INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal, Hyderabad -500 043

MASTER OF BUSINESS ADMINISTRATION

COURSE LECTURE NOTES

Course Name	**MARKETING MANAGEMENT**
Course Code	**CMBB19**
Programme	MBA
Semester	II
Course Coordinator	Ms. G Joseph Mary, Assistant Professor, MBA
Course Faculty	Ms. G Joseph Mary, Assistant Professor, MBA
Lecture Numbers	1-45
Topic Covered	All

1.COURSE OBJECTIVES (COs):

The course should enable the students to:	
I.	Understand the basic marketing concepts.
II.	Analyze markets and design customer driven strategies.
III.	Communicate the decisions towards business development with superior customer value.
IV.	Aware of distribution channel in marketing.

II. COURSE OUTCOMES (COs):

Students, who complete the course, will have demonstrated the ability to do the following:

CMBB19.01	Understand the importance, scope, philosophies, strategies and plans of marketing.
CMBB19.02	Demonstrate the concept of market research, marketing information system, process and types of market research.
CMBB19.03	Explain the concept of consumer decision making, crating customer value, consumer behavior and forms of consumer markets.
CMBB19.04	Discuss the cultural, social and personal factors developing products and brands, product cycle and new product development.
CMBB19.05	Design the concept of segmentation of consumer market, business market, requirements for effective segmentation and market targeting.
CMBB19.06	Evaluate the market segmentation and select target market segmentation through positioning maps and positioning strategy.
CMBB19.07	Develop marketing channels, channel intermediaries, channel structure and channel for consumer products.
CMBB19.08	Create the promotional mix, advertising, public relations, sales promotions, personal selling and marketing communication.
CMBB19.09	Examine the concept of communication promotion mix and factors affecting the promotion mix.
CMBB19.10	Analyze the concept of balance of payments, forms of marketing, marketing sustainability, ethics and global marketing.

III. SYLLABUS

UNIT-I	INTRODUCTION TO WORLD OF MARKETING	Classes:09
Importance, scope of marketing, core marketing concepts, marketing philosophies, marketing environment, marketing strategies and plans, developed vs. developing marketing; market research: definition of market research, marketing information system, commissioning market research, market research process, market research online, market research and ethics, international market research.		
UNIT-II	ANALYZING MARKETING OPPORTUNITIES CUSTOMER VALUE AND MARKETING MIX	Classes: 08
Consumer decision making, creating customer value, analyzing consumer markets, consumer behavior, cultural, social and personal factors, developing products and brands, product levels, classifying products, product range, line and mix, product life cycle, new product development.		
UNIT-III	DESIGNING A CUSTOMER DRIVEN STRATEGY	Classes: 08
Market segmentation: segmentation of consumer market, business market, requirement for effective segmentation, market targeting. Evaluating market segmentation, Selecting target market segmentation, positioning, positioning maps, positioning strategy.		
UNIT-IV	DISTRIBUTION DECISIONS, PROMOTIONS AND COMMUNICATION STRATEGIES	Classes:10
Marketing channels, channel intermediates and functions, channel structure, channel for consumer products, business and industrial products, alternative channel, channel strategy decisions, The promotional mix, advertising, public relations, sales promotion, personal selling, marketing communication, communication process, communication promotion mix, factors affecting the promotion mix.		
UNIT-V	PRICING DECISION AND PERSONAL COMMUNICATION	Classes: 10
Importance of price, cost determinant of price, markup pricing, profit maximization pricing, break even pricing, pricing strategy, ethics of pricing strategy, product line pricing, rural marketing, balance of payments, relationship Marketing, digital marketing, social marketing, post modern marketing, market sustainability and ethics, global marketing.		

Text Books:

1. Philip Kotler, Kevin Lane Keller, Abraham Koshy and MithleshwarJha "Marketing Management", 13th Edition, Pearson Education, 2012.

Reference Books:

1. Rama swamy Nama kumari, "Marketing Management", TMH 5th Edition, 2013.
2. Philip Kotler, Gray Armstrong, Prafulla. Y. Agnihotri, Ehsan UL Haque, "Principles of marketing,south Asian perspective", 13th edition, Pearson Education, 2012.
3. K.Karuna karan, "Marketing Management", 2nd Edition, Himalaya Publishing House,2012.
4. Rajan Saxena, "Marketing Management", 4th Edition, TMH, 2013.

Web References:

1. http://dl.ueb.edu.vn/bitstream/1247/2250/1/Marketing_Management_-_Millenium_Edition.pdf
2. http://www.ddegjust.ac.in/studymaterial/pgdapr/pgdapr-105.pdf

E-Text Books:

1. http://socioline.ru/files/5/283/kotler_keller_marketing_management 14thedition.pdf
2. http://unbounce.com/content-marketing/top-10-free-marketing-ebooks-of-2015/

UNIT-I

INTRODUCTION TO WORLD OF MARKETING

UNIT-I

INTRODUCTION TO WORLD OF MARKETING

Definition of Marketing Management

According to **Philip Kotler**, "**Marketing Management** is the analysis, planning, implementation and control of programmes designed to bring about desired exchanges with target audiences for the purpose of personal and of mutual gain. It relies heavily on the adoption and coordination of product, price, promotion and place for achieving responses.".

Marketing management is a business process, to manage marketing activities in profit seeking and non profit organizations at different levels of management. Marketing management decisions are based on strong knowledge of marketing functions and clear understanding and application of supervisory and managerial techniques.

Nature of Marketing Management

1. **It Combines the Fields of Marketing and Management**

   As the name implies, marketing management combines the fields of marketing and management. Marketing consists of discovering consumer needs and wants, creating the goods and services that meet those needs and wants; and pricing, promoting, and delivering those goods and services. Doing so requires attention to six major areas - markets, products, prices, places, promotion, and people.

   Management is getting things done through other people. Managers engage in five key activities - planning, organising, staffing, directing, and controlling. Marketing management implies the integration of these concepts.

2. **Marketing Management is a Business Process**

   Marketing management is a business process, to manage marketing activities in profit seeking and non profit organizations at different levels of management, i.e. supervisory, middle-management, and executive levels. Marketing management decisions are based on strong knowledge of marketing functions and clear understanding and application of supervisory and managerial techniques. Marketing managers and product managers are there to execute the processes of marketing management. We, as customers, see the results of such process in the form of products, prices, advertisements, promotions, etc.

3. **Marketing Management is Both Science and Art**

"Marketing management is art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer value." (Kotler, 2006). Marketing management is a science because it follows general principles that guides the marketing managers in decision making. The Art of Marketing management consists in tackling every situation in an creative and effective manner. Marketing Management is thus a science as well as an art.

4. **Importance of Marketing Management:**

Marketing management has gained importance to meet increasing competition and the need for improved methods of distribution to reduce cost and to increase profits. Marketing management today is the most important function in a commercial and business enterprise.

The following are the other factors showing importance of the marketing management:

(i) Introduction of new products in the market.
(ii) Increasing the production of existing products.
(iii) Reducing cost of sales and distribution.
(iv) Export market.
(v) Development in the means of communication and modes of transportation within and outside the country.
(vi) Rise in per capita income and demand for more goods by the consumers

Scope of marketing

1. Setting Marketing Goals:

The prime task of marketing manager is to set marketing goals and objectives. Clearly and precisely defined objective can help marketing manager to direct marketing efforts effectively. The goals and objective (whether strategic and operating, or short-term and long-term) must be suitably communicated with the employees concern. As far as possible, objectives should be expressed in the quantifiable terms.

2. Selecting Target Market:

Segmenting the total market and selecting the target market is a fundamental task of marketing management. Modern marketing practice is based on the target market, and not on the total market. Marketing manager cannot satisfy the needs and wants of entire market. He must concentrate his efforts only on well-defined specific groups of customers, known as the target market. All the marketing functions are directed to cater needs and wants of the target market only. Based on company's overall capacity, the target market should be selected.

3. Formulating Suitable Marketing Organization:

To implement marketing plan, a suitable organization structure is essential. On the basis of analysis of type of products, type of market, geographical concentration of market, and many other relevant factors, appropriate organization must be designed. Various alternative structures are available, such as product organization, geographic organization, functional organization, matrix organization, etc. Based upon requirements, the appropriate structure should be prepared and modified as per needs.

4. Maintaining Healthy Relations with other Departments:

Marketing department needs cooperation from other departments of organization, including financial department, personnel department, and production department, to satisfy customers effectively. Their support is considered to be important to satisfy consumers. Thus, for integrated efforts, marketing manager should try to establish good relations with them. Likewise, within marketing department, he must establish coordination among various personnel.

