROI of your marketing efforts. A key part of your role as a marketer will be to

work with data from a variety of sources and campaigns, to understand what is relevant and what is not, and to use your analysis to inform future actions.

9. Project Management

Project management is an important part of every marketer's world: no matter if you have more than one campaign, client or project, you need to have a strong set of project management skills and work efficiently to keep track of everything going on. It means being able to work up to the deadline, prioritize your work, keep track of the contributions of others - all while delivering the best final product.

10. Research

As a research marketer, you often have to do research to create campaigns, provide policy information, and create content. This research can be of various types, such as focusing on competitors' marketing campaigns, learning more about topics related to the services or products your organization provides, or creating a list of contacts in a specific industry. Learning how to do effective research from reputable sources is a low quality but important skill that will enhance the quality of your work.

11. SEO/SEM

Search engines are some of the major marketing tools used today - through paid or organic strategies, it is important to know how to use them for the benefit of your organization. The world of search engine marketing is huge and ever-changing, and many vendors work in this space. As a marketing generalist, you are not expected to know the ins and outs of paid search and search engine optimization, but knowing - and being able to implement - the basics are important.

12. Social Media Marketing

Social media is one of the most effective ways for social media marketing organizations to reach their customers - more established platforms like Facebook and LinkedIn and newer, emerging platforms like TikTok. Knowing how to adapt brand voice and messaging to social media and how to honestly connect with your audience is an essential part of modern marketing.

13. Email Marketing

Although other forms of marketing have grown exponentially in recent years, email is still an important means of communication. All vendors need to understand the basics of email marketing, including voice and tone, catchy subject lines and loud calls for action.

14. Visual Marketing

For those who don't consider themselves artistic, visual marketing design is a terrible term - you don't have to be an expert graphic designer to be a successful marketer! Typically, marketing

departments will have a dedicated designer on-staff or you will outsource large design projects to an agency or contractor. However, you need to be comfortable with the basics of visual marketing - choosing images for a website or with social media, for example looking at pictures in an event. The most useful things to help you get your work done more efficiently in the Adobe Creative Suite (especially Photoshop and InDesign) and to learn the design tools for Adobe Spark or Canva Knowledge is really great - being able to create a quick graphic. It happens by itself.

15. Website Management

Finally, working comfortably on the back of a website is an important marketing skill. Again, you don't have to worry about your abilities - you don't have to be a developer or a web designer if you're not interested! However, most vendors need to know how to update pages, create landing pages, and perform other basic web tasks.

CHECK YOUR UNDERSTANDING

State true or false

1. At pre approach stage the salesperson needs to decide as to how to approach the prospective customer. Salesperson may make a personal visit, a phone call or send a letter, based on the convenience of the prospects.
2. Personal selling is also window-shopping selling.
3. In personal selling salesman tries to convince the customer in buying a product. It is a promotional method by which the salesperson uses his or her skills and abilities in an attempt to make a sale.

Answer Key: 1 – True, 2- True, 3 – True

6.5. SUMMARY

Integrated marketing communication (IMC) can be defined as the process used to unify marketing communication elements, such as public relations, social media, audience analytics, business development principles, and advertising, into a brand identity that remains consistent across distinct media channels.

Integrated marketing communication refers to integrating all the methods of brand promotion to promote a particular product or service among target customers. In integrated marketing communication, all aspects of marketing communication work together for increased sales and maximum cost effectiveness.

Personal selling is also known as face-to-face selling in which one person who is the salesman tries to convince the customer in buying a product. It is a promotional method by which the salesperson uses his or her skills and abilities in an attempt to make a sale.

6.6. EXERCISE

FILL IN THE BLANKS

1. _____ helps in integrating all essential components of marketing to communicate similar message to potential and existing end-users.
A. Integrated marketing communication **B.** Internal Rate of return
C. Brand Image **D.** Marketing Channel
2. _____ goes a long way in creating brand awareness among customers at a minimal cost.
A. Integrated marketing communication **B.** Internal Rate of return
C. Supply chain management **D.** Marketing Channel
3. Combining information technology with relationship marketing has resulted in _____.
A. customer relationship management **B.** Market Research
C. Integrated market Communication **D.** None from the list
4. the concept of relationship marketing came about earlier by bringing quality, customer service and marketing together.
5. _____ will have to effectively manage conflict between the channels.
A. Sales Manager **B.** Marketer **C.** Organisation
D. Employee.
6. The most significant strength of personal selling is its _____.
A. Flexibility **B.** Facial Expressions
C. Communication skill **D.** Language
7. _____ is also known as face-to-face selling in which one person who is the salesman tries to convince the customer in buying a product.
A. Personal Selling **B.** Window Shopping
C. Display advertise **D.** None
8. SEM Stands for-----
A. Search Engine Machine **B.** Sales Executive Machine
C. Sales Electronic Machine **D.** None

Answer Key: 1 – A, 2 – A, 4 – A, 5 – A, 7 – A. 8 – A, 9- A, 10 - A

WRITE SHORT NOTES

1. Integrated Marketing
2. Scope and Importance of Integrated marketing
3. Components of Sales Management
4. Emerging trends in selling
5. Process of personal selling
6. Skills set requires for effective selling.

7. What is integrated marketing? Explain its scope and importance.
8. What is Sales Management? State its Components.
9. State the meaning of sales management. Explore what are the emerging trends in selling.
10. Explain the concept of personal selling and process of personal selling.
11. Define personal selling. Describe what are the skills sets are required for effective selling.

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KEY MARKETING DIMENSIONS

MARKETING ETHICS

Unit Structure

- 7.0. Objective
- 7.1. Introduction
- 7.2. Marketing Ethics
- 7.3. Competitive Strategies
- 7.4. Market Nicher Marketing Ethics
- 7.5. Summary
- 7.6. Exercise
- 7.7. References

7.0. OBJECTIVES

- After studying this unit, the student will be able to –
- To understand the concept of Marketing Ethics
- To Overview the concept of Marketing Unethical practices
- To explore the role of consumer organizations
- To study the concept of Niche Marketing
- To evaluate the Nicher Marketing Ethics

7.1. INTRODUCTION

A successful marketing manager is one, who can cover all the dimensions of marketing. A wise marketing manager always tries to build the good image of the firm by adapting ethical practices in marketing. He will avoid unethical practices in marketing. Even after adapting ethical practices, he needs to be preparing to counter the competitors with different strategies. He needs to adapt different competitive Strategies as a market leader, market challenger, and market follower. A marketing manager also needs to show the marketing ethics in Nicher marketing, where there is large profit evolve. Ethical practice and competitive strategies are the key dimensions of marketing.

7.2. MARKETING ETHICS

In all of their commercials, marketing ethics emphasises fairness and honesty. Companies' unethical behaviour includes making misleading claims to customers, breaching their privacy, stereotyping, and targeting vulnerable groups (such as children and the elderly). Even attempting to undermine a competitor's reputation is deemed unethical.

Ethics are still subjective, and organisations should publicly discuss them while making marketing decisions. Companies that adhere to marketing ethics can obtain the trust of their customers and project a positive image. Marketing ethics are intended to ensure that all marketing participants — customers, dealers, employees, the government, and society – are treated fairly. Consumerism, as a social movement, aims to persuade marketing executives to follow such ideals.

Business ethics and marketing appear to be at odds. However, this is not always the case. Marketers have begun to observe business ethics in marketing techniques as a result of competitiveness, consumer awareness, government compulsion, and self-restrictions imposed by the governing body for the relevant associations.



Source: Google images

<https://dijitalseruven.com/ethics-marketing/>

When marketing their products and services, procedures, and conduct in the overall structure, organisations use a variety of marketing ethics, moral rights, and fairness criteria. Marketing ethics assists organisations in gaining a competitive advantage over time by meeting the needs of both the organisation and the customers.

Ethics are observed either voluntarily or as a result of the law. To protect consumer rights (such as the right to know, the right to complain, the right to be heard, the right to safety, and so on) and ensure consumer welfare, the Indian government has enacted at least 30 laws, the majority of which have been amended several times to reflect changing circumstances.

7.2.1. DEFINITION

Ethics is a branch of philosophy that "involves systematizing, defending, and recommending concepts of right and wrong behavior".

“Marketing ethics is an area of applied ethics which deals with the moral principles behind the operation and regulation of marketing. Some areas of

marketing ethics overlap with media and public relations ethics.” Wikipedia.

7.2.2. IMPORTANCE OF MARKETING ETHICS

Marketing Ethics plays vital role in any Business life cycle. Following are some important aspects of marketing ethics for organisations.

1. Long-term gains

A company's or organization's foundation is built not only on its ability to survive in the present, but also on its ability to plan for the future. Brands can use prospects like high credibility, customer loyalty, considerable market share, improved brand value, greater sales, and better revenue if they embrace good marketing ethics. These ethical principles will set them on the path to achieving their short- and long-term objectives flawlessly.

2. Customer Loyalty

When it comes to ethical marketing, this is one of the most crucial elements to consider. The company may earn the loyalty, trust, and confidence of its customers by properly implementing ethics in business and operations. This will help the company go a long way in the future. The natural human desire to pursue the authentic brand will almost certainly result in significant profits, both now and in the future.

3. Increased credibility

When a company is committed to upholding its promises about its services and products on a regular and consistent basis, it is slowly but steadily carving itself into a real and genuine brand in the market and in the thoughts of its customers. This isn't restricted to these two groups; a good process can earn respect from investors, peers, competitors, stakeholders, and others.

4. Increased Leadership qualities

When a corporation adheres to ethical practises for a long time, it establishes itself as a leader, able to benchmark its policies and strategies that surround the company's structure and operation. This leads to multiple benefits such as increased market share, bigger sales, inspiration for others, respect, reciprocal benefits, and so on.

5. The satisfaction of basic human wants and needs

Once a firm has established proper marketing ethics, it is able to meet the basic requirements and desires of its customers through integrity, trust, and honesty. When this is exposed for a long time, it brings with it a slew of other advantages.

6. Display of a rich culture

Not only does such a structure project a favourable image when viewed from the outside, but it also sets the way for a good interior

structure and environment. As a result of a confident and highly motivated workforce, higher output is achieved.

7. The attraction of the right talent at the right place

When a corporation can establish brand value in the market, it becomes a lighthouse for the association's notable members. Various people, such as potential workers, consultants, and vendors, are excited to associate with and engage with ethical businesses that will help them grow enormously. This also aids them in attaining their objectives promptly.

8. Reaching financial goals

The organisation must have solid financial partners that can assist them expand and make major steps in the market in order to function effectively for longer periods of time. When a company follows a set of standards and ethical norms, it helps them gain the moral foundation they need to attract people like these.

9. Enhancement of brand value in the market

When a firm follows a proper code of ethical marketing, the public, in the form of customers, competitors, stakeholders, and others, look up to them. They follow such companies religiously, providing them enough traction to make a presence on the market.

7.2.3. UNETHICAL PRACTICES IN MARKETING

1. Don't Force Your Customers to Buy

Many marketers will produce a product and all they will be seeking to do is push their readers to buy after a good code about ethical marketing is followed. They're the ones who have a sales page that shouts above everything, stating things like "if you don't buy this, you'll be poor forever" or "if you don't buy this, you'll never make money online," and so on.

It's unnecessary to try to persuade your readers to buy your stuff. It's always a good idea to explain the importance of your product and what they'll gain if they buy, and it's also fine to explain what they'll lose if they don't buy – but cursing them or telling them they're stupid for not buying from you is extremely dangerous, so there's no point in forcing them to buy.

2. Don't Have Poor Customer Support

Customer service is another unethical marketing activity that many people engage in. People are paying for your service, and they will almost certainly require assistance; why not make this assistance available to them?

It is critical to have a good customer service team that will constantly respond to clients in a timely and courteous manner. Don't try to scare them away by offering no customer service or

providing unpleasant customer service; this will just make things worse.