5. Establishing and Maintaining Profitable Relations with Outside Parties:

Alike internal support, the external relations are also extremely necessary. Marketer, in order to carry out marketing activities effectively, must establish and maintain healthy relations with various parties, such as suppliers, service providers, government agencies, dealers, consultants, and so forth. Without their support, marketing manager cannot carry out functions successfully. Due to important role of external relations, contemporary marketing practices can be said as relationship marketing.

6. Marketing Research Activities:

Marketing research is one of the important functions of modern marketing. Marketing research involves systematic collection, analysis, and interpretation of data on any problem related to marketing. It provides the manager with valuable information on which marketing decisions can be taken. Marketing research is essential to know adequately about consumers and market situation. It is a basic function to satisfy consumers. Marketing efforts are based on the marketing research information.

7. Sales Management:

Sales management is one of the important functions of marketing management. Sales management concerns with planning, implementation, and controlling selling efforts. It performs all the activities directly related to execution of sales.

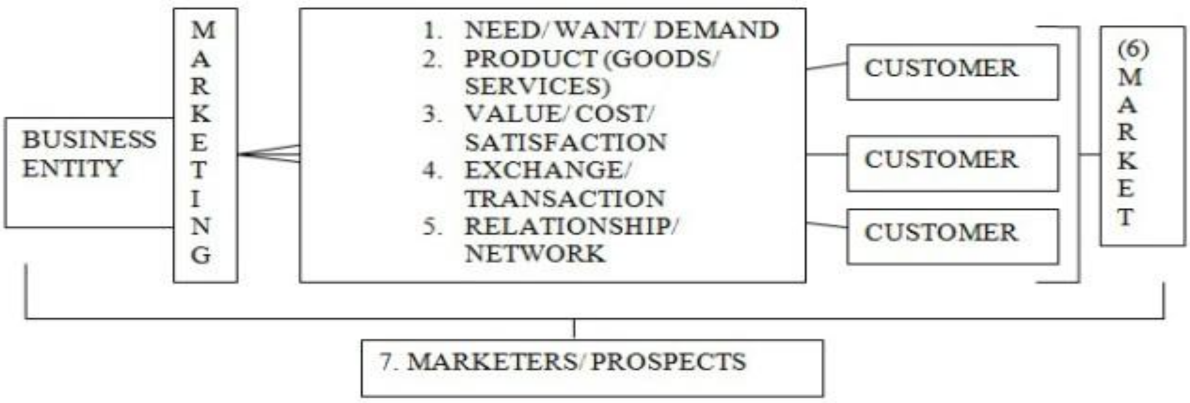
Sales department carry out selling functions. Sales department formulates sales policies, ensures adequate quantity of products, maintains sales records, formulates structures for sales department, manages sales force (salesmen), and controls selling efforts.

8. Exercising Effective Control on Marketing Activities:

Control is essential to ensure that activities are performed as per plan. Control involves establishing standards, measuring actual performance, comparing actual performance with standards, and taking corrective actions, if needed. Control keeps the entire marketing department alert, active, and regular. Marketing manager should set up an effective controlling system to monitor marketing efforts.

Marketing Management is a social and managerial process by which individuals or firms obtain what they need or want through creating, offering, exchanging products of value with each other.

CORE CONCEPTS OF MARKETING:



Under the marketing management philosophy, we shall study the following five concepts:

(1) Production Concept

(2) Product Concept

(3) Selling Concept

(4) Marketing Concept

(5) Societal Marketing Concept

1. Production Concept

Those companies who believe in this philosophy think that if the goods/services are cheap and they can be made available at many places, there cannot be any problem regarding sale. Keeping in mind the same philosophy these companies put in all their marketing efforts in reducing the cost of production and strengthening their distribution system. In order to reduce the cost of production and to bring it down to the minimum level, these companies indulge in large scale production.

This helps them in effecting the economics of the large scale production. Consequently, the cost of production per unit is reduced.

The utility of this philosophy is apparent only when demand exceeds supply. Its greatest drawback is that it is not always necessary that the customer every time purchases the cheap and easily available goods or services.

2. Product Concept

Those companies who believe in this philosophy are of the opinion that if the quality of goods or services is of good standard, the customers can be easily attracted. The basis of this thinking is that the customers get attracted towards the products of good quality. On the basis of this philosophy or idea these companies direct their marketing efforts to increasing the quality of their product.

It is a firm belief of the followers of the product concept that the customers get attracted to the products of good quality. This is not the absolute truth because it is not the only basis of buying goods.

The customers do take care of the price of the products, its availability, etc. A good quality product and high price can upset the budget of a customer. Therefore, it can be said that only the quality of the product is not the only way to the success of marketing.

3. Selling Concept

Those companies who believe in this concept think that leaving alone the customers will not help. Instead there is a need to attract the customers towards them. They think that goods are not bought but they have to be sold.

The basis of this thinking is that the customers can be attracted. Keeping in view this concept these companies concentrate their marketing efforts towards educating and attracting the customers. In such a case their main thinking is ‘selling what you have’.

This concept offers the idea that by repeated efforts one can sell-anything to the customers. This may be right for some time, but you cannot do it for a long-time. If you succeed in enticing the customer once, he cannot be won over every time.

On the contrary, he will work for damaging your reputation. Therefore, it can be asserted that this philosophy offers only a short-term advantage and is not for long-term gains.

4. Marketing Concept

Those companies who believe in this concept are of the opinion that success can be achieved only through consumer satisfaction. The basis of this thinking is that only those goods/service should be made available which the consumers want or desire and not the things which you can do.

In other words, they do not sell what they can make but they make what they can sell. Keeping in mind this idea, these companies direct their marketing efforts to achieve consumer satisfaction.

In short, it can be said that it is a modern concept and by adopting it profit can be earned on a long-term basis. The drawback of this concept is that no attention is paid to social welfare.

5. Societal Marketing Concept

This concept stresses not only the customer satisfaction but also gives importance to Consumer Welfare/Societal Welfare. This concept is almost a step further than the marketing concept. Under this concept, it is believed that mere satisfaction of the consumers would not help and the welfare of the whole society has to be kept in mind.

For example, if a company produces a vehicle which consumes less petrol but spreads pollution, it will result in only consumer satisfaction and not the social welfare.

Primarily two elements are included under social welfare-high-level of human life and pollution free atmosphere. Therefore, the companies believing in this concept direct all their marketing efforts towards the achievement of consumer satisfaction and social welfare.

In short, it can be said that this is the latest concept of marketing. The companies adopting this concept can achieve long-term profit.

Marketing Environment

The term Marketing Environment refers to the forces and factors that affects the organization ability to built and maintain good relationship with its customers. Marketing environment surrounds the organization and it impacts upon the organization. Marketers have to interact with internal and external people at micro and macro level and builds internal and external relationships. The key elements of marketing environment are as follows :-

1. Internal Environment,
2. Micro Environment, and
3. Macro Environment.

Internal Environment

Internal factors like men, machine, money, material, etc., on which marketing decision depends consists internal marketing environment. The internal environment refers to the forces that are within the organization and affects its ability to serve its customers. It includes marketing managers, sales representatives, marketing budget, marketing plans, procedures, inventory, logistics, and anything within organization which affects marketing decisions, and its relationship with its customers.

Micro Environment

Individuals and organizations that are close to the marketing organization and directly impacts its ability to serve its customers, makes Marketing Micro Environment. The micro environment refers to the forces that are close to the marketing organization and directly impact the customer experience. It includes the organization itself, its suppliers, marketing intermediaries, customers, markets or segments, competitors, and publics. Happenings in micro environment is relatively controllable for the marketing organization.

Macro Environment

Macro environment refers to all forces that are part of the larger society and affects the micro environment. It includes demography, economy, politics, culture, technology, and natural forces. Macro environment is less controllable.

Marketing Strategy - Your marketing strategy is an explanation of the goals you need to achieve with your marketing efforts. Your marketing strategy is shaped by your business goals. Your business goals and your marketing strategy should go hand-in-hand. **Marketing Plan -** Your marketing plan is how you are going to achieve those marketing goals. It's the application of your strategy a roadmap that will guide you from one point to another.

The issue is that most people try to set out to achieve the "how" without first knowing the "what." This can end up wasting resources for a company, both time and money.

Marketing Strategy ---> Marketing Plan ---> Implementation = Success

- Your **marketing strategy** consists of:
  The "what" has to be done.
  Inform consumers about the product or service being offered.
  Inform consumers of differentiation factors.

- Your **marketing plan** consists of:

  The "how" to do it.

  Construct marketing campaigns and promotions that will achieve the "what" in your strategy.
- Your **implementation** consists of:

  Taking action to achieve items identified in marketing strategy and marketing plan.

A **developed market** is a country with a highly industrialized economy, typically with a large service sector. A developed country will tend to have a high GDP per capita income, and built out infrastructure (transportation, communications) compared to a developing country. Another name for a developed market is “advanced” market or advanced economy.

Examples: United States, Japan, Germany, Australia, Canada, France

A **developing market** is the opposite of a developed market. Surprisingly, China is a developing market because, while it has the second highest GDP in the world, its also has the largest population. The average citizen in China does not have close to the same level of economic prosperity as one would find in the United States.

Market research

The process of gathering, analyzing and interpreting information about a market, about a product or service to be offered for sale in that market, and about the past, present and potential customers for the product or service; research into the characteristics, spending habits, location and needs of your business's target market, the industry as a whole, and the particular competitors you face

Accurate and thorough information is the foundation of all successful business ventures because it provides a wealth of information about prospective and existing customers, the competition, and the industry in general. It allows business owners to determine the feasibility of a business before committing substantial resources to the venture.

Market research provides relevant data to help solve marketing challenges that a business will most likely face--an integral part of the business planning process. In fact, strategies such as market segmentation (identifying specific groups within a market) and product differentiation (creating an identity for a product or service that separates it from those of the competitors) are impossible to develop without Market research involves two types of data:

- **Primary information.** This is research you compile yourself or hire someone to gather for you.

- **Secondary information.** This type of research is already compiled and organized for you. Examples of secondary information include reports and studies by government agencies, trade associations or other businesses within your industry. Most of the research you gather will most likely be secondary.
    - Marketing Information System (MIS) is a permanent arrangement (system or setup) for provision of regular availability of relevant, reliable, adequate, and timely information for making marketing decisions.
    - Information is like a life-blood of business. Quality of decisions depends on the right type of information. The right information implies the right quality, the right quantity, and the right timing of information. Circulation of needed information is as important as the circulation of blood in human being.
    - Information keeps the organization 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."

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."

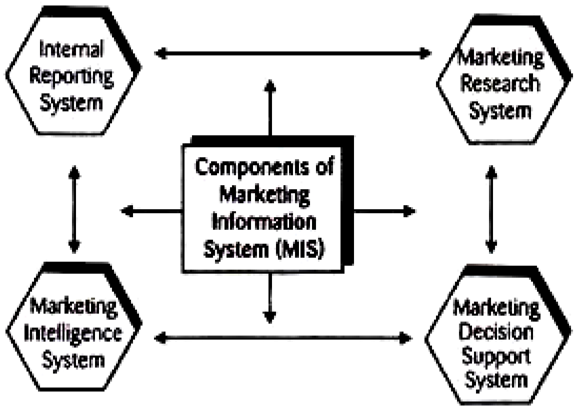


Figure 1: Components of Marketing Information System

Internal Records System:

Internal records system is a major and easily accessible source of information. It supplies the results data. It consists of all records of marketing operations available within organization. This system concerns with collecting, analyzing, interpreting, and distributing needed 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 organization. Particularly, for sales orders and sales force reporting, the computer technology is excessively used for accurate, efficient, and speedy transmission of information.

1. **Marketing Intelligence System:**

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

2. **Marketing intelligence system is:**

The set of procedures and sources used by managers to obtain every-day information regularly about pertinent developments in the marketing environment. A manager can try to expose external environment in various ways.

Marketing intelligence system consists 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 powerful and independent branch of the MIS. In certain cases, managers need detailed information on the specific problem of the specific marketing area. Thus, 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."

Marketing research consists of collecting primary and secondary data from various respondents using various tools through various methods for definite period of time, analyzing data using appropriate statistics tools, and presenting findings in forms of a report. It is conducted by internal expert staff or external professionals.

4. **Marketing Decision Support System (MDSS):**

Previously, the component 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 make better decisions. 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 organization gathers and interprets relevant information from environment and turns it into a basis for making decisions."

According to the definition, the MDSS includes tools, techniques or models used for:

(1) Data collection,

(2) Data analysis,

(3) Interpreting results, and

(4) Supporting managerial decision-making.

In real sense, it is not a separate component, but extension of other components. Statistical tools, new models, and software are used to help marketing managers analyze, plan, and control their operations. The MDSS consists of two sub-components – the statistical bank and the model bank.

Commissioned research means research, survey or other work, the costs of which are wholly paid for by the customer. **Commissioned research** carried out in cooperation with industry and business will be done in confidence, in an unbiased manner and as agreed.

Market Research Process

Step1 : Define the Objective & Your "Problem"

Perhaps the most important step in the market research process is defining the goals of the project. At the core of this is understanding the root question that needs to be informed by market research. There is typically a key business problem (or opportunity) that needs to be acted upon, but there is a lack of information to make that decision comfortably; the job of a market researcher is to inform that decision with solid data. Examples of "business problems" might be "How should we price this new widget?" or "Which features should we prioritize?"

By understanding the business problem clearly, you'll be able to keep your research focused and effective. At this point in the process, well before any research has been conducted, I like to imagine what a "perfect" final research report would look like to help answer the business question(s). You might even go as far as to mock up a fake report, with hypothetical data, and ask your audience: "If I produce a report that looks something like this, will you have the information you need to make an informed choice?" If the answer is yes, now you just need to get the real data. If the answer is no, keep working with your client/audience until the objective is clear, and be happy about the disappointment you've prevented and the time you've saved.

Step 2. Determine Your "Research Design"

Now that you know your research object, it is time to plan out the type of research that will best obtain the necessary data. Think of the "research design" as your detailed plan of attack. In this step you will first determine your market research method (will it be a survey, focus group, etc.?). You will also think through specifics about how you will identify and choose your sample (who are we going after? where will we find them? how will we incentivize them?, etc.). This is also the time to plan where you will conduct your research (telephone, in-person, mail, internet, etc.). Once again, remember to keep the end goal in mind–what will your final report look like? Based on that, you'll be able to identify the types of data analysis you'll be conducting (simple summaries, advanced regression analysis, etc.), which dictates the structure of questions you'll be asking.

Your choice of research instrument will be based on the nature of the data you are trying to collect. There are three classifications to consider:

Exploratory Research – This form of research is used when the topic is not well defined or understood, your hypothesis is not well defined, and your knowledge of a topic is vague. Exploratory research will help you gain broad insights, narrow your focus, and learn the basics necessary to go deeper. Common exploratory market research techniques include secondary research, focus groups and interviews. Exploratory research is a qualitative form of research.

Descriptive Research – If your research objective calls for more detailed data on a specific topic, you'll be conducting quantitative descriptive research. The goal of this form of market research is to measure specific topics of interest, usually in a quantitative way. Surveys are the most common research instrument for descriptive research.

Causal Research – The most specific type of research is causal research, which usually comes in the form of a field test or experiment. In this case, you are trying to determine a causal relationship between variables. For example, does the music I play in my restaurant increase dessert sales (i.e. is there a causal relationship between music and sales?).

Step 3. Design & Prepare Your "Research Instrument"

In this step of the market research process, it's time to design your research tool. If a survey is the most appropriate tool (as determined in step 2), you'll begin by writing your questions and designing your questionnaire. If a focus group is your instrument of choice, you'll start preparing questions and materials for the moderator. You get the idea. This is the part of the process where you start executing your plan.

By the way, step 3.5 should be to test your survey instrument with a small group prior to broad deployment. Take your sample data and get it into a spreadsheet; are there any issues with the data structure? This will allow you to catch potential problems early, and there are always problems.

Step 4. Collect Your Data

This is the meat and potatoes of your project; the time when you are administering your survey, running your focus groups, conducting your interviews, implementing your field test, etc. The answers, choices, and observations are all being collected and recorded, usually in spreadsheet form. Each nugget of information is precious and will be part of the masterful conclusions you will soon draw.

Step 5. Analyze Your Data

Step 4 (data collection) has drawn to a close and you have heaps of raw data sitting in your lap. If it's on scraps of paper, you'll probably need to get it in spreadsheet form for further analysis. If it's already in spreadsheet form, it's time to make sure you've got it structured properly. Once that's all done, the fun begins. Run summaries with the tools provided in your software package (typically Excel, SPSS, Minitab, etc.), build tables and graphs, segment your results by groups that make sense (i.e. age, gender, etc.), and look for the major trends in your data. Start to formulate the story you will tell.