Another significant benefit of providing exceptional customer service is that it will assist you in gaining new clients. Many people will not buy your products if you do not provide excellent customer service, so it is critical to provide it.

3. Never Under Deliver

Under-delivering is another issue you should attempt to prevent. It's far more vital to surprise your consumers by providing them with more than you promised than to just deliver what you promised.

Many marketers would promise their clients a lot of things in order to increase sales - the customer will arrive just to be dissatisfied because the marketer failed to deliver on his promises. It is critical not to under deliver because this can leave your clients dissatisfied and disappointed, as well as give you further problems. Over delivering, or giving more than you promised, is the finest strategy.

4. Don't Give Customers Something Different

Another thing that a lot of marketers do is deliver their clients something different than what they promised. You wouldn't want to be offered an apple instead of an orange if you asked for one.

It is critical that you provide your customers with exactly what you stated you would provide. Don't try to wow them by providing them something else; they know why they're paying for your goods, and you should provide them exactly what you said you'd give them.

5. Misleading statements,

which can lead to legal action from the Federal Trade Commission under the truth in advertising rule. The FTC requires that advertising claims be backed up by evidence, which was a difficult bar for some tobacco companies to meet when they first touted their products as "healthy." Of course, not all claims can be proven, and some marketers purposefully muddy the line with inflated claims and puffery, both of which are unethical marketing practises. Consumers are known to ignore marketing that promises to "change their life" or "make them the envy of all their friends," and they are known to dismiss products that claim to be "the greatest." Deliberately distorting information in order to confuse or mislead customers. A typical example is labelling a product as sugar- or calorie-free when it actually contains some sugar and calories, or advertising a product as sugar- or calorie-free when it actually contains some sugar and calories.

6. Making incorrect or misleading comparisons to a competitor's product.

This was much more common in general consumer products 20 years ago, and you might still see it in the computer sector. (Consider smartphones.) When competitors do side-by-side comparisons, the competition becomes heated. And, as long as the material is genuine and truthful, customers may find such an approach useful.

7. Instigating fear or exerting undue pressure.

"Limited time offers" are known for this, which is great if there is a deadline and the tone isn't threatening. Acting on people's emotions or a current occurrence. Such examples appear every now and then, only to go away when customers complain about being duped. Following the terrorist events of September 11, some advertisers attempted to elicit sympathy — for New Yorkers, firefighters, and survivors — while also selling their products.

8. Using stereotypes or presenting women as sex symbols just to promote a product.

"While it may seem natural to employ models in advertisements for beauty items and cosmetics," Profitable Venture explains, "having half-naked models in advertisements for generators, heavy machinery, smart phones, and other products not directly related to women is both absurd and unethical,"

9. Offensive remarks about age, gender, colour, or religion.

Many professional comedians have discovered the hard way that the border between comedy and bad taste can be razor-thin. It may be simpler to tell whether the joke contains an insult or a slam that makes you cringe. *Photos that have been doctored or that are not accurate representations Professional photographers and videographers are generally expected to make the most of lighting and close-ups. The final goods, on the other hand, should be accurate representations that are free of touch-ups and other enhancing techniques that are intended to deceive. Plagiarism is the act of plagiarising someone else's work. Discovering that a competitor has plagiarised or impinged on a catchphrase, blog post, or advertising can be difficult — or frustrating — for a small-business owner. The truth is that, thanks to the internet, plagiarism occurs far more frequently than most entrepreneurs realise.

10. Spamming, which is the practice of sending unsolicited emails to potential customers.

The Federal Trade Commission (FTC) is a government agency allows a company to take advantage of one of these opportunities. Following that, a company is in violation of the CAN-SPAM laws. The statute, which has been in place since 1993, also outlaws incorrect or misleading header information as well as deceptive topic lines.

Consumers today are more than willing to express a disapproving "Tsk-tsk" in response to unethical marketing methods. In a 10,000-

person poll performed by Cone Communications, 90% of consumers claimed they would boycott a company if they realised it was acting unethically or irresponsibly. About the same number indicated they expect businesses to "act responsibly," possibly in the same way that their mothers taught them.

7.2.4. GENERAL ROLE OF CONSUMER ORGANIZATIONS

Consumer organizations and non-government organizations are supposed to work in the interest of consumers. Educating customers, protecting them from unfair trade practices is the basic role of all consumer organizations, Important roles are listed below:

(1) Creating Consumer Awareness/Educating Consumers:

The success of consumer organizations is not possible, unless and until the ultimate consumer being educated. The main role of consumer organizations is to create the consumer awareness towards their rights and duties.

(2) Publishing document for updates.

Consumer organizations create awareness through their various publications, like brochures, journals and monographs. They try to update consumers through arranging continuous conferences, seminars and workshops. They encourage consumers to follow desirable consumption standards.

(3) Comparison on Different Products and testing them:

Consumer organizations gather samples of different products on regular basis and test them from their accredited labs. Test results are declared and share with public platform. It gives authenticity of product and as well protect from faulty products. They also work in conducting investigation on customers complain area.

(4) Legal help to Consumers:

Single consumer feels powerless to raise his voice of protest regarding his complaints, consumers' organisations file a case on behalf of consumer in the court. It gives positive feeling to fight against unethical practices of sellers. Legal help is most needed one for every consumer in big disputes.

(5) Organising Protests against malpractices etc.:

The consumers' organisations play a significant role in eliminating many malpractices like adulteration, hoarding, black- marketing, and under-weight selling. Consumer organizations always raise voice for fair pricing policies. Consumer organisations creates awareness about malpractices through small videos, audios and so on. Videos contains issues like adulteration in food products, Legal rights related to consumer protection and ill effects of inferior medicines.

(6) Helping Educational Institutions:

Consumer organisations give guidelines as per cases to prepare courses of study in the education institutes. So, from the student level everyone comes to know about the rights and duties as a consumer. Consumer awareness program can be promoted through the appropriate channel.

(7) Promoting Network of Consumer Associations:

Consumer organisations are kept on increasing their existence in various locations as per the population size, so as to cover all the locations of the country. It will provide balance services to consumers of all the regions. These formations help to make strong federation at the apex level and then reach state and district level with the help of federation.

(8) Work for Support to Government:

Consumer organisations keep continuous watch on malpractices like, adulteration, artificial scarcity and inferior quality products, they report to the government agencies as well. This in turn helps the government to stop consumer exploitation and take action against the fraudulent activities.

In this way we find that the consumers' organisations play a significant role in providing protection to the consumers.

7.3. COMPETITIVE STRATEGIES

The higher the competition in your industry, gives challenging tasks to survive and grow your product. When you enter a competitive market, you should set a high target, or else you will not be able to stand in front of rival firms, especially with those who sell similar products. To conquer the maximum market share, in such a competitive world, you should deeply study your competitors' strengths, weaknesses, and (opportunities) advantages. Also take into account all possible threats as well.

7.3.1. COMPETITIVE STRATEGIES FOR MARKET LEADER

1) Covering the market globally and locally

Consider the market leaders in their respective categories, such as Coca-Cola, Microsoft, LG, and others. You'll see that each of these companies has items that are well-known and widely used around the world. Each of these items' marketing strategies, on the other hand, is tailored to the market that it serves.

If you have a firm with a lot of competitors, you should think about market expansion as well as localization. Don't ignore the worldwide market, but more importantly, don't forget your own turf while serving the global market. The simple supporting data for this assertion is that, after investigating global markets, every emerging country is now focusing on its own rural markets, which will bring the most growth potential.

2) **Expand Smartly**

Expansion for the sake of expansion can be destructive. All strategists understand that maintaining a close eye on the company's cash flow is critical to its success. If your working capital is being utilised for expansion, it will have an impact on even the company divisions that are growing, forcing you to cut back on important initiatives.

Expansion is vital for a successful firm, but it should not be at the expense of a skewed working capital or cash flow, since both can be detrimental to your existence.

3) **Control costs**

During a downturn, a great example of the need of cost control may be shown. When a corporation is confronted with a difficult economic environment, it must choose how to control costs while reducing spending. It can be accomplished by making fundamental changes to raw materials, partnering with low-cost transporters, shipping in bulk quantities, reducing labour, and lastly reducing skilled manpower. These are some of the ways employed by businesses to keep costs under control during difficult times. Instead of taking harsh actions, if effective processes are used during good times, the corporation will have larger margins and deeper pockets to phase out the bad times.

4) **Implement good marketing plans**

The key to outdoing your competitors is to establish your own distinct position in the minds of your customers. This position should be both appealing and lucrative. Only then will you obtain a competitive advantage over time. Marketing strategies must be put into action correctly. What should the company's messaging be? How can you evolve your messaging over time to attract more people to your business? How can marketing be changed to increase market share and expand? What should market communication vehicles be? What is the best way to implement the plan and in what order? These are some of the questions that your marketing strategy should properly address.

It is critical at this time to use your competitors as a point of comparison and to develop a marketing strategy that is superior to your competitors' and aids you in obtaining the statistics you desire. The most effective technique to put together a solid marketing strategy is to do a thorough competition analysis and determine where you stand in the current market. You are not allowed to challenge the top rival right away. However, by establishing a great marketing plan and sticking to it, you may eliminate each competition one by one. The key to marketing success in this scenario is proper implementation of the marketing plan.

5) Get the right people and retain them

In the service industry, you are only as good as the people you hire. Many software organisations set aside a portion of their profit margin to avoid having to replace software professionals once a project is over. When the task is over, these engineers are transferred to another project. A customer service manager never wants to lose one of their top employees. A CEO will never want to lose one of his top performers. Any organisation does not want to lose productive personnel. Your assets are your staff and stakeholders.

To keep your employees and stakeholders motivated and committed, you must take action on a regular basis. Take any firm with a low attrition rate and you'll find one that invests heavily in staff training and development. This is due to the fact that when people leave a company, they take with them a portion of their expertise and experience. Over time, this knowledge and experience must be instilled in the other employee. As a result, a significant amount of effort is spent training and developing new personnel. As a result, smart businesses save time by retaining and encouraging their most valuable people. And it is because of this that they are able to keep ahead of the competition.

6) Focus on your customers

Several businesses forget that the main reason they are still in business is because their clients like their products. When a business forgets this principle, it is bound to collapse. As a result, you must be the finest in this field. You should know everything there is to know about your customers. Conduct frequent market research and consumer buying behaviour analysis to determine the customer's thinking. A new technology that you overlooked but that a competitor has installed can catch your customers' attention and drive away even your most devoted clients.

7) Be Informed

Knowing your rivals is one of the most important aspects of selling against them. Take, for example, the consumer durables market. In the television and fridge segment, there would be ten distinct contenders. In addition, each competitor will provide ten different product lines. For Sec A clients, they would offer high-end refrigerators and televisions, while for the price-conscious section, they would have low-end and lower-priced versions. To introduce your own product versions, you must first understand your competitors and their product lines. On the other hand, in order to introduce a product that is unique in the market and has the first mover advantage, you must be familiar with all of your competitors' products.

7.3.2 COMPETITIVE STRATEGIES FOR MARKET CHALLENGER

Market challengers will always exist in any market. Instead of delivering a weak answer to these opponents, you should challenge them. You can only build anxiety for future market entrants by confronting them head on. At the same time, this challenge assures that you rise through the ranks of competition.

1) Use a frontal attack

A frontal attack is when a rival fights another based on the opponent's strengths, as seen most prominently in the smartphone industry now, or more regularly in the Pepsi vs Coca-Cola war since the centuries. When Coke introduces Diet Coke, Pepsi introduces Diet Pepsi. Both companies have a strong product expansion strategy and a diversified product portfolio. As a result, Pepsi develops a product in response to its market opponent in a direct frontal attack.

2) Flank attack

In the case of Pepsi and Coca-Cola, there are two brands that are highly dominant in the FMCG market and have no competitors. As a result, they employ frontal assaults. But what if a little player is pitted against a behemoth? The player then uses a flank attack to attack the competition's weak points.\

3) Encirclement attack

This type of market challenger strategy is used when a rival assaults another on the basis of both strengths and vulnerabilities, leaving no stone unturned in the process of overthrowing the competition.