Step 6. Visualize Your Data and Communicate Results

You've spent hours pouring through your raw data, building useful summary tables, charts and graphs. Now is the time to compile the most meaningful take-aways into a digestible report or presentation. A great way to present the data is to start with the research objectives and business problem that were identified in step 1. Restate those business questions, and then present your recommendations based on the data, to address those issues.

Online marketing research is the process by which companies use the Internet to gather data to evaluate how well a product or service is selling to consumers. The information provided by a careful market analysis conducted online can also identify popular trends that can assist a company in creating a strategy that will get better results. When used properly, online marketing research can be an effective tool that a company can use to experience higher revenues.

In addition to identifying potential areas for growth, online market research can help a company learn more about its target consumers. For example, if consumers purchase a certain type of product and then return to purchase accessories, that is a specific type of consumer behavior that can be measured. The information gathered from doing an online market research study is helpful to track this type of behavior.

An online marketing research study can be conducted by the company itself, or the company may choose to hire an outside company to manage this. How and by what method a company decides to conduct a market research plan is dependent upon how objective or anonymous the company wishes to remain. An online marketing research program can include any number of methodologies. Some companies may use a direct method, by which a survey is sent out to existing customers to determine satisfaction levels and gather feedback. A company may also contact consumers and gather information from a specific demographic, such as an age group, or a specific geographic region. Companies may also use a “blind” method, by which a random sample of the population is contacted for opinions online.

With the advent of more social media networking websites, some companies are tapping into communities to gather important market behavior information. Some of the larger social media networks offer up general data about the registered users of these sites to benefit market research. The information gathered online in social media networks can be very valuable to marketing firms.

Using online market research data is one way that companies adapt existing products to meet the needs of consumers. It is also one of many ways that companies develop new products and services that consumers rely on. Companies carefully evaluate and use the data that online market research campaigns produce to influence the market via consumers.

When it comes to online marketing research, the general understanding is that since the market is mostly consumer driven, anything that can be done to influence consumers is positive for business. Influencing consumers stimulates the market. This can result in better products, plus higher sales and revenues for companies who best use the research data.

Market Research and Ethics

A basic role for a marketing researcher is that of intermediary between the producer of a product and the marketplace. The marketing researcher facilitates the flow of information from the market or customer to the producer of the good or service.

Such a situation, with three major players—the producer, the customer and the market researcher—often sets the stage for conflicts of interest which, as Plato noted, can give rise to ethical problems. Given the inevitability of ethical dilemmas in marketing research, well-established ethical guidelines are critical for their resolution.

In this article, we identify resources for ethical decision making in marketing research in three key areas where problems often arise:

- In the relationship between the researcher and the client
- Between the researcher and the research subject
- Between the researcher and the marketing research industry

International market research

International Market Research is a particular discipline of Market Research, focusing on certain geographical areas.

International Market Research is concerned with consumer goods, but also with any resource or service within a value chain which will be commercially utilized or further processed – which is the area of industrial goods and B2B-Marketing. International market research projects may have various objectives and purposes.

Classical market research *very often covers cross-country issues*. Same question, but being raised internationally. This may however lead to differing answers from country to country – due to historical or cultural reasons. This implies that country-specific answers will also lead to internationally differing marketing decision.

Research topics usually include the following aspects:

- development of customer needs and customer desires
- customer´s perception of the company, compared to competitor companies
- performance and adequacy of marketing tools such as product and services, branding, direct sales and distribution channels, communications including internet marketing, pricing – all this being challenged by standardisation ("world product") or country-specific features (local speciality).
- marketing innovation: new business models and billing schemes, new variations of marketing tools, new technology applications
- service quality of business relations between customers and sales persons or service technicians, to be examined by mystery shopping
- openness for and acceptance of new technology applications

Strategic projects within international corporate planning and globalisation affect a firm's *New*

Business Development.

These projects may include very differing objectives, for instance:

- evaluation and selection of target markets – e.g. examining market potentials, market attractiveness, market barriers, intensity of competition, sales channels, customer segments and others more
- preparations for new sales market entry – e.g. profiling and prioritising of prospective customers, providing short lists of target customers “turn-key”-ready for sales managers, short lists of resellers, distributors, intermediaries, and logistics or other service facilities
- procurement out of new vendors – e.g. profiling, evaluation and selection of suppliers, clarification of detail questions such as transportation, custom duties, payment procedures, and others more
- shift of production – e.g. country comparison, execution of feasibility studies, later research for manufacturers, suppliers, manufacturing facilities, personnel and others more.
- Take-over of competitors in target markets, again creation of long and short lists, profiling, contacting, negotiating, due diligence and others more.

All these examples mean that accurate, complete, and up-dated pieces of information are delivered to come to sound decisions.

Usually, there is a clear geographical focus on specific country markets.

Why is International Market Research so important ?

International Market Research shall identify new business opportunities and help assure a so-called area strategy which defines which geographical hemisphere needs to be covered.

Generelly, market research intends to provide new ideas, comparisons, and control information for marketing deciders. These deciders are found not only in Marketing and Sales, Import and Export positions, but also in New Business Development, in a Strategy staff, in Corporate Planning departments and of course, within top management.

International Market Research provides an information base for strategic decisions. Here, competitive information needs to be available early, fastly, and with the right filter.

What needs to be considered when executing International Market Research?

Strategic decision-making requires an outstandingly high quality information base.

Therefore, international market research projects have to consider the following:

- globalization experts are featured by product and industry knowledge, industry-specific experiences, methodological know-how like research methods, information access (e.g. to specialising commercial data bases), reputation (e.g. experts with door-opener-quality) and international experience, language skills, and others more

- competitive information needs the right focus, but also needs to be provided fastly, and early enough in order to be effective.
- information should be retrieved exclusively for your company – if all the industry enjoys the information there will not be any competitive gain
- Procurement of information may be done by internal staff (“make”, e.g. sales force, internal research department), but also by such type of external market intelligence specialist who are working in the international field.

UNIT-II

ANALYSISNG MARKETING OPPORTUNITIES, CUSTOMER VALUE AND MARKTING MIX

UNIT-II

ANALYSING MARKETING OPPORTUNITIES CUSTOMER VALUE AND MARKETING MIX

Process by which

(2) consumers identify their needs,

(3) Collect information,

(4) Evaluate alternatives, and

(5) Make the purchase decision.

These actions are determined by psychological and economical factors, and are influenced by environmental factors such as cultural, group, and social values. A consumer goes through several stages before purchasing a product or service.

Step 1 - Need is the most important factor which leads to buying of products and services. Need infact is the catalyst which triggers the buying decision of individuals.

An individual who buys cold drink or a bottle of mineral water identifies his/her need as thirst. However in such cases steps such as information search and evaluation of alternatives are generally missing. These two steps are important when an individual purchases expensive products/services such as laptop, cars, mobile phones and so on.

Step 2 - When an individual recognizes his need for a particular product/service he tries to gather as much information as he can.

An individual can acquire information through any of the following sources:

- Personal Sources - He might discuss his need with his friends, family members, co workers and other acquaintances.
- Commercial sources - Advertisements, sales people (in Tim's case it was the store manager), Packaging of a particular product in many cases prompt individuals to buy the same, Displays (Props, Mannequins etc)
- Public sources - Newspaper, Radio, Magazine
- Experiential sources - Individual's own experience, prior handling of a particular product (Tim would definitely purchase a Dell laptop again if he had already used one)

Step 3 - The next step is to evaluate the various alternatives available in the market. An individual after gathering relevant information tries to choose the best option available as per his need, taste and pocket.

Step 4 - After going through all the above stages, customer finally purchases the product.

Step 5 - The purchase of the product is followed by post purchase evaluation. Post purchase evaluation refers to a customer's analysis whether the product was useful to him or not, whether the product fulfilled his need or not?

CREATING CUSTOMER VALUE

Understand what drives value for your customers

Talk to them, survey them, and watch their actions and reactions. In short, capture data to understand what is important to your customers and what opportunities you have to help them.

Step 2:

Understand your value proposition

The value customers receive is equal to the benefits of a product or service minus its costs. What value does your product or service create for them? What does it cost them–in terms of price plus any ancillary costs of ownership or usage (e.g., how much of their time do they have to devote to buying or using your product or service?)

Step 3: Identify the customers and segments where are you can create more value relative to competitors

Different customers will have varying perceptions of your value relative to your competitors, based on geographic proximity, for example, or a product attribute that one segment may find particularly attractive.