The current E-commerce scenario is the best example of an encirclement attack, with E-commerce corporations willing to go negative in margins in order to outperform a competitor on a turnover basis. They aim to be on top and attract as many consumers as possible by any means necessary.

4) Bypass attack

This type of approach can be seen in a company with the ability to innovate. When it innovates, it skips the competition entirely and creates its own market segment. Of course, other competitors aren't far behind. However, the attack is really beneficial in the long run for building brand reputation and gaining customers.

5) Guerrilla marketing

Guerrilla marketing is all about making modest but impactful modifications that keep your brand in front of people's minds and slowly but steadily turn it into a household name. A small company that wishes to compete with big brands will first establish itself in a local market, then offer price and trade concessions.

7.3.3. COMPETITIVE STRATEGIES FOR MARKET FOLLOWER

When you are a market leader, there will undoubtedly be market followers; this is the basic law of business. Many businesses adopt a market follower strategy. In fact, all organisations' competencies are so high in today's world that invention is swiftly duplicated or imitated in many formats.

Apple, for example, pioneered multi-touch smart phones, but Samsung now dominates the market in terms of total revenue. As a result, in today's corporate world, a variety of market follower techniques are in use.

In a mature market, market followers are unavoidable. Because online marketing has reduced entry barriers and bigger rewards, it attracts a larger number of market followers. As a result, companies like Snapdeal, Flipkart, Amazon, and Jabong have all started one after the other in online commerce. Of course, Ebay and Amazon were the market leaders. However, they are now up against fierce competition.

THERE ARE FOUR STRATEGIES OF MARKET FOLLOWERS

1) Adapter

Adapter is a market follower approach for white collar workers. The adaptation variant of market follower strategy is used by automobiles. Cars such as the Maruti 800, Alto, Zen, brio, and others are all adapters, taking the finest attributes from one another while changing the appearance of the vehicle. Similarly, technological adapters such as the Dell laptop and Sony Vaio laptop are available. These market laggards offer identical goods, but they aim to learn from their direct competitors. Adapters can quickly get to the top because they can adapt, learn, and produce a better product than the competitors.

2) Imitation

The best form of flattery is imitation. If you're a goods maker, however, such flattery can eat into your profit margins. Imitators take advantage of your hard-won brand equity and produce a product with the same features as yours, but at a lower cost.

The difference could be that the new product is constructed of inferior materials or lacks the service or guarantee that your brand can provide. Nonetheless, there is a sizable market for imitation, as many people cannot pay the higher price.

3) Cloner

Between an imitator and a cloner, there is a silver lining. While an imitator may imitate some of your product's characteristics, it also keeps its own. Timesjobs.com, for example, is a knockoff of naukri.com, however times jobs has its own distinct product features.

However, if you get Rado watches or Gucci bags with Rado spelled as RADA and Gucci typed as GUCCA, that's copying. Cloning entails creating a product that is identical to yours but with minor differences. Cloning takes use of well-known brands and produces products that are nearly identical.

The next time you are in Bangkok, try to get the clones of Samsung phones. You will be surprised how similar the original and the clone *looks*.

4) Counterfeiter

The best example of counterfeiting is piracy, which involves selling the originals. Counterfeiting involves thievery and is a black-market business technique, whereas cloning involves production of marginally altered products. Pirated DVDs and CDs of movies and music are the best example.

If you pay attention, you'll notice that the movie industry fights piracy on a regular basis. This is due to the fact that piracy and counterfeiting deprives them of their hard work. Similarly, counterfeit Reebok and Adidas sneakers, as well as a variety of other products, can be found on the market.

7.4. MARKET NICHER MARKETING ETHICS

Market Nichers are marketers or companies who create particular products and/or services to meet specific customer demands that aren't satisfied by other products. They create highly tailored and specialised products/services for a certain market segment. Even if the volume is lower in this market strategy, the profit margin is high. One of the alternatives to becoming a market leader or a market follower is to use this strategy. It is typically pursued by small businesses who do not compete with large corporations and their markets, instead focusing on a niche market.

Nichers do not participate in competitions to sell mainstream products to a big customer base. However, in the instance of Nichers, the intended consumer base has been carefully defined and is well known. As a result, all marketing efforts are focused only on this goal. Because these clients' needs are unique and can only be met by specialised items, the price charged is much greater than the costs. This is why market nichers have such a large profit margin.

1. Focus on meeting the specific needs of customer:

Market Nichers are always focus on meeting the specific needs of their customers. As per the specific demand of customers they create particular products and/or services which aren't satisfied by other products. Market Nichers provides fully tailored made products and services.

2. Speak an equivalent language as per customers:

Market Nichers are always try to match their product or service up to the customers satisfaction. They follow what exactly customer demands, therefore it seems like they speak an equivalent language as per their customers.

3. Test the market:

Market Nichers test the markets before their launch. They are testing the market for specialised products/services for a certain market segment. They try to find out the competitors as well as customers.

4. Greater Trust and Credibility:

Market Nichers are always creates a greater trust and credibility in the mind of their customers by meeting the specific needs of their customers. Customers are delighting with the customised product or services. Market Nichers builds trust and credibility for customer retention for future.

5. Enhanced brand value:

Market Nichers gives customised service to their customers and generates trust and credibility. Confidence in the mind of customers enhance brand value.

6. Displays rich culture:

Market Nichers earns handsome profit even from less volume of sales. This helps them to show the rich culture of their product or service.

7. Satisfies basic human needs and wants:

Market Nichers are focusing on satisfying basic human needs and wants, which gives

8. Leadership:

Becoming Market Nicher is the opportunity to be the leader in particular product or service. Even if the volume is lower in this market strategy, the profit margin is high. One of the alternatives to becoming a market leader or a market follower is to use this strategy.

7.5 SUMMARY

Marketing ethics assists organisations in gaining a competitive advantage over time by meeting the needs of both the organisation and the customers. Ethics are observed either voluntarily or as a result of the law.

Market challengers will always exist in any market. Instead of delivering a weak answer to these opponents, you should challenge them. You can only build anxiety for future market entrants by confronting them head on. At the same time, this challenge assures that you rise through the ranks of competition. When you are a market leader, there will undoubtedly be market followers, according to the law of business. Many businesses adopt

a market follower strategy. In fact, all organisations' competencies are so high in today's world that invention is swiftly duplicated or imitated in many formats.

Many marketers would promise their clients a lot of things in order to increase sales - the customer will arrive just to be dissatisfied because the marketer failed to deliver on his promises. It is critical not to under deliver because this can leave your clients dissatisfied and disappointed, as well as give you further problems.

Market Nichers are marketers or companies who create particular products and/or services to meet specific customer demands that aren't satisfied by other products. They create highly tailored and specialised products/services for a certain market segment.

7.6. EXERCISE

MULTIPLE CHOICE QUESTIONS

1. The best example of is piracy.
a. counterfeiting b. guerrilla c. Cloner d. imitation
2. takes use of well-known brands and produces products that are nearly identical
a. Counterfeiting b. Guerrilla c. Cloner d. Imitation
3. The current E-commerce scenario is the best example of
a. counterfeiting b. encirclement attack c. loner d. bypass attack
4. The current E-commerce scenario is the best example of
a. counterfeiting b. an encirclement attack c. loner
d. bypass attack

FILL IN THE BLANKS

1. In a mature market, market followers are.....
2. Market Nichers have such a profit margin.
3. Companies that adhere to are able to obtain the trust of their customers and project a positive image
4. When you are a market, there will undoubtedly be market followers.
5. Ethics are observed either or as a result of the law.

[1. Unavoidable 2. Large 3. marketing ethics 4. Leader 5.voluntarily]

TRUE OR FALSE

1. The player uses a flank attack to attack the competition's strong points.
2. Customer's loyalty will help the company go a long way in the future.

3. When a corporation adheres to ethical practices for a long time, it establishes itself as a follower.
4. When a company follows a set of standards and ethical norms, it helps them gain the moral foundation.
5. The main role of consumer organizations is to create the consumer awareness towards their rights and duties.

[1. False 2. True 3. False 4. True 5. True]

SHORT ANSWERS

1. Explain the strategies of Market followers?
2. Important of Marketing Ethics?
3. What are the competitive challenges of market Challengers?
4. What are the competitive challenges of market Followers?
5. What are the roles of Consumer organisation?

SHORT NOTES

1. Market followers
2. Marketing Ethics
3. Unethical practices in marketing
4. Market leaders

LONG ANSWERS

1. Explain the strategies of Market followers?
2. Explain Competitive Strategies for Market Leader?
3. Define the role of consumer organisations?

7.7. REFERENCES

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RURAL MARKETING

Unit Structure

- 8.0. Objective
- 8.1. Introduction
- 8.2. Rural Marketing
- 8.3. Digital Marketing
- 8.4. Green Marketing
- 8.5. Challenges faced by Marketing Managers
- 8.6. Summary
- 8.7. Exercise
- 8.8. References

8.0. OBJECTIVE

- After learning this unit, the learner will be able to –
- To understand the concept of Rural Marketing
- To explore the Features of the Indian Rural Market
- To study the Strategies for Effective Rural Marketing
- To evaluate the Factors contributing to the success of brands in India with suitable examples
- To study the reasons for the failure of brands in India

8.1. INTRODUCTION

Year after changes in marketing are expected, as we can observe the different approaches have been taken for urban customers and rural customers. Segmented marketing is the new trend in marketing. Marketers are always focused on turnover, so they are trying to expand the market with the multiple way outs. Rural marketing is one of the techniques to tap the untapped customers with their ease. While dealing with rural marketing, marketers are keeping in mind about the purchasing power, product pricing, small packaging, consumption level and distribution channel. Simultaneously the urban population, who is techno savvy need to tap on digital platforms, so marketers need to understand the importance of digital marketing. Trends in the digital market should be caught on time. Only profit maximization leads to tarnishing the image of the firm, so the firm must show the concern about the society by adopting green marketing.

8.2 RURAL MARKETING

Marketing in rural areas is increasingly a two-way street. There is a movement of goods into rural markets for production or consumption, as well as a flow of goods out of rural markets to metropolitan regions.

Over the last several years, the rural market has progressively grown to the point that it now outnumbers the urban market. Village life is home to over 70% of India's population. India's villages are home to more than 800 million people. The new marketing tagline is "Go Rural." Rural markets have gotten a lot of attention from Indian marketers and multinationals like Colgate-Palmolive, Godrej, and Hindustan Lever.

In light of the prospects that rural markets present to marketers, it can be concluded that those who can recognize the dynamics of rural markets and use them to their full potential will have a bright future.

8.2.1. DEFINITIONS

Marketing:

Marketing is defined as the process of identifying the requirements of customers and potential customers, delivering products/services that meet those needs, and building efficient procedures or systems to get your product/service to the market when, where, and how consumers want it.

Rural Marketing:

Rural marketing is becoming a two-way activity. There is a movement of items into rural markets for production or consumption, as well as a flow of products out of rural markets to urban markets. Farming contributions, as well as fast-moving consumer goods (FMCG) such as soaps, detergents, cosmetics, textiles, and other items, migrate from metropolitan to rural areas. Agricultural products such as rice, wheat, sugar, and cotton are transported from the countryside to the city. Rural items are also transported for consumption inside rural regions.

8.2.2. FEATURES OF THE INDIAN RURAL MARKET

1. A large and dispersed population

According to the 2001 census, 740 million Indians reside in rural regions, accounting for 70% of the country's population. The rural population is growing at a faster rate than the urban population. The population of the countryside is dispersed among approximately 6 lakh villages. The rural population is dispersed, yet it has great potential for marketers.

2. Increased purchasing power:

Marketers have recognised the value of rural markets and are increasing their operations in the country. Rural markets have grown in importance in recent years in countries like China and India, since the general expansion of the economy has resulted in a significant increase in the purchasing power of rural people.

3. Market expansion:

The rural market has been continuously expanding throughout the years. Demand for traditional items such as bicycles, mopeds, and agricultural inputs has increased over time, as has demand for branded products such as toothpaste, tea, soaps, cosmetics items, cold drinks and other FMCGs, as well as consumer durables such as refrigerators, TVs, and washing machines.

4. Infrastructural development:

In rural India, infrastructure facilities such as road and transportation construction, communication networks, rural electricity, and public service projects are being developed, expanding the reach of rural marketing.

5. Inadequate living conditions:

Rural customers have a low standard of living and a wide range of socioeconomic disadvantages. Distinct sections of the nation have different rules. Due to poor literacy, low per capita income, social backwardness, and a lack of savings, a consumer in a rural region has a low standard of life.

6. Traditional outlook:

Traditional customs and traditions are important to rural consumers. Change is something they despise. The rural population's consumption pattern is gradually shifting, and there is a need for branded items in villages.

7. Marketing mix:

Urban items cannot be dumped on rural populations; distinct product lines are developed for rural consumers to meet their needs. The parts of the marketing mix must be changed to meet the needs of rural consumers.

8.2.3. STRATEGIES FOR EFFECTIVE RURAL MARKETING

Marketing strategy is the primary objective of growing sales and gaining a sustained competitive advantage in rural areas. Marketing strategy encompasses all fundamental, short-term, and long-term marketing activities involving the analysis of a company's strategic initial situation, the formulation, evaluation, and selection of market-oriented strategies, and thus contributes to the company's goals and marketing objectives. To succeed in the rural market, marketers must carefully pick strategic solutions that are suited for the market group and product category.

1. Rural Market Segmentation:

The right segmentation of the rural market should be the initial stage in developing and implementing any rural market strategy. There has previously been no attempt to separate the rural market. The entire rural world was treated as if it were the same, and it was planned (or not planned, and left over) in the same way. As a result, there was a complete misalignment between rural customers'

expectations and what marketers were pushing on them in various places.

segmentation plays an increasingly essential role in the rural economy. Marketeer must carry out market penetration operations in phases, one after the other. For income increases and the learning that will come with it, the lower hanging fruits should be taken first. These first victories may serve as a springboard for subsequent growth into the rural sector. The most crucial thing is to use adequate segmentation criteria. Distinct product categories appeal to different rural markets, which can be selected using different segmentation criteria.

To begin, the organisation may accomplish the following:

- i. Concentrate on a few key markets
- ii. Concentrate on a few brands;
- iii. Concentrate on a few villages.

2. Competitive Strategy:

Companies looking to join the rural market might evaluate their strategy using Michael Porter's Five Forces Model as a conceptual framework.

A firm operating in the rural market should think about how the five forces listed below affect their operations:

(i) Supplier:

The business must not only produce high-quality goods, but also sell them at a low cost. Only if the organisation has reliable suppliers that can deliver high-quality materials or ingredients at a reasonable cost can this be accomplished. Otherwise, the firm will have to move backwards in order to attain the economies that characterise rural market success.

(ii) Customer Power:

Rural consumers have become far more aware about products and empowered than in the past, thanks to increasing literacy, the introduction of television, advertising initiatives, and more contact with metropolitan markets. As a result, in order to properly meet his requirements, businesses must provide high-quality items.

In rural marketplaces, word of mouth is extremely important; it has the potential to compound the impact of the whole operation. If a single negative experience can turn a village away from a brand, then a single positive experience can convert the entire village into a customer without any more marketing.

In rural marketplaces, the retailer, the organization's principal client, has a lot of negotiating leverage. Because rural retailers only offer a few brands per product category, creating shelf space for the items is a major difficulty. He can live with it since his market isn't picky or

demanding, and is willing to accept anything he has to give due to a lack of other choices.

(iii) Participants in the Competition:

Companies operating in rural markets must aim to create entry barriers by being first to market and cultivating positive relationships with merchants, reducing the likelihood of new entrants succeeding.

With new entrants attempting to break into the rural market on a regular basis, the retailer's power is growing, as he only has a few brands to choose from and will buy from whichever organisation offers better conditions. And, in order to enter a market, new entrants, particularly local and regional firms, frequently offer conditions that are far more attractive than those given by current competitors. Because of their smaller overheads and minimal or no promotional costs, they are able to provide low prices, better terms of credit, and higher margins.

The businesses by structure preference through rural customers for their products can counter the encounters of the new competitors. Then if servicing of rustic merchant by an organisation is not appropriate then the probable competitors can take the desirable place in case of stock out condition. This location then becomes problematic to re-claim, once it is misplaced.

(iv) Substitute Products:

In rural regions, counterfeiting is common, and substitutes thrive, due to high levels of illiteracy, limited knowledge, and reliance on retailers. Millions invested on brand building will be wasted if the organisation does not have a sufficient plan to resist this threat. Companies must also guarantee that rural consumers are educated through packaging, advertising, and brand identification so that they receive what they desire.

In rural locations, there are many various brands and product replacements. In the rural market, nimbupaani competes against Coke and Pepsi. Ash is a rival for vessel cleaning products like Vim in terms of availability.

Failure to recognise the threat of substitutes and a narrow emphasis on a few brands can lead to a myopic view of competition in rural regions.

(v) A competitor:

The nature of competition in the rural market differs dramatically from that in the urban market. The number of brand selections accessible to rural customers is significantly lower than that available to urban consumers. Brands seldom fight for shelf space in stores, but they must be present there in order to get access to customers' homes through the retailer's influence.

As a result, the competitive strategy for the rural market differs on practically all of the five factors, implying that the strategic approach necessary for the rural market is considerably different from that required for the urban market.

3. Product Strategy:

Marketers have never been compelled to build products specifically for the rural market, or even to tweak existing designs for the rural market. The Indian urban market was huge enough to offer them with profits that were either adequate or sufficient for them to survive. Because tapping the rural market was difficult, it was regarded as a market to concentrate on, and whatever spillover impact from the urban market occurred was automatically regarded as the rural market's potential.

Product mix changes are required to accommodate the complexities of rural markets. Escorts was the first company to market their 'Rajdoot' motorbike as one that could handle the rough terrain of rural India ('Jaandaar Sawari Shaandaar Sawari'). A bulb maker should consider developing goods that can withstand the wide voltage swings that are common in rural India.

(i) Goods Value Understanding:

The marketing mix must provide higher value to the rural consumer at a price point that he can afford. Before pulling money from his pocket to pay for a product, the rural customer must be 120 percent happy.

Consumers are acutely aware of the relationship between price, quality, and image, which is a major driver for the rural market. Britannia recognised this and developed the notion of 'Eat Healthy, Think Better' (swastha khao, tan man jagao). This transformed Britannia from a biscuit and quality supplier to a brand that represented nutritious food for the health-conscious Indian market.

Videocon is 'cleaning' a washing machine that doesn't have a dryer, and it's priced at Rs. 3,000 in rural areas. From 1996 to 1999, it grew at a 100 percent annual rate. The model's success reflects villagers' readiness to transition from locally manufactured washers to branded items.

As a result, stripped-down versions of urban items that have features that are tailored to the demands of rural consumers without the frills and are priced low without sacrificing quality are more likely to succeed than traditional metropolitan models.

(ii) Packaging:

The size of the package aids rural consumers in selecting a product at a price that they can afford. Rural consumers choose compact packs for a variety of reasons, including price, storability, display ability, availability, and consumption. On the one hand, compact packs can provide a better margin per unit than bigger packs, but

they might also channelize sales of the company's existing items, resulting in lower overall profit.

When brand loyalty is tough to create and brand recognition is difficult due to fakes and counterfeits, package innovation becomes crucial. Because just a few individuals in the rural market can read the brand's name. These innovations, such as pack sizes and colours, serve as differentiators and can produce demand-pull due to the excitement they generate in the market.

One company that sold hair oil used a marketing approach that involved altering the colour of the box in different areas. The hair oil was marketed in green packs in Muslim-dominated districts of Uttar Pradesh, while in Orissa, the identical pack was offered in purple, which is considered fortunate there. Hindustan Lever discovered that dealers in certain areas were slicing their giant 100 gm soap into tiny pieces to sell, so it created a smaller 75 gm version.

Large section of the rural population is employed on a daily basis, most corporations have begun experimenting with pack sizes and developing new pricing points in order to reach out to them. As a result, sachets and small packets, such as shampoo sachets priced at Rs. 1 and Rs. 2 or toothpaste sachets priced at Rs. 10, have become the norm in hinterland India, assisting in market penetration.

However, growing consumption of commodities in rural regions requires not just smaller packages, cheaper pricing, and more volumes, but also product innovation to meet their needs. Soap producers, for example, utilise cutting-edge technology to cover the surfaces of soap bars with plastic to keep them from wearing out soon.

(iii) Strategy for Branding:

To establish a brand in the rural market, things must be priced, packaged, and communicated in a way that the target demographic understands, employing idiom-specific marketing.

Many firms in the packaged goods industry (FMCG) have embraced the strategy of reducing the number of brands and developing a master brand to serve many sectors through product variation or brand expansions. If just a few master brands must be produced and marketed for diverse but related items, the high expense of establishing multiple brands is greatly reduced.

(iv) Logos and Symbols:

Symbols such as the muscle man for MRF and the lightning for Rin assist rural consumers in recognising brands at the point of purchase. It is simpler for a shop to sell a fake or counterfeit version of a brand if the emblems or symbols do not register very strongly in the minds of uneducated rural consumers.

Because most rural consumers do not speak English and most national-level enterprises use only English in their goods, emphasising logos and symbols can assist rural consumers in identifying the brand throughout the final decision process.

With such perceptions and interpretations, symbols such as the sun, moon, and stars become highly important considerations for effective rural communication. Numbers, symbols, and animals are used as brands in several popular rural products, such as 555 soap, Monkey brand toothpowder, Gemini tea (with elephant), and so on.

The logo and colour aren't the only things that impact a customer's decision to buy. Other things to consider are logo size, colour shade, and the relevance of the overall impression. Rural markets react to symbols in different ways than urban customers.

4. Pricing Strategy:

Businesses should not only price their products competitively, but also provide the best value for money to their rural customers. Indian businesses may do this by using a cost-cutting strategy. Redesigning items for the rural market should be done in such a way that they keep a cheap cost. In this scenario, refill packets are a fantastic illustration.

Because rural customers are daily earners or farmers receive the majority of their income during the harvest season, the pricing choice must be impacted not only by the revenue received, but also by when it is received and how it is apportioned.

To succeed in the rural market, businesses must employ a penetration price strategy backed by a high-quality product. Because a "two-for-one" bargain and coupons are ineffective marketing strategies, it is far preferable to price the product as cheap as possible from the start.

FMCG firms can save money by decreasing the net weight of their products or eliminating freebies and promotions in order to preserve pricing points. Individual unit profit margins will always be low in emerging regions. Capital efficiency achieving the best possible Returns on Capital Employed is what actually matters (ROCE).

The goal is to always strive to cut capital expenditures by outsourcing as much as possible. Manufacturing, optimising supply chains, aggressively controlling receivables, and monitoring distributor performance are all priorities. Low capital requirements, targeted distribution and technology expenditures, and enormous volumes at low margins result in a corporation with a very high ROCE, generating significant economic value for shareholders. The total impact on volumes and profits will be determined not just by industry trends, but also by the package's clever design.

(a) Price Point: Low unit packs have existed for a long time; the only difference now is the denomination. Tea and coffee marketers were the forerunners in this sector. Brooke Bond packs were once sold in denominations of 5 paise, 10 paise, 25 paise, and 50 paise, before eventually becoming Rs. 1 due to inflation. It's time for the Rs. 5 pack.