Step 4: Create a win-win price

Set a price that makes it clear that customers are receiving value but also maximizes your "take." Satisfied customers that perceive a lot of value in your offering are usually willing to pay more, while unsatisfied customers will leave, even at a low price. Using "cost-plus" pricing (i.e., pricing at some fixed multiple of product costs) often results in giving away margin unnecessarily to some customers while losing incremental profits from others.

Step 5: Focus investments on your most valuable customers

Disproportionately allocate your sales force, marketing dollars, and R&D investments toward the customers and segments that you can best serve and will provide the greatest value in return. Also, allocate your growth capital toward new products and solutions that serve your best customers or can attract more customers that are similar to your best customers.

Analysis of Consumer Markets

Firms need to research the consumer market to find answers to the questions:

*1.*Who constitutes the market? (occupants)

2.What the market buys? (objects)

3.Why the market buys? (objectives)

4.Who participates in the buying?

5.How the market buys? (operations)

6.When the market buys? (occasions)

7. Where the market buys? (outlets)

Consumer analysis can be applied at several levels. It can be used to analyze not only a single consumer but also groups of consumers that make up a target market—a larger group of consumers made up of all the purchasers of a product in an industry—or an entire society. Marketing strategies can be applied at all of these levels and analysis is to Why Consumer Analysis?

Consumer research and analysis should be key activities for developing marketing strategies. Consumer research includes many types of studies, such as test marketing, advertising pretests, sales promotion effects, analysis of sales and market share data, pricing experiments, traffic and shopping patterns, surveys, and many others.

A logical sequence is to first research and analyze what consumers think, feel, and do relative to a company's offerings and those of competitors. In addition, an analysis of consumer environments is called for to see what factors are currently influencing them and what changes are occurring. Based on this research and analysis, a marketing strategy is developed that involves setting objectives, specifying an appropriate target market, and developing a marketing mix (product, promotion, price, place) to influence it. After the target market has been selected based on careful analysis of key differences in groups of consumers, marketing strategies involve placing stimuli in the environment that hopefully will become part of the target market's environment and ultimately influence its members' behavior.

Consumer research and analysis should not end when a strategy has been implemented, however. Rather, research should continue to investigate the effects of the strategy and whether it could be made more effective. Thus, marketing strategy should involve a continuous process of researching and analyzing consumers and developing, implementing, and continuously improving strategies.e done at all levels.

CONSUMER BEHAVIOUR: MEANING/DEFINITION

Meaning and Definition:

Consumer behaviour is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions.

Marketers expect that by understanding what causes the consumers to buy particular goods and services, they will be able to determine—which products are needed in the marketplace, which are obsolete, and how best to present the goods to the consumers.

The study of consumer behaviour assumes that the consumers are actors in the marketplace. The perspective of role theory assumes that consumers play various roles in the marketplace. Starting from the information provider, from the user to the payer and to the disposer, consumers play these roles in the decision process. The roles also vary in different consumption situations; for example, a mother plays the role of an influencer in a child's purchase process, whereas she plays the role of a disposer for the products consumed by the family.

Some selected definitions of consumer behaviour are as follows:

1. According to Engel, Blackwell, and Mansard, 'consumer behaviour is the actions and decision processes of people who purchase goods and services for personal consumption'.
2. According to Louden and Bitta, 'consumer behaviour is the decision process and physical activity, which individuals engage in when evaluating, acquiring, using or disposing of goods and services'.

Cultural Factors

Cultural factors exert the broadest and deepest influence. Culture is the fundamental determinant of a person's wants and consuming behavior. A culture includes behavior, values and assumptions. Culture is generally thought be associated with societies. A child growing up in the United States is exposed to the following values: achievement and success, activity, efficiency and practicality, progress, material comfort, individualism, freedom, external comfort, humanitarianism, and youthfulness. Product offerings and marketing and selling practices have to be different or must have appropriate variations for different cultures. Culture of a society is not monolithic and there will be subcultures. Subcultures in USA are based on nationalities, religions, racial groups, social classes and geographic regions. When people following a subculture are large in number and affluent, companies often use them as target market segments and design specialized products and marketing programs to serve them.

Subculture also emerge due to social classes. In USA, seven social classes are described in a classic study.

1. :Lower lowers
2. Upper lowers
5. Working class
6. Middle class
7. **Upper middle class**
8. **Lower uppers**
9. **Upper**

Persons within each class tend to be more alike in dress, speech patterns, transport facilities and entertainment avenues used.

Social Factors

Group Membership: Groups in which a person is a member have an influence on his consuming behavior. People are members of primary groups like family, friendship groups, neighbors, coworkers where interaction is very frequent. They also participate in many secondary where interaction is less frequent. People also have aspirational groups in which they are not members but want to be members. Similarly, they have dissociative groups which they disapprove.

Groups have opinion leaders and marketers have to influence opinion leaders to influence the members of the groups.

Importance of the family can be gauged by a finding that says as much as 47% of American household spending in 2005 amounting to more than $700 billion is influenced by children under 14. The influence is direct where the child demands the products and brands and indirect where parents try to buy what they think their children like or want.

Personal Factors

The personal factors that have an influence on consumption patterns and behavior

Age and Stage in the Life Cycle

Occupation and Economic Circumstances

Personality and Self Concept

Lifestyle and Values

A new life style of Health and Sustainability has emerged in recent days. It has been named LOHAS. Within this life style there are five segments.

Perception

Perception is the process by which we select, organize,and interpret information inputs to create a meaningful picture of the world. People can emerge with different perceptions of the same object because of three perceptional processes; selective attention, selective distortion, and selective retention. Subliminal perception is also a concept of interest.

Learning

Learning induces changes in behavior of people and hence it changesin consumption behavior and consumer behavior. Learning theorists proposed that learning is produced through the interplay of drives, stimuli, cues, responses, and reinforcement. Classical conditioning and operant (instrumental) conditioning are two classical approaches to learning.

Memory

A brand has to go into memory people so that it forms part of the awareness set. Hence marketer have to understand the process of memory development. Marketing has to be way of making sure consumers have to the right types of product and service experiences to create the right brand knowledge structures and maintain them in memory.

A product is anything that meets the functional needs of customers.

A brand can be defined as a specific name, symbol or design – or more usually, some combination of these – that is used to distinguish a particular seller’s product

The creation of products with new or different characteristics that offer new or additional benefits to the customer.

Product development may involve modification of an existing product or its presentation, or formulation of an entirely new product that satisfies a newly defined customer want or market niche

What is a product?

According to Philip Kotler, who is an economist and a marketing guru, a product is more than a tangible *‘thing’*.

A product meets the needs of a consumer and in addition to a tangible value this product also has an abstract value. For this reason Philip Kotler states that there are five product levels that can be identified and developed.

In order to shape this abstract value, Philip Kotler uses five product levels in which a product is located or seen from the perception of the consumer.

These five product levels indicate the value that consumers attach to a product. The customer will only be satisfied when the specified value is identical or higher than the expected value.

1. Core Product

This is the basic product and the focus is on the purpose for which the product is intended. For example, a warm coat will protect you from the cold and the rain.

2. Generic Product

This represents a5ll the qualities of the product. For a warm coat this is about fit, material, rain repellent ability, high-quality fasteners, etc.

3. Expected Product

This is about all aspects the consumer expects to get when they purchase a product. That coat should be really warm and protect from the weather and the wind and be comfortable when riding a bicycle.

4. Augmented Product

This refers to all additional factors which sets the product apart from that of the competition1. And this particularly involves brand identity and image. Is that warm coat in style, its colour trendy and made by a well-known fashion brand? But also factors like service, warranty and good value for money play a major role in this.

5. Potential Product

This is about augmentations and transformations that the product may undergo in the future. For example, a warm coat that is made of a fabric that is as thin as paper and therefore light as a feather that allows rain to automatically slide down.

CLASSIFICATIONS OF PRODUCTS: Product classifications help marketers focus their efforts using consumers' buying behavior. Classifying products into meaningful categories helps marketers decide which strategies and methods will help promote a business's product or service. Many types of classification exist. For example, marketers might categorize products by how often they are used. One-time-use products, such as vacation packages, require completely different marketing strategies than products customers use repeatedly, such as bicycles. Product classification helps a business design and execute an effective marketing plan. Your business can use these buying habits to design your marketing efforts for a clearly defined target audience. Consumer products are often classified as convenience goods, shopping goods, specialty products or unsought goods. Although these classifications are named as types of products, focusing on how your customers buy these goods is equally important as you classify products and develop your marketing campaigns. In marketing, a product is anything that can be offered to a market that might satisfy a want or need. In retailing, products are called merchandise. In manufacturing, products are bought as raw materials and sold as finished goods. Commodities are usually raw materials such as metals and agricultural products, but a commodity can also be anything widely available in the open market. In project management, products are the formal definition of the project deliverables that make up or contribute to delivering the objectives of the project. In insurance, the policies are considered products offered for sale by the insurance company that created the contract. In economics and commerce, products belong to a broader category of goods. The economic meaning of product was first used by political economist Adam Smith. A related concept is sub-product, a secondary but useful result of a production process. Dangerous products, particularly physical ones that cause injuries to consumers or bystanders may be subject to product liability.