Pond's Talc, Pond's Cold Cream, Rin, Taaza, Fair & Lovely, and Lux are some of the brands sold by HUL for Rs. 5. The price point also benefits branded FMCGs, which are fighting fakes in the unorganised market. For those that have offered such bundles, the Rs. 5 price point leads to a rise in brand user base and category penetration.

5. Communication Strategy:

Choosing the right promotion mix is critical, especially in a low-involvement product category like FMCG. The in-depth examination is critical not only because of the cost element, but also because the entire outcomes are dependent on this decision. Only then can a marketer hope to succeed in India's difficult rural market.

Before building a marketing package for rural audiences, it's critical to understand their ambitions, anxieties, and desires in regard to each product category. Despite the fact that the organisation has a national plan, it must operate on a local level. They must devise a unique creative approach for homogenous rural sectors, which may differ significantly from metropolitan market communication.

The product tanked for a well-known shampoo company that entered the Rajasthan market decades ago with a brilliant advertising showing a gorgeous lady with bouncy hair. The audience failed to engage with the brand when post-research revealed that it was considered impolite for a girl to show off her hair.

Despite the importance of rural communication in rural marketing, most organisations approach it as if it were a stepchild, resulting in insufficient outcomes. This demonstrates a lack of awareness of rural marketing in general and the function of rural communication in creating brands in rural India in particular.

Despite the fact that firms spend a total of Rs. 1,00,000 crores on advertising each year, rural advertising expenditures remain insignificant. Companies' rural advertising budgets typically range from Rs. 6 crores to Rs. 15 crores. Though it may not appear to be enough, Rs. 10 crores invested in rural markets in villages achieves the same 'visibility' as Rs. 50 crores spent in cities and towns.

As a result, most corporations just perform a few short-term sales-oriented below-the-line initiatives in rural areas, instead of focusing on how the brand's core message is transmitted to the rural masses. The majority of them employ the same communication strategy that they do for metropolitan audiences.

A once-in-a-blue-moon van campaign isn't rural marketing in the genuine sense. Dubbing a movie from one language to another with the same characters from one region can only have a limited impact. It is critical to develop an integrated campaign that includes both mainstream media and below-the-line operations in order to achieve long-term results.

This has been demonstrated by Philips Consumer Electronics Division, ACC's Suraksha Cement, and Shriram Transport Finance's integrated rural initiatives. If an organisation hopes to grow a brand in the rural market, it is critical to invest in developing a specialised and appropriate communication package directed at that population.

Check Your Understanding:

1. The rural population is....., yet it has great potential for marketers. (**dispersed**)
2. Businesses should not only price their products competitively but also provide the for money to their rural customers. (**best value**)
3. items for the rural market should be done in such a way that they keep a cheap cost. (**Redesigning**)
4. Emphasising logos and can assist rural consumers in identifying the brand throughout the final decision process. (**symbols**)

8.3. DIGITAL MARKETING

All advertising creativities that encompass an electronic device or the internet are mentioned as digital marketing. To occupy with current and possible consumers, big businesses use digital channels such as search engines, social media, email, and their websites. Marketing consumes continuously remained near creation the right associates with the accurate persons at the accurate period. That implies you'll have to meet them where they already spend their time: online. Enter digital marketing, which refers to any type of marketing that takes place online. Digital marketing refers to the use of a variety of digital methods and platforms to interact with customers where they spend the majority of their time: online. There is a range of strategies that belong under the name of "digital marketing," from the website itself to a business's online branding assets — digital advertising, email marketing, online brochures, and beyond. The most successful digital marketers have a clear understanding of how each digital marketing campaign contributes to their overall objectives. Marketers can also support a wider campaign using the free and paid channels available to them, based on their marketing strategy's aims.

8.3.1. DIGITAL MARKETING TRENDS

In July 1995, Amazon.com was launched as the "world's largest bookshop." It promised to revolutionise commerce after being founded by Jeff Bezos as a virtual bookstore with no real books. To achieve the same goal, Amazon constructed individualised storefronts for each consumer,

offering more valuable information and options than a conventional neighborhood bookshop. It became known as an electronic marketplace. It is frequently updated, has excellent material, and has a wider audience. It focuses mostly on the platform's technological aspects and numerous products.

In the list of current marketing developments, digital marketing is most likely the most essential and remarkable. This practice has swiftly caught on in terms of reaching out to various groups that are related to virtual marketing for a company. Newer, more inventive, and eye-catching approaches are constantly being developed by businesses. New ones are generated every hour, and old ones are replaced or altered before they have seen enough light of day. Digital marketing is the trend of the future, thanks to e-commerce and technological advancements. Its reach will extend exponentially as the user population grows at an exponential rate, thanks to its capacity to overcome geographic and financial boundaries.

The following are some of the most important and consistent digital marketing trends:

A. Internet Promotion of Marketing

Online advertising, internet marketing, online advertising, and e-marketing are all terms used to describe online marketing. It is the online marketing and promotion of items or services. For instance, blogs, online banners, search engine results, social network advertising, e-mail marketing, and online classified advertising are all examples. There are a slew of other techniques utilised in web marketing. The approaches stated above, as well as many more, are employed in internet marketing on an integrated platform. Platforms such as Facebook, MySpace, and others are included.

The following are a few examples of several sorts of internet marketing:

Email marketing refers to the use of electronic mail to reach out to potential consumers (email). Email marketing, which is frequently combined with data mining, may be used in a number of ways to influence clients. In general, email marketing is a more sophisticated, digital counterpart of traditional direct mail marketing. Email marketing is a sort of direct marketing that entails sending commercial or fundraising emails to a specific target group. In the widest intelligence, all email referred to a possible or present consumer strength be known as email marketing. An email marketing strategy should be part of your entire marketing strategy and business plan.

It aids in the marketing of products and services via email, with the highest odds of earning a profit and achieving objectives.

Email Service: Email services are provided by a variety of firms. By focusing on the most popular, marketers may improve the success of their ads. The following email clients have been ranked by the number of times their emails have been opened.

a. iPhone - (20%) b. Outlook - (18%) c. Yahoo Mail - (13%) d. Apple Mail - (8%) e. Hotmail - (8%) f. iPad - (8%) g. Android - (7%) h. Gmail - (5%) i. Web Version - (5%) j. Windows Live - (3%) k. Other - (3%) l. AOL - (1%)

Provider of well-known E-marketing Services

Over the last 15 years, the email marketing sector has expanded. Companies spent \$1.51 billion in 2011 on email marketing. To capitalise on this trend, a number of organisations have begun to offer email marketing services to both large and small enterprises.

B. Blogs

Using Blogging as a Tool for Marketing

Although the world of blogging has evolved over the years, the format remains a helpful and relevant marketing tool. Being current in your blogging techniques and marketing initiatives requires staying on top of the newest developments. Blogging tactics and strategies grow in the same manner that digital marketing approaches do to match new expectations.

Investigate the latest trends in the blogosphere before launching a successful internet marketing strategy. Once we know which blogging methods are current and effective, we can fine-tune our digital marketing campaigns to include what we've learned.

The term "blog" refers to a type of website. It is the gathering, presentation, and debate of data on a variety of themes chosen by the blogger and the visitors. The blogger is the person who developed the blog and updates it with new information on a regular basis, allowing internet visitors to view it and comment on it. Every blog, for the most part, discusses a certain topic. As a result, blogs can concentrate on a wide range of topics. The Content Marketing Institute provides a list of the most popular blogs as well as the topics they cover. As a result, the top-rated blog was discovered to be Convince and Convert.

The following are examples of different sorts of blogs:

Personal Websites: This is a person blogging about whatever they choose. Individuals can choose their own subjects.

Corporate Blogs: A corporate blog is one that is produced for a company. They can be created for either internal or external use. Internal blogs are mostly used for staff communication and engagement, whereas external blogs are primarily used for marketing, customer contact, public relations, branding, and other objectives.

Microblogging is the practise of publishing little amounts of digital material on the internet. Text, images, videos, and other media are used to create the content. In this area, Facebook is a good example.

The marketing utility: A blog designed exclusively for marketing reasons will be built and carefully monitored. Companies use them to stay

in touch with their current and future clients. Corporate blogs may be an effective communication tool for raising brand awareness and cultivating a feeling of community.

C. Mobile Marketing

Mobile marketing refers to all activities that use mobile devices and networks to link advertisers with customers. Phones, PDAs, media devices, portable game consoles, tablet computers, and, of course, devices that serve as all of the above are all considered mobile devices. A simple cell phone, for example, may receive ;her devices, on the other hand, enable a wide range of extra features, such as mobile Internet access, video chatting, and the ability to actively start and interact with advertising (for example, by scanning a QR code) Reliance Fresh, for example, will send text alerts about the newest bargains on veggies, snacks, hygiene care, and other items offered in the shop. This allows clients to immediately take advantage of any relevant deals they come across from time to time.

D. Marketing on Social Media

Companies like Facebook dominate the social media sector by providing a virtual platform that allows users to engage with an entire community at the same time. Due to customer acceptability and creative user interface technologies introduced for the purpose, this internet marketing trend has expanded in a relatively short period of time. The goal of this marketing technique is to increase website traffic or attention by using social media networks. Anyone with an internet connection may simply access it. Organizational communication improves brand recognition and, in many cases, customer service.

Furthermore, social media provides a very low-cost platform for businesses to launch marketing efforts. Advertisers on social media employ communication methods that are both accessible and scalable. If the communication is web-based, it may be turned into an interactive mobile communication. The fact that smartphones and tablets have made social media more accessible and simplified the user interface is one of the reasons for its appeal. According to studies, over 38 million individuals use their mobile phones to access social media. In terms of utilisation, mobile devices have surpassed PCs.

The five characteristics listed below help to illustrate the complicated concept of social media:

1. **Participation:** Users should be able to engage in chats, online activities, and any other feature of the system that keeps it together.
2. **Accessibility:** People of all interests must be able to access it whenever and wherever they choose, regardless of geographic or temporal constraints.
3. **Interactive:** A platform must be accessible and participatory in order to be interactive. The capacity to communicate and collaborate among many parties on the medium employed is referred to as interactive.

4. **Digital space:** Digital space encompasses all of these characteristics. That is, it must take place through the internet.
5. **Connectivity:** Interested parties must be able to access the internet and engage regardless of their location.

Social media includes blogs, podcasts, forums, microblogging, and networks, among other things. **The following is an explanation of how social media works, grows, and is important:**

1. It provides a one-of-a-kind way to learn what customers think about a product, service brand, or company.
2. It provides a digital platform for reaching out to the masses.
3. Because of its low costs, even small businesses have been able to enter this market and gain exposure while staying in touch with their customers.
4. It aids in the projection of newer techniques that will be required in the future in order to keep up with current events.
5. It gives marketers a real-time view of how change is induced.
6. It not only helps one understand what marketers are trying to sell, but gives an insight into what the market is demanding

E. Viral Marketing

What is Word of Mouth Marketing?

Word of Mouth Marketing (WOMM) is the most powerful medium on the planet. It's the actual sharing of an opinion about a product or service between two or more consumers. It's what occurs once persons turn out to be ordinary product deliverers. It's the blessed grail of vendors, CEOs, and businesspersons, as it can make or break a creation. The key to its success: its honesty and natural. It not only enables one to comprehend what marketers are attempting to sell, but it also provides insight into what the market requires.

E. Marketing Viral

The most powerful media on the earth is Word of Mouth Marketing (WOMM). It's the act of two or more consumers giving their thoughts about a product or service. It's what occurs when people naturally become brand ambassadors. Marketers, CEOs, and entrepreneurs consider it the holy grail since it has the power to create or kill a product. Its success is due to its honesty and naturalness.

Viral marketing is an attempt to transmit a marketing message fast and widely. Consumers are multiplying at an exponential rate. In today's world, this usually takes the shape of an email message or a text message. video. Viruses aren't bad, contrary to popular belief. It isn't unnatural or dishonest. It's at its best when is word-of-mouth enabled, and at worst, it's just another annoying marketing message.

Viral marketing is a type of promotion that relies on the free spread of ideas through word of mouth. When you like something, it's natural to want to tell someone you like about it. You enjoy sharing anything cool

you've discovered with others, whether it's with friends, relatives, or coworkers. Those with whom you share something will, in turn, share it with their network of friends. Viral material spreads like a virus, in an ever-expanding circle that may never end.

The ultimate goal of marketers who want to create successful viral marketing programmes is to create viral messages that appeal to people with high social networking potential (SNP) and that have a high chance of being presented and spread by these people and their competitors in their communications with others in a short amount of time.

Viral marketing examples

- i. Dumb Ways to Die is one of the most inventive public safety videos of all time, and it has spawned a slew of sequels. The original has over 92.9 million views on YouTube, and the ad has won various honors across the world.
- ii. World Wildlife Fund (WWF) on Snapchat: "The Last Selfie"

The goal of this campaign is to raise awareness of animal populations that are on the verge of extinction all around the world. WWF recognized that they take a international listeners and they wanted to grasp that listeners and Snapchat remained the seamless residence to do that. Allowing to Ittisa, "then tire awareness behind WWF using Snapchat remained to give emphasis to the detail that threatened type are thre at ened everywhere the creation fair as selfies dissolve since Snapchat in Ten seconds."

F. Buzz Marketing

Buzz marketing is a viral marketing method that intends to make each meeting with a customer appears to be a one-of-a-kind, unexpected individual sharing of information rather than a well-orchestrated marketing presentation.

Traditionally, buzz marketing initiatives have been quite theatrical. Only a few "knowing" persons in the target demographic are given information about the product or service by the advertising. Buzz marketers create a sophisticated word of mouth campaign by purposefully seeking out one-on-one conversations with those who heavily influence their peers. Customers are flattered to be included in the elite group of those "in the know" and eagerly spread the word to their friends and colleagues.

The goal of buzz marketing is to quickly attain a critical mass of adopters for a company's new product. Many new items are advertised using a push-strategy nowadays, but people are becoming bored of it. It is today's marketer's problem to generate a pull for their items. Consumers want to be advertised to, thus a strong buzz marketing campaign helps them want to be marketed to. Finally, the most crucial reason to adopt buzz marketing is that when people start talking about your brand, they start promoting it for you.

"Giving people something to speak about" is the "basis" of buzz marketing. If a corporation wants people to talk about its product, it must first provide a cause for them to do so. It must tell them a narrative, and not just any tale, but a newsworthy storey.

Buzz marketing may sometimes devolve into a form of hype. It's possible that a campaign will become a buzz if it is a major success or receives unexpected media attention. The goal of a hype or buzz marketing campaign is to get people talking about a product and create demand. The main difference is that a genuine buzz usually fades away quickly, but a buzz marketing effort might have a long-term impact.

8.4. GREEN MARKETING

"Brands will not be able to opt out of being green," says an introduction to green marketing. Consumers will punish companies that do not follow a green protocol. I don't think they'll be able to survive in the long run." — Lee Daley, Chairman and CEO of Saatchi & Saatchi in the United Kingdom.

The harmful influence of human activities on the environment is currently a source of worry. Governments throughout the world are attempting to reduce the human effects on the environment.

Our culture nowadays is increasingly worried about the environment. Businesses have begun to adapt their behaviour in response to society's growing worries, including environmental issues into their daily operations. Green themes have been included into academic areas' literature. This is also true in marketing, where words like "Green Marketing" and "Environmental Marketing" are incorporated in the curriculum. Green marketing has become such a source of worry for governments throughout the globe that they have sought to regulate it.

8.4.1. DEFINITION AND MEANING

According to the American Marketing Association, "green marketing is the upgrading of things that are perceived to be environmentally friendly."

"Green or Environmental Marketing" is defined by Polonsky (1994 b, 2) as "any actions aiming to produce and support any exchanges intended to meet human needs or desires in such a way that these needs and wants are satisfied with little negative influence on the natural environment."

The technique of selling products and/or services based on their environmental benefits is known as green marketing. Such a product or service might be environmentally friendly in and of itself, or it could be manufactured and/or packaged in an environmentally beneficial manner.

Green marketing encompasses a wide variety of actions, including product modification, manufacturing process improvements, packaging changes, and advertising adjustments. Green marketing focuses on meeting client requirements and wants while causing no or minimal environmental impact.

Green marketing is primarily concerned with three aspects:

1. Promotion of pure/quality product manufacturing and consumption,
2. Fair and reasonable dealings with consumers and society, and
3. Environmental protection

Global ecological imbalance and global warming (also known as global cooling) have prompted environmentalists, scientists, social groups, and concerned citizens to take real steps to halt future environmental degradation. The World Bank, SAARC, the United Nations, the World Health Organization, and other internationally powerful organisations have begun to advocate and implement green marketing.

The international environment conference in Copenhagen (2009) was a huge event that demonstrated the severity of the ecological imbalance. The 5th of June has been designated as World Environment Day in order to raise awareness.

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The following criteria are used to describe green products:

- i. Products that are cultivated locally,
- ii. Products that are recyclable, reusable, and biodegradable,
- iii. Products that include natural components,
- iv. Products that use recycled materials and non-toxic chemicals, and
- v. Product contents that are within allowed chemical limits.
- vi. Products that do not hurt or degrade the environment,
- vii. Products that will not be tested on animals,
- viii. Products with environmentally friendly packaging, such as reusable, refillable containers, and so on.

The organisations that really promote green products out of conviction, according to Pitte and Crane, have four characteristics:

1. Dealing with customers:

Such businesses frequently do market research to learn about their clients' demands, needs, attitudes, beliefs, and knowledge. They also consider how their activities would affect other stakeholders.

2. Take a long-term view:

Companies that promote green goods usually take a long-term view and carefully plan future projects, products, and services, completely including their green activities.

3. Fully utilise business resources

Everyone is committed to fully using company resources, and no one is willing to compromise on product environmental performance. All of the company's departments are involved, and they all work together to achieve their goal of promoting green products.

4. Innovative:

Businesses utilise innovation to extend the life of their products, upgrade technology, or purchase back discarded items or packaging for recycling.

To be effective in green marketing, one must do three things:

- a. Be honest in their green claims. You must verify that none of your company operations contradict your choice in order to be authentic.
- b. Educating customers entails not just informing them that you're doing everything you can to safeguard the environment, but also in explaining why it matters.
- c. Allowing consumers to engage involves personalising the advantages of environmentally friendly behaviours, often through allowing customers to participate in good environmental action.

8.4.2. IMPORTANCE OF GREEN MARKETING

Green marketing affects positively the health of people and the ecological environment. People are aware of pure products and pure methods of producing, using, and disposing the products. It encourages integrated efforts for purity in production and consumption as well.

1. Now, people are insisting pure products – edible items, fruits, and vegetables based on organic farming. The number of people seeking vegetarian food is on rise.
2. Reducing use of plastics and plastic-based products.
3. Increased consumption of herbal products instead of processed products.
4. Recommending use of leaves instead of plastic pieces; jute and cloth bags instead of plastic carrying bags.
5. Increasing use of bio-fertilizers (made of agro-wastes and wormy-composed) instead of chemical fertilizers (i.e. organic farming), and minimum use of pesticides.

6. Worldwide efforts to recycle wastes of consumer and industrial products.
7. Increased use of herbal medicines, natural therapy, and Yoga.
8. Strict provisions to protect forests, flora and fauna, protection of the rivers, lakes and seas from pollutions.
9. Global restrictions on production and use of harmful weapons, atomic tests, etc. Various organisations of several countries have formulated provisions for protecting ecological balance.
10. More emphasis on social and environmental accountability of producers.
11. Imposing strict norms for pollution control. Consideration of pollution control efforts and eco-technology in awarding IS, ISO 9000, or ISO 14000 certificates and other awards.
12. Declaration of 5th June as the World Environment Day.

8.5. CHALLENGES FACED BY MARKETING MANAGERS IN 21ST CENTURY

Everyone in every industry is facing challenges and come out with solution by their own, so as Marketing Managers can't escape from the same. In 21st century dynamic personality will help to survive in cut-through competition. Marketing managers are facing ever changing atmosphere of media, cost of advertising on different media are challenges in 21st century. Following are few listed Challenges faced by Marketing Managers in 21st Century.

1. Budget Allocation:

Budget allocation is the basic Challenges faced by Marketing Managers in 21st Century due to inflation in market as well as multiple sources of media. Now a day's marketing managers must use traditional and modern Medias for promotion. They can't ignore anyone of them. As traditional media like, Radio, Television, Newspapers are connected to the old age people, whereas youngsters are on Social media like, facebook, YouTube, and many more. Hence the allocation of budget is the challenge for the marketing managers. Selection of right media for right promotion is necessary.

2. Differentiation:

It is very crucial to place our brand in the mind of customers through differentiation from others. Customers are watching so many advertisements in day-to-day basis, and after watching so many options they should prefer our brand is a really great challenge in front of marketing Managers. Delivering an appropriate and effective message to our target customer's mind from the overcrowded advertisement atmosphere, is the motto of differentiation.

3. Brand Recall:

Even after delivering right message to right customers, what about the consistency? What after a month or after some days? It is a greatest challenge to keep on Brand recall. Firms must follow some tactics to recall the brands, like, jingle in advertisement may get remember by customers and recall on day-to-day basis. Amul used to advertise on Daily basis with the more attentive subject of the day.

4. Positioning:

Now a day's positioning is become a necessary. It is quit challenging to achieve right positioning for the brand. Positioning is not so simple in competitive environment. Apple and Samsung are best examples, who strive hard to ensure of its various departments like, sales and service keep up to the mark in the minds of customers. In the mind of customer the order of our brand should be first, if not then at least second or third but should not be beyond third position. As the position going down simultaneously sales will definitely go down. Positioning matters lots, hence managers must deals with the challenge of conquering best positioning.

5. Increased Competition:

The access to new markets also means exposing yourself to more competitors. After all, if you are trying to reach the audience in a new location, you still have to "fight off" its local competitors. This translates to not only having specific local competition in each new area, but also more overall competition for your business.

6. Lack of Resources:

One of the biggest International Marketing challenges is the lack of resources to cover all markets. This is true not only when it comes to advertising budget, but also for human capacity. Even if you had enough budgets for campaigns, you still need to have enough people to manage them. But this is not the whole issue. If you are expanding digitally, you need to evaluate the distribution of your resources.

All above are the challenges in front of marketing managers, which are involve with multiple decisions, options as well as rejections and at the end lying the doubt in mind about the success. Marketing managers needs many minds to work on the appropriate strategies, which will be able to produce results.

Check Your Understanding:

1. It is quit challenging to achieve right for the brand. **(positioning)**
2. Firms must follow some tactics to recall the brands, like, in advertisement may get remember by customers.**(jingle)**
3. It is very crucial to place our brand in the mind of customers through from others.**(differentiation)**

A career means a job or profession for which someone trained for and carrying for a longer tenure. This is also considering as; number of jobs that have been served in a specific area of work.

If someone wants to do career in marketing, he/she must possess marketing skills which will helpful in growing in the career. Now days with the digitalised platforms someone can to the online as well as offline career in marketing. Maximum marketing careers are asking degree or certification from reputed institutes. Following are some careers listed in marketing:

1. Market Research Analyst:

A person can go for career in Market research as an analyst, who understands trends in sale, consumer behaviour and competition as well. Gathering data and summarising with interpretation in report is the duty of analyst. There is a high demand of Market Research Analyst and handsome salaries to them.

2. Search Engine Optimization:

Search Engine optimisers are the person who ensure the positioning on website and search engine. He is attracting potential customers from overcrowded marketplace. It require tech savvy personnel and there is high demand nowadays.