Convenience Goods : Those products your customers buy often and without much thought or planning are classified as convenience goods. Soap, condiments and toothpaste are common of convenience goods. Consumers typically make a choice once on their brand preference for these products and repeat that choice over many purchases. Making your convenience goods available for impulse or emergency purchases can be particularly effective. You'll see this marketing tactic in the placement of candy near the cash register of your grocery store for impulse buys. Another version is to place umbrellas, boots or snow shovels near a store exit when sudden weather changes call for them.

Shopping Goods : Buying decisions are detailed considerations of price, quality and value for products classified as shopping goods. Think about the amount of time you put into picking out a clothing purchase, a car or appliances. Successful marketing of your shopping goods can come from positioning as a better buy than your competitors -- for example, presenting better value with higher quality for the price or vice versa. Products in the shopping goods classification tend to rely on heavy advertising and even trained salespeople to influence consumer choices.

Specialty Products :Goods in the specialty products classification tend to promote very strong brand identities, often resulting in strong brand loyalty among consumers. Examples include stereos, computers, cameras and the most high-end brands of cars and clothing. While used cars are classified as shopping goods, a brand-new Mercedes is classified as a specialty good. Buyers for your specialty goods generally spend more time seeking the product they want than on comparing brands or products to make a value decision. Your marketing of specialty goods can be successful by promoting what you have on hand and where your costumers can find it.

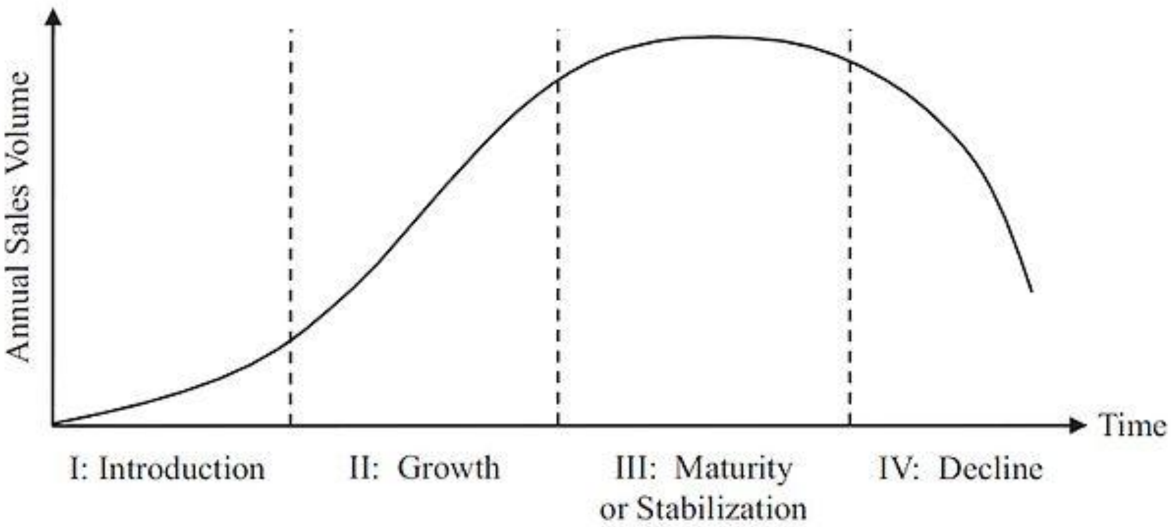
Unsought Goods :The products classified as unsought goods are those that your consumers don't put much thought into and generally don't have compelling impulse to buy. Examples include batteries or life insurance. Your consumers essentially buy unsought goods when they have to, almost as an inconvenience rather than the newest, latest, greatest product they can't wait to purchase. Marketing your unsought goods will likely be most effective with lots of advertising and salespeople promoting the idea of unresolved need for your unsought products

A **product range** is a set of variations on a specific **product** made to appeal to different market segments. A **product** mix is a blend of related **products** that can be marketed together to similar market segments

product line is a group of related **products** under a single brand sold by the same company. Companies sell multiple **product lines** under their various brands

A product line is a group of related products under a single brand sold by the same company. Companies sell multiple product lines under their various brands. Companies often expand their offerings by adding to existing product lines, because consumers are more likely to purchase products from brands with which they are already familiar.

The complete range of products present within a company is known as the product mix. In any multi brand organizations, there are numerous products present. None of the organizations wants to take the risk of being present in the market with a single product. If the company has only a single product, than the demand of the product will be too great or the company does not have the resources to expand the number of products it has. As explained, product mix is a combination of total product lines within a company. A company like HUL has numerous product lines like Shampoos, detergents, Soaps etc. The combination of all these product lines is the product mix.



Product Life Cycle Stages Explained

The product life cycle has 4 very clearly defined stages, each with its own characteristics that mean different things for business that are trying to manage the life cycle of their particular products.

Introduction Stage – This stage of the cycle could be the most expensive for a company launching a new product. The size of the market for the product is small, which means sales are low, although they will be increasing. On the other hand, the cost of things like research and development, consumer testing, and the marketing needed to launch the product can be very high, especially if it's a competitive sector.

Growth Stage – The growth stage is typically characterized by a strong growth in sales and profits, and because the company can start to benefit from economies of scale in production, the profit margins, as well as the overall amount of profit, will increase. This makes it possible for businesses to invest more money in the promotional activity to maximize the potential of this growth stage.

Maturity Stage – During the maturity stage, the product is established and the aim for the manufacturer is now to maintain the market share they have built up. This is probably the most competitive time for most products and businesses need to invest wisely in any marketing they undertake. They also need to consider any product modifications or improvements to the production process which might give them a competitive advantage.

Decline Stage – Eventually, the market for a product will start to shrink, and this is what's known as the decline stage. This shrinkage could be due to the market becoming saturated (i.e. all the customers who will buy the product have already purchased it), or because the consumers are switching to a different type of product. While this decline may be inevitable, it may still be possible for companies to make some profit by switching to less-expensive production methods and cheaper markets.

This composite new product development (NPD) framework for manufactured goods has eight important components:

Stage 1: Idea Generation

New product ideas have to come from somewhere. But where do organizations get their ideas for NPD? Sources include:

- Market Research
- Employees
- Consultants
- Competitors
- Customers
- Distributors and Suppliers

Stage 2: Idea Screening

This process involves shifting through the ideas generated above and selecting ones which are feasible and practical to develop. Pursing impractical ideas is expensive and a waste of resources.

Stage 3: Concept Development and Testing

The organization may have come across what they believe to be a feasible idea, however, the idea needs to be taken to the target audience. What do they think about the idea? Will it offer the benefit that the organization hopes it will? or have they overlooked certain issues? Will there be a demand for the product? Note the idea taken to the target audience is not a working prototype at this stage, it is just a concept.

Stage 4: Marketing Strategy and Development

How will the product/service idea be launched within the market? A proposed marketing strategy will be written laying out the marketing mix strategy of the product, the segmentation, targeting and positioning strategy and expected sales and profits.

Stage 5: Business Analysis

The company has a great idea, the marketing strategy seems feasible, but will the product be financially worth while in the long run? The business analysis stage looks more deeply into the Cashflow the product could generate, what the cost will be, likely market share and the expected life of the product.

Stage 6: Product Development

At this stage the prototype is produced. The prototype will undergo a serious tests, and will be presented to a selection of people made up of the the target market segment to see if changes need to be made.

Stage 7: Test Marketing

Test marketing means testing the product within a specific geographic area. The product will be launched within a particular region so the marketing mix strategy can be monitored and if needed modified before national launch.

Stage 8: Commercialization

If test marketing is successful the product is ready for national launch. The following decisions regarding the launch need to be made

- timing of the launch
- how the product will be launched
- where the product will be launched
- Will there be a national roll out or will it be region by region?