3. Digital Research Analyst:

A person can find out how effective our online marketing campaigns are. These personnel are assessing statistics and provide suggestions about the enhancing performance of social media. The interpretation skill and problem-solving techniques gives the decided results. Digital research analyst helps to fixed issues.

4. Content Writing:

Every organisation strives for better image among the customers, for those messages are delivering through social media, websites and other promotional activities. Customer's perceptions are crafted by the message, which is a content. Content writing is connecting the firm's present and future customers with the brand. Content writing is a crucial and very creative job. Writing skill helps to do career as a content writer.

5. Graphic Design:

Latest marketing trend in social media are Facebook, YouTube, Instagram, Twitter and many more. All the platforms needed very good skill of presentation, which can be possible through graphical designs. Impressive graphics not only attract customers but deliver the message in effective way. There is good scope for Graphic designers as a career.

6. **Product Marketing Manager:**

Product Marketing Manager is the person who always find out best ways to generate interest about product. He is developing overall action plan for product demonstration, advertising and press releases. Skill of understanding customer base is essential to do career as product marketing manager.

7. **Brand Manager:**

Brand manager work on the customers perceptions to shape the particular brand. He is crafting image of product in the mind of customers. Maintaining the brand is always the duty of brand manager, he must have the skill of coordination between budget manager, customer relationship manager (CRM), marketing department and creativity. There is a career as a brand manager if someone posses the mentioned skills.

8. **Pay per Click Advertising:**

Pay-per-click professionals develop enticers, from where they can attract customers on internet. They carefully observe the effects and make provision if require to generate number of traffic. This position requires very good research skills and analysing consumer behaviour. He must have knowledge of all search engines and updated internet trends.

Check your Understanding:

1. A career means a job or profession for which someone..... for and carrying for a longer tenure. **(trained)**
2. If someone wants to do career in marketing, he/she must possess **(marketing skills)**

8.5.2. SKILLS SETS REQUIRED FOR EFFECTIVE MARKETING

Every field requires specific skill sets to perform efficiently. So as effective marketing requires soft skills and hard skills. Soft skills are widelyrelated, and also necessary in many other different careers. Hard skills are related with more on technical abilities and knowledge of specific tools. Soft skills are necessary to possess by the marketing managers where as hard skills can be hire as per requirement. Following are some skills require for hiring as a marketing personnel.

A] Soft skills

1. Communication

Communication is listed as a core skill in soft skills, it is necessary to deliver the desire message or concept to the target customer. Marketing personnel must be able to express himself and convey idea in lucid, clear and engaging way. Good communication always creates good image of the marketer as well as organisation.

2. Creativity and Problem-Solving

Every successful marketer must possess the skill of creativity, which is continuously required in competitive age. Marketing personnel must have the skill of problem solving, to lead the organisation in right direction. Out of the box thinking is most needed aspect in marketing. Problem solving in new angles and innovation will help the overall marketing team. Creative and problem-solving skill is need of an hour in marketing.

3. Attention to Detail

Right thing doing at right time is very needed skill, as a marketing personnel, each and every delivery will be observed by many people. It can be anything related to promotional materials, posted on blog, social media presentation. So, the correctness is crucial to maintain organisational image and deliver the right information to target customers.

4. Interpersonal Skills

Marketing personnel deals with many people in in day-to-day activities. A person is working in an organisation as a team leader, team member, and coordinator with different departments in organisation, customers, vendors or suppliers and colleagues. Frequent interaction with all kinds of people requires very good interpersonal skills. Interpersonal skills can build strong working atmosphere as well as relationships within and out of the organisation.

5. Leadership

Becoming a leader should be the ultimate aim of any marketing personnel, even if he is appointed as an assistant. Leadership quality matters in any employee for individual as well as organisational growth. Leadership skill is useful to stay motivated and spend time for organisation. It will always necessary to take a charge on specific demanding situation, acting as a leader to guide juniors, clients or vendors in their performance.

6. Adaptability

Adaptability is the additional soft skill required to the marketing personnel. Everchanging scenario of marketing needs fast adaptability skill. Adaptability helps in completing tight deadlines as well as eleventh hour emergencies. Short notice period service is possible with only adaptability skills, Adapting the changing circumstances gives satisfaction to successful marketer.

B] Hard Skills

1. Writing

Writing skill is the extension of communication skill. It is a highly required skill in every field. In marketing writing skill has a special important in day-to-day work. Drafting a letters to clients and vendors, quotations and many more writing activities require skilful writing, which

creates intangible impression. So, marketing personnel must possess the good writing skill.

2. Data Analysis & Analytics

Marketing is game of targets and achievement, which requires measurement. It is always advisable to calculate the success and returns of marketing efforts. Data analysis gives idea of performance, and as a marketing personnel data analysis gives broad vision for future action, campaigns. Data analysis skill gives addition benefit to an individual to forecast his career according to the performance.

1. Project Management

Doing Project management is an inseparable part in the career of marketing personnel. A project manager skill is help to plan for future and also provides guidelines to execution of desire strategies. Project management skills aids doing work in efficient manner. This skill gives ability to execute deadlines, keeping track records of other personnel's, with excellent results.

2. Research:

Research is all pervasive, it cannot be ignored in marketing as well. Before going for any campaign or strategy marketing manager must do research. Research is the skill helps to enhance the quality of work.

5. Social Media Marketing:

Today's world is all about the social media marketing, those posses this skill will definitely going to reach up to their customers. Modern marketing is easy with social media marketing.

5. E-mail Marketing:

E-mail is the important means of communication, being a marketer, the role of email should be understand and using for marketing is need of an hour.

6. Website Management:

Website is the screen of every organisational activities, it can be updated on daily basis and reach out to our customers easily. Website management skill is most needed one. Developing attractive website with the continuous update builds organisational image.

Marketing skills can be adapted through the training and development programs. Employers are looking for Soft and hard skills. Degree programs in the field of marketing also give training and education. Marketing skills with the proper certification provides good chances of recruitment as a marketing personnel.

Check your Understanding:

1. Marketing requires skills and hard skills.(soft)
2. Hard skills are related with more on Abilities. (technical)

3. Marketing skills can be adapted through the and development programs.(training)

8.5.3 FACTORS CONTRIBUTING TO SUCCESS OF BRANDS IN INDIA

These simple actions will cause you to rethink your branding strategy:

Seth Godin defines a brand as "a set of long-term expectations, memories, experiences, and relationships that account for a customer's choice to pick your product over another."

The above description by Seth Godin summarizes the fundamental idea of a branding performance. You win the business game if customers prefer your brand over the competition.

Branding is a difficult task. However, for your firm to be successful, you must carefully design, test, and finally optimize your branding strategy. However, if you have never done it before, it might be difficult at first.

We've compiled a list of essential elements that many major firms are actively seeking through their branding initiatives. Success leaves hints; if we're wise, we'll notice them and react accordingly. If we aren't, we should spend more time failing at what others have previously failed at, resulting in lower productivity for ourselves and our company.

1. **Be familiar with your target audience**

Because branding success is contingent on the presence of consumers and fans, one of a company's key goals should be to identify and understand its target demographic. To be more specific, excellent companies are aware of who their target consumers are, how they think, what they require, and, most crucially, what they do with their time is where they spend it.

Your brand strategy should be solely focused on your target audience if you want to advertise your products and services effectively. You'll save time, money, and energy this way since you won't waste resources trying to contact customers who don't see your value as relevant to their life.

Hence more information you have around your target market, the more options you have for improving your products. Furthermore, analyzing your prospects for months or even years while consistently offering value to the market will make you into a "large and experienced dog" in your area.

2. **A strong and distinct value proposition**

Strong brands provide distinct value propositions. You're more likely to gain a customer's attention if you offer a clear remark that demonstrates the extra advantage of your items. Consider Walmart's motto: "Save Money, Live Better." This sentence encapsulates their low costs, which have swept the globe.

Another notable example of great distinct value propositions in huge businesses is Skype. "Skype keeps the globe communicating for free," according to the company. Who wouldn't want to be able to communicate with their loved ones via text messaging and video calls?

Determine the most significant advantage that your brand provides to the marketplace. Then, on a piece of paper, write out that advantage in one phrase. Make it simple, succinct, memorable, and forceful all at once!

3. Enthusiasm may be seen

You must make your followers and consumers excited about your culture if you want to create buzz around your company. Put as much heart into it as you can, and you'll get enthusiasm in return. Walt Disney saw the need for a location where children might experience wonderful experiences. Adults are also heavily targeted since Disneyland transports you back in time and makes you feel like a child again.

There are numerous amusement parks across the world, but none can compare to Walt Disney's magnificent castles. You're likely to see a good visual depiction of enchantment even if you spell "Disneyland" in your thoughts. Both brand owners and ordinary followers and clients can see the love that goes into this brand.

4. Unconventional thinking

Nowadays, outside-the-box thinking is an uncommon quality. As a business owner or marketer, you must constantly evaluate numerous perspectives. Promotional angles, branding angles, and anything else. Because it's the easy way out, you're tempted to look at what others are doing. To establish a successful brand, though, you must attract more attention.

You accomplish this by ensuring that your items stand out. You apply novel marketing methods that no one else has tried before, you create a true niche product, and you make it all easy in the meantime.

5. Reliability

Brands that are inconsistent in their performance in the marketplace and the game of business will suffer as a result. You can't expect your customers to remain around if you aren't available at all times. They'll come once, see that you're not accessible or that you're no longer who you used to be and represent, and then your brand will start to crumble.

When you go to McDonald's, you can always count on being satisfied. Why? This is because of their high level of consistency in their products. They also developed a franchise regulation requiring all McDonald's restaurants to follow the same guidelines and prepare hamburgers in the same manner.

6. The goal of the brand goes first

You'll need a genuine goal and objective to take your brand to the next level. The brand's mission is typically associated with contributing to a cause. Nike, for example, tries to get people running. Dove wants every woman to feel confident in her skin.

Any brand that declares a clear objective and then delivers on that promise is likely to outperform the competition. As a result, identify your company's goals and focus all of your efforts on accomplishing them. Employees must also comprehend and, ideally, align with the company's goal, since they are frequently the driving force behind your organization's success.

7. Outstanding brand buzzwords (or taglines)

The first aspects and phrases that come to most men's thinking are brand slogans or catchphrases. Here are a few famous examples taglines throughout history:

1. "Just Do It," Nike says.
2. "Think Different" by Apple"
3. And You're Worthy It," says L'Oreal."
4. The Ultimate Driving Machine" is BMW's slogan.
5. "Betcha Didn't digest Just One," says Lays.

These are amazing taglines that large organizations have used through history to raise brand recognition, promote phrase marketing, and, overall, boost their brand's effectiveness.

However what makes a perfect slogan? When creating your brand's slogan, there are a few elements to keep in mind:

1. Keep it unique and easily identifiable.
2. Instead of advertising a feature, including a crucial advantage. Make it as clear and succinct as possible.
3. Make it such that it stands out from the crowd.
4. By using your words, you may spread pleasant energy.

8. The brand is always a good investment

This shouldn't even be addressed because one of the laws of business is that value comes first, followed by money. Every successful and well-known company continues to provide value to its customers. If the value drops or disappears, the firm will collapse miserably, regardless of its former or current popularity. The rival will attack from behind, taking advantage of your flaws and snatching your audience.

Many businesses fail as a result of their desire to increase revenues. As a result, the product's quality should deteriorate. Why? For example, if you started out supplying 10 crispy chicken strips manufactured from the best materials and meticulously prepared,

over time you'll start offering 9, 8, maybe 7 chicken strips, all while utilizing less expensive components.

This is almost always a trap. Many businesses think that their customers are overly reliant on their products, so they begin to exploit them. Fans will inevitably spark debates and unfavourable responses. These bad results have the potential to severely harm your firm's image and performance.

9. Excellent exposure

Let us not overlook the significance of exposure. You could have the best product on the universe. You won't be able to sell it if you can't effectively advertise it. This eventually leads to a brand's demise, therefore ensuring that you have effective marketing techniques in place is critical to winning a niche market struggle.