UNIT-III

DESIGNING A CUSTOMER DRIVEN STRATEGY

UNIT-III

DESIGNING A CUSTOMER DRIVEN STRATEGY

Segmentation refers to a process of bifurcating or dividing a large unit into various small units which have more or less similar or related characteristics.

Market Segmentation

- Market segmentation is a marketing concept which divides the complete market set up into smaller subsets comprising of consumers with a similar taste, demand and preference.
- A market segment is a small unit within a large market comprising of like minded individuals.
- One market segment is totally distinct from the other segment.
- A market segment comprises of individuals who think on the same lines and have similar interests.
- The individuals from the same segment respond in a similar way to the fluctuations in the market.
- The four bases for segmenting consumer market are as follows: A. Demographic Segmentation B. Geographic Segmentation C. Psychographic Segmentation D. Behavioural Segmentation.
- **A. Demographic Segmentation:**
- Demographic segmentation divides the markets into groups based on variables such as age, gender, family size, income, occupation, education, religion, race and nationality. Demographic factors are the most popular bases for segmenting the consumer group. One reason is that consumer needs, wants, and usage rates often vary closely with the demographic variables. Moreover, demographic factors are easier to measure than most other type of variables.
- ***1. Age:***
- It is one of the most common demographic variables used to segment markets. Some companies offer different products, or use different marketing approaches for different age groups. For example, McDonald's targets children, teens, adults and seniors with different ads and media. Markets that are commonly segmented by age includes clothing, toys, music, automobiles, soaps, shampoos and foods.
- ***2. Gender:***
- Gender segmentation is used in clothing, cosmetics and magazines.
- ***3. Income:***
- Markets are also segmented on the basis of income. Income is used to divide the markets because it influences the people's product purchase. It affects a consumer's

buying power and style of living. Income includes housing, furniture, automobile, clothing, alcoholic, beverages, food, sporting goods, luxury goods, financial services and travel.

- ***4. Family cycle:***
- Product needs vary according to age, number of persons in the household, marital status, and number and age of children. These variables can be combined into a single variable called family life cycle. Housing, home appliances, furniture, food and automobile are few of the numerous product markets segmented by the family cycle stages. Social class can be divided into upper class, middle class and lower class. Many companies deal in clothing, home furnishing, leisure activities, design products and services for specific social classes.
- **B. Geographic Segmentation:**
- Geographic segmentation refers to dividing a market into different geographical units such as nations, states, regions, cities, or neighbourhoods. For example, national newspapers are published and distributed to different cities in different languages to cater to the needs of the consumers.
- Geographic variables such as climate, terrain, natural resources, and population density also influence consumer product needs. Companies may divide markets into regions because the differences in geographic variables can cause consumer needs and wants to differ from one region to another.
- **C. Psychographic Segmentation:**
- Psychographic segmentation pertains to lifestyle and personality traits. In the case of certain products, buying behaviour predominantly depends on lifestyle and personality characteristics.
- ***1. Personality characteristics:***
- It refers to a person's individual character traits, attitudes and habits. Here markets are segmented according to competitiveness, introvert, extrovert, ambitious, aggressiveness, etc. This type of segmentation is used when a product is similar to many competing products, and consumer needs for products are not affected by other segmentation variables.
- ***2. Lifestyle:***
- It is the manner in which people live and spend their time and money. Lifestyle analysis provides marketers with a broad view of consumers because it segments the markets into groups on the basis of activities, interests, beliefs and opinions. Companies making cosmetics, alcoholic beverages and furniture's segment market according to the lifestyle.

- **D. Behavioural Segmentation:**
- In behavioural segmentation, buyers are divided into groups on the basis of their knowledge of, attitude towards, use of, or response to a product. Behavioural segmentation includes segmentation on the basis of occasions, user status, usage rate loyalty status, buyer-readiness stage and attitude.
- ***1. Occasion:***
- Buyers can be distinguished according to the occasions when they purchase a product, use a product, or develop a need to use a product. It helps the firm expand the product usage. For example, Cadbury's advertising to promote the product during wedding season is an example of occasion segmentation.
- ***2. User status:***
- Sometimes the markets are segmented on the basis of user status, that is, on the basis of non-user, ex-user, potential user, first-time user and regular user of the product. Large companies usually target potential users, whereas smaller firms focus on current users.
- ***3. Usage rate:***
- Markets can be distinguished on the basis of usage rate, that is, on the basis of light, medium and heavy users. Heavy users are often a small percentage of the market, but account for a high percentage of the total consumption. Marketers usually prefer to attract a heavy user rather than several light users, and vary their promotional efforts accordingly.
- ***4. Loyalty status:***
- Buyers can be divided on the basis of their loyalty status—hardcore loyal (consumer who buy one brand all the time), split loyal (consumers who are loyal to two or three brands), shifting loyal (consumers who shift from one brand to another), and switchers (consumers who show no loyalty to any brand).
- ***5. Buyer readiness stage:***
- The six psychological stages through which a person passes when deciding to purchase a product. The six stages are awareness of the product, knowledge of what it does, interest in the product, preference over competing products, conviction of the product's suitability, and purchase. Marketing campaigns exist in large part to move the target audience through the buyer readiness stages.

Business market consists of profit making organizations. They can be industries, business and retailers. They buy products for business use, reselling or making other products. Buying is dine by professional people. The product is backed by company's reputation, sales force and competitive price.

The characteristics of business market are:

I) Focus: The focus of the market is organizations. They are geographically concentrated. It is business to business marketing.

II) Profit: The customers buy products for business use, reselling or making other products. Their aim is to make profit.

III) Demand: The demand for products is generally inelastic. It is not much affected by price. Buyers buy in largevolume.

IV) Professionalism: The buying is done by trained and skilled professionals. Quotations and tenders are used as buying instruments. Internet is extensively used.

V) Rationality: The buying is rational based on adequate information. There is no emotional buying.

VI) Channel: Buying is generally done directly from manufacturers or authorized dealers.

VII) Relationship: There is close relationship between the buyer and the seller. Relationship marketing is important.

VIII) Promotion: Sales force is used for promotion. The image of the company provides credibility to product.

The requirements for effective market segmentation are as follows:

a) Measurable: The size, needs, purchasing power, and characteristics of the customers in the segment should be measurable. Quantification should be possible.

b) Divisible: The segments should be differentiable. There must be clear-cut basis for dividing customers into meaningful homogeneous groups. They should respond differently to different marketing mixes. There should be differences in buyer's needs, characteristics and behaviour for dividing in groups.

c) Accessible: The segment should be reachable and serviceable. It should be accessible through existing marketing institutions, such as distribution channels, advertising media and sales force. There should be middlemen to distribute the products.

d) Substantial: The segment should be substantial. It should be large enough in terms of customers and profit potential. IT should justify the costs of developing a separate marketing mix.

e) Actionable: It should be actionable for marketing purposes. Organizations should be able to design and implement the marketing mix to serve the chosen segment.

Target Marketing: involves breaking a market into segments and then concentrating your marketing efforts on one or a few key segments consisting of the customers whose needs and desires most closely match your product or service offerings. It can be the key to attracting new business, increasing your sales, and making your business a success.

The beauty of target marketing is that by aiming your marketing efforts at specific groups of consumers it makes the promotion, pricing, and distribution of your products and/or services easier and more cost-effective.

It provides a focus to all of your marketing activities.

So if, for instance, a catering business offers catering services in the client's home, instead of advertising with a newspaper insert that goes out to everyone, the business could target the market with a direct mail campaign, a flyer delivery that went only to residents in a particular area, or a Facebook ad aimed at customers within a specific geographic area.

Social media platforms such as Facebook, LinkedIn, Twitter, and Instagram have sophisticated options to allow businesses to target users based on market segments. For example, if a Bed and Breakfast business could target married Facebook followers with an ad for a romantic weekend getaway package. LinkedIn is more B2B oriented - you can target businesses by a variety of criteria such as number of employees, industry, geographic location, etc

Market segmentation. The process of dividing a broad target **market** into subsets of consumers who have common needs or desires, as well as common applications for the relevant goods and services.

segmentation is an important marketing technique that helps you reach each group of potential customers with an approach that appeals to them. Evaluating each segment ensures that your company doesn't waste resources on segments that won't buy your products. You have to match the characteristics of the marketing segment to the qualities of your product and the abilities of your company to achieve your sales performance objectives

evaluating market segmentation

Market Potential

You can evaluate the market potential of a segment by looking at the number of potential customers in the segment, their income and the number of people in the segment who need the kind of product you offer. A market participant is one who is going to buy such a product, and the total number of participants times their purchases forms the total market. A market participant has to need the product, have the ability to pay the price of the product and has to want to buy the product. Evaluating how many such people are in each segment lets you gauge the potential market.