Rolex's current marketing approach is to use social media to share gorgeous photos of their products. Here are some marketing channels that you may use to increase your brand's exposure:

1. Marketing with content
2. Marketing on social media
3. Advertisement in the traditional sense
4. SEO stands for search engine optimization (SEO)
5. Marketing using television, radio, and the Media Buy Forum
6. CPA Marketing
7. Video Promotion

Check Your Understanding:

1. Every successful and well-known company continues to provide to its customers. (**value**)
2. "Just Do It," is called as (**tagline**)
3. Nowadays, outside-the-box thinking is quality. (**an uncommon**)

8.5.4 REASONS FOR FAILURE OF BRANDS IN INDIA

Brand maintenance is a challenging task, which requires consistent and continuous efforts. There are many reasons for failure of brands like, poor performance of product, fail to recall brand, false marketing, over marketing, big expansion with limited resources, irrelevance and increase in competition.

1. Poor performance of product/ service:

Poor performance of product or service is the main reason for failure of brands. For example, many actors are earning lot on their peak period, but after 4 to 5 flops delivery they lose their brand values. Sometimes people are spending on brand name and if found that

product does not deserve the price and then negative mouth publicity hits the brand badly.

2. Dropping Brand Recall:

Repetition creates reputation, for any brand. Whenever there is drop in brand recall slowly customers move towards the other brand. Low brand recall becomes reason for failure of brands.

3. Expanding with limited resources:

Expanding too fast with the limited resources may cause the brand failure, as it is not possible to maintain brand equity throughout the segments. Samsung has a good example, where Mobile and televisions are in high demand but fail to create image of their air conditioners and cameras.

4. False Marketing:

Brand is establishing with the trust or the promise of performance, once you lose it there will be no brand. False marketing is affecting the direct image of organisation and ultimately become cause for failure of brand.

5. Over Marketing:

Too much marketing is not creates speciality, it becomes common. When there will be too much exposure, people may not feel special to have it and ultimately results in undesirable product or service. So the over marketing become cause for failure of brand.

6. Irrelevancy:

Sometimes, due to many reasons brands are becoming irrelevant. Nokia lost their market share due to not adapting right technology. Nokia did not use android technology and their completion ends. Hence, relevance is necessary otherwise chances are high for failure of brand.

7. Increase in Competition:

Market competition with multiple brands may dilute our brand value. Soaps and shampoo are not at all having stable branding. So the increase in competition is one of the reason for failure of brand.

Examples of failure of Brands in India

For all kinds of goods and services, the Indian market is regarded as a profit-making market.

Some well-known companies, however, failed to create an impression on Indian consumers.

1. Kingfisher Airlines

1. Vijay Mallaya launched Kingfisher, a leading and world-class airline based in Bangalore.
2. Each day, 400 flights were available.

3. Unfortunately, the airline became embroiled in political squabbles, which eventually led to its demise.
4. It also had to deal with severe difficulties such as consumer complaints about personnel misbehavior, financial and operational difficulties, and overall inefficiency.

2. India's Business TV

1. Bloomberg TV India was the name of the corporate television channel in India.
2. Business Broadcast News Private Limited established it as an English news station.
3. The channel's license was not renewed in August 2016, and broadcasting activities were suspended.
4. The explanation for the shutdown was that the channel had been dealing with financial troubles for months before being shut down.
5. According to reports, management attempted but failed to remedy the situation.

3. Doodhwala



1. In the year 2015, this business was founded.
2. It was a platform for hyperlocal milk and groceries delivery.
3. The business dealt with a wide range of items, including milk and fruits.
4. The goal was to provide people's fundamental, daily needs before 7 a.m.
5. The firm considered that its operations were in good shape.
6. The users were enthralled by the low shipping cost of Rs 3.
7. When Big Basket began to extend its operations and conquer markets across the country, Doodhwala struggled to keep its existing clients despite sophisticated marketing techniques.
8. Doodhwala eventually shut down its operations due to a loss of previous customers and a lack of sufficient finances to keep the show running.

4. **Aditya Birla Payments Bank is a subsidiary of Aditya Birla Group.**

1. On February 22, 2018, it was established.
2. It was India's fourth payments bank to be approved by the RBI.
3. Aditya Birla Nuevo and Idea Cellular Limited collaborated on the project.
4. Aditya Birla owned 51 percent of the corporation, while Idea Cellular Limited owned the remaining 49 percent.
5. The bank declared on July 20, 2019, that it was ceasing operations due to a shift in the business and economic environment that made its plan unviable.
6. The bank's operating profit was negative, and its operating costs were considerable.
7. There were also various financing restrictions, such as the fact that only government assets may be invested, and the return on such investments was minimal.

5. **Chevrolet**



1. At the end of 2017, Chevrolet's operations in India came to an end.
2. In the fiercely competitive Indian vehicle market, Chevrolet struggled to stay afloat.
3. Many of its clients were taken aback by this.

6. **Pop Bisleri**

1. Bisleri is a well-known brand in India's bottled mineral water market.
2. Bisleri had also introduced additional beverages, such as Pina Colada, Fonzo, Spice, and Limonata, in addition to mineral water.
3. Customers did not like these items, so Bisleri pulled them from the Indian market.

7. DocTalk

1. DocTalk was a 2016 app that was released in August.
2. Doctors might speak directly with patients using this app.
3. DocTalk enabled patients to communicate with their doctors, maintain medical records, preserve prescribed drugs, and request specific prescriptions if necessary.
4. Despite its benefits, doctors found it difficult to keep track of their patients and keep track of their data.
5. It soon suffered a drop in user numbers and was no longer viable.

8. Adibas



1. This company launched its products in India, however, it was unable to compete with the current market.
2. It had a hard time competing with Adidas, a more well-known brand in India.

9. TaxiForSure.com

1. Aprameya Radhakrishna and Raghunandan G started it in June 2011 as an aggregator of automobile rental and taxi services in India.
2. They collaborated with some taxi companies, providing them with technology to ensure that customers had simple access to secure and dependable automobile rides.
3. It was purchased by OLA in March 2015 due to fierce competition and poor market conditions.

10. M-Pesa by Vodafone

1. Mobile money service Vodafone M-Pesa was launched in India in 2013.
2. M-income Pesa's originally increased by 20.7 percent to about 0.75 billion, according to Vodafone Group statistics.
3. By the end of 2016, M-Pesa has amassed over 8.4 million Indian customers.
4. This unit, however, was negatively impacted by regulatory changes in India's telecoms sector during that time.

11. Koinex

1. In 2017, it became India's first cryptocurrency exchange company.
2. It was involved in digital asset crypto trading.
3. According to the Koinex website, the exchange had a million registered users and a three-billion-dollar trading volume in its first phase.
4. Later, Rahul Raj, the creator of Koinex, revealed that their operations had been hampered by the government's failure to provide a regulatory framework for cryptocurrency trading in a Medium blog post.

Conclusion

Despite these brand failures, numerous brands have succeeded in India, including Larsen & Turbo, Colorbar, La Opala, Van Heusen, and others.



Check Your Understanding:

1. Brandis a challenging task, which requires consistent and continuous efforts. (**maintenance**)
2. People are spending on brand name and if found that product does not deserve the price and thenmouth publicity hits the brand badly. (**negative**)
3. creates reputation, for any brand. (**Repetition**)
4. Brand is establishing with the trust or the of performance (**promise**)
5. Market competition with multiple brands may our brand value. (**dilute**)

8.6. SUMMARY

Marketers have recognised the value of rural markets and are increasing their operations in the country. Rural markets have grown in importance in recent years in countries like China and India, since the general expansion of the economy has resulted in a significant increase in the purchasing power of rural people

Digital marketing refers to the use of a variety of digital methods and platforms to interact with customers where they spend the majority of their time: online. There is a range of strategies that belong under the name of "digital marketing," from the website itself to a business's online branding assets — digital advertising, email marketing, online brochures, and beyond. The most successful digital marketers have a clear understanding of how each digital marketing campaign contributes to their overall objectives. Marketers can also support a wider campaign using the free and paid channels available to them, based on their marketing strategy's aims.

8.7. EXERCISE

A. FILL IN THE BLANKS

1. The new marketing tagline is "..... ." (**Go Rural**)
2. Companies operating in rural markets must aim to create by being first to market. (**entry barriers**)
3. The marketing mix must provide higher value to the rural consumer at a price point that he can (**afford**)
4. Product mix changes are required to accommodate the of rural markets. (**complexities**)
5. The right of the rural market should be the initial stage in developing and implementing any rural market strategy. (**segmentation**)
6. Marketing is defined as the process of the requirements of customers and potential customers, (**identifying**)
7. The rural population is growing at rate than the urban population. (**a faster**)
8. The population of the countryside is dispersed among approximately villages. (**6 lakh**)

B. FILL IN THE BLANKS

1. Which are the reasons for failure of brands?
 a. poor performance of product b. Increase in competition.
 c. fail to recall brand d. All of the above
2. Brand has of, , , and relationships that account for a customer's choice to pick your product over another
 a. memories b. long-term expectations
 c. experiences d. All of the above
3. Vijay Mallaya launched..... , a leading and world-class airline.
 a. Air India b. Kingfisher
 c. Indian Airlines d. Jet airways
4. Taxi For Sure was purchased byin March 2015 due to fierce competition and poor market conditions.
 a. Meru b. Uber
 c. OLA d. Porter

5. When Big Basket began to extend its operations and conquer markets across the country, struggled to keep its existing clients despite sophisticated marketing techniques.
- | | |
|--------------|------------|
| a. Doodhwala | b. Uber |
| c. Chaiwala | d. M-paisa |

C. Fill the blanks

- Brand manager work on the customers to shape the particular brand. (**perceptions**)
- Impressive not only attract customers but deliver the message in effective way. (**graphics**)
- Search Engine optimisers are the person who ensure the on website and search engine. (**positioning**)
- allocation is the basic Challenges faced by Marketing Managers in 21st Century. (**Budget**)
- is not so simple in competitive environment. (**Positioning**)
- Before going for any campaign or strategy marketing manager must do..... . (**research**)
- Writing skill is the extension of skill. (**communication**)
- Your brand strategy should be solely focused on your if you want to advertise your products and services effectively. (**target audience**)

[1. d. All of the above, 2. d. All of the above, 3. b. Kingfisher 4. c. OLA 5. a. Doodhwala]

TRUE OR FALSE

- Any brand that declares a clear objective and then delivers on that promise is likely to outperform the competition.
- Strong brands provide same value propositions.
- Aprameya Radhakrishna and Raghunandan G started OLA in June 2011 as an aggregator of automobile rental and taxi services in India.
- In 2017, Koinex became India's first crypto currency exchange company.
- A project manager skill is help to plan for present.

[1. True 2. False 3. False. 4. True, 5. False]

SHORT ANSWERS

- What are the features of the Indian Rural Market?
- How to do Effective Rural Marketing?
 - Factors contributing to Success of brands
 - Reasons for failure of brands
 - Explain failure of DocTalk
 - Aditya Birla Payments Bank is a subsidiary of Aditya Birla Group.
 - Write 5 Slogans or Taglines

SHORT NOTES

1. Digital Marketing
2. Rural Marketing
3. Green Marketing
4. Blogs
1. TaxiForSure.com
2. Dhoodhwala
3. Kingfisher Airlines
4. Slogans or Taglines
5. Brand success

LONG ANSWERS

1. What are the Strategies for Effective Rural Marketing?
2. What are the trends in Digital Marketing?
3. Explain Green Marketing in Details
1. Explain the Challenges faced by Marketing Managers in 21st Century
2. Explain Skill sets required for effective marketing
3. Factors contributing to Success of brands in India with suitable examples,
4. Explain Reasons for failure of brands in India?
5. Narrate the Examples of failure of brands in India?

8.8. REFERENCES

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