Sales Potential

The sales potential is the share of the potential market of a segment that your company expects to achieve. You can estimate your company's share based on your performance in other markets, or you can build up your share by asking how much of your product you expect an average customer of a segment to buy and multiplying by the total number of customers. The result of this evaluation gives you an idea of how valuable each segment is to your company.

Competition

A key factor in the evaluation of each segment is the competitive situation. If the total sales of existing suppliers are below the market potential, then you can achieve sales without taking business away from competitors. If the sales of your competitors are close to the market potential, then any sales you make will result in fewer sales for them. This means you will have to lower your prices or spend more money on promotion to achieve your sales potential, and it makes the segment less valuable for your company.

Cost

Some markets cost a lot of money to service and this affects the value of the segment. If you physically have to deliver large items over long distances, the freight costs will be high and the resulting prices may put your product out of the reach of the customers' income range. If the cost of the promotional campaign you think is required to introduce your product to a particular segment is high in relation to the expected sales, then the value of the segment is low. Your evaluations identify the segments which will be the most valuable for your company.

Target Market Selection Segmentation and Positioning

From a high-level, the goal of a marketing strategy is to identify a target market and develop a marketing mix that will appeal to those potential customers. Decisions regarding the ideal marketing mix can be organized in terms of Price, Promotion, Product, and Price. However, the goal is not to just come up with a particular strategy, but rather to focus on providing value to your key market segments.

Use Demand Metric’s **Market Segmentation Tool** to analyze market segment sizes and develop Customer Profiles based on Demographic, Psychographic, and Environmental criterion.

What types of analyses need to be completed?

As a starting point, most marketers conduct an internal analysis or their organization to identify which opportunities make the most sense to pursue. Use Demand Metric’s **S.W.O.T. Analysis Tool** to get started. This framework identifies the firm’s Strengths, Weaknesses, Opportunities, and Threats, with special attention paid to the various implications stemming from each.

Once you have a clear understanding of your firm's capabilities and resources, you are ready to analyze the external environment to seek market opportunities that fit your organization's goals and objectives.

Next, download Demand Metric's **STEP Analysis Tool** to review of the Social, Technological, Economic, and Political issues affecting your firm's ability to capitalize on a market. Combining the internal and external analyses provides a foundation for evaluating potential market opportunities, and serves as a basis for objectively comparing the attractiveness of each opportunity.

It is helpful to view marketing strategy planning as a process of segmenting markets, targeting specific customers, and working to effectively position your offering among the competition. The following sections in this report will outline how to effectively segment, target, and position, your product or service.

There are four basic types of market opportunities: Market Penetration, Market Development, Product Development, and Diversification.

1. **Market Penetration** is the attempt to increase sales of current products in present markets. Some strategies to penetrate markets include: more aggressive marketing, increasing service to improve renewal rates, or attracting competitor customers directly.
2. **Market Development** is the effort to increase sales by selling current products into new markets. Firms may advertise to reach new target customers within a geographic region, or look to international markets for expansion.
3. **Product Development** refers to offering new or improved products to present markets. By working closely with your customers, you may find new and innovative ways to better satisfy your target market.
4. **Diversification** means opening completely new lines of business, with new products in new markets. Many organizations diversify their product mix to mitigate risks related to economic variables such as recessions.

The question becomes: which opportunities should be evaluated first? The answer falls out of a sound analysis of existing markets and potential new markets. Most companies look to markets that are close to home, since they are more familiar and can be responded to quickly. Additionally, it is more profitable to retain, rather than recruit new customers.

For these reasons, market penetration is usually the first type of opportunity a firm will evaluate. Conversely, many organizations have found that market development, especially in rapidly growing China and India, is the key to their success. The next section will outline what “markets” are, and provide pragmatic advice for market segmentation.

Market Segmentation Best Practices

Market segmentation is a two-step process of: naming broad product markets, and segmenting those markets in order to select target markets. Use Demand Metric’s **Market Segmentation Tool** to help you with market sizing and analysis, and to develop customer profiles.

Most segmentation efforts fail because inexperienced marketers attempt to find one or two demographic characteristics to segment a mass market. Generally, customer needs and behaviors do not fit nicely into one or two demographic characteristics. This section of the report will outline Best Practices related to segmenting your various product markets.

1. Defining Generic and Product Markets

A **market** is a group of potential customers who have similar needs and are willing to purchase goods or services to satisfy those needs. Good marketers focus on the customer and develop marketing mixes for very specific target markets. On the other hand, poor marketers focus on their products when defining markets, leading to missed opportunities and questionable customer satisfaction. The point here is that a market is external to an organization; it doesn’t make sense to segment potential markets based on the features contained in your products or services.

When narrowing down the mass market, it is helpful to think of two basic types of markets: generic markets and product markets. A **generic market** is a market of customers with generally similar needs, which organizations satisfy in a variety of ways. An example of a generic market would be the transportation market for a city; buses, trains, cars, bicycles, and walking, are all methods of getting around town.

Contrastingly, a **product market** is a market of customers with very similar needs. An example of a product market would be for laptop computers, where customers have the choice between products from Microsoft, Dell, Apple, Fujitsu, etc.

When evaluating potential market opportunities, look for a definition that is broader than your firm’s current product market, but not so broad that your firm could not handle the demand if it were generated. Work to establish a slightly broader definition for your current product markets.

When defining your product market, there are four important aspects:

1. **What** - Product Type
2. **To Meet -** Customer Needs

3. **Who** - Customer Segments
4. **Where** - Geographic Region

An example of a product market might be "marketing advisory services for mid-sized enterprises in North America with limited budgets." Once you have defined your product markets, you are ready to continue the segmentation process to identify potential target markets.

2. Understand Common Market Segment Dimensions

There are common market segment dimensions for consumer and B2B markets. Following are two lists containing sample dimensions that can be used to slice and dice your consumer or B2B product markets. Be very careful when selecting your dimensions, as these parameters will form the basis for defining your target markets.

Demographic:

- Age
- Income
- Marital Status
- Education
- Family Size
- Gender
- Geographic Location
- Social Status
- Occupation

Psychographic:

- Brand Preferences
- Price Sensitivity
- Conservative/Liberal
- Enviro-Friendly
- Hobbies
- Lifestyle
- Information Sources
- Service Preferences
- Buy Based on Trends
- Spontaneity
- Influenced by Peers
- Relationship Importance

Behavioral:

- Purchase History
- Where They Shop
- Type of Store Preferences
- Association Memberships
- Internet Usage
- Impulsiveness

Environmental:

- Country of Residence
- Political Climate
- Currency
- Payment Methods
- Shipping & Receiving
- Languages Spoken

B2B Segmentation Criteria

Demographic:

- Annual Revenue
- # Employees
- Industry
- # Locations
- Years in Business
- Markets Served
- Products/Services
- Job Title
- Level of Experience/Seniority

Psychographic:

- Resistance to Change
- Diversification Oriented
- Open Minded/Rigid
- Decision Making Process
- Early Adopter/Follower
- Growth Oriented/Static
- Technology Sophistication
- Professionalism
- Require Referrals
- Awareness of Competitors
- Risk Aversion

- Loyalty
- Market Focused/Product Focused

Behavioral:

- Website Visits
- Responses to Marketing
- Purchasing Methods
- Association Memberships
- Internet Usage
- Social Media Groups
- Collateral Views/Downloads

Environmental:

- Technology Landscape
- Purchasing Power
- Management Practices
- Purchasing Process
- Business Culture

Using a **Customer Relationship Management**(link is external) (CRM) database system can assist with clustering customers with similar needs, buying patterns, or other relevant characteristics.

Discuss the opportunity to aggregate customers into market segments with your Information Technology leaders, as they should have some experience with gathering the data you need.

3. Group Customers into Homogeneous Micro Segments

In this stage of the segmentation process, your goal is the find customers who have similar needs that will respond to a marketing mix in a predictable manner.

Following are 4 criteria that strong market segments have in common:

1. **Homogeneous** - customers in a market segment should be very similar in both their segment dimensions and their likely response to a marketing mix.
2. **Heterogeneous** - customers in different market segments should be as divergent as possible with other segments.
3. **Economic Upside** - the segment needs to be large enough, or predicted to grow sufficiently, to be profitable.
4. **Operational** - the segment dimensions should be helpful for understanding & identifying customers and making decisions regarding the marketing mix.

It is essential that market segments are operational. The whole point of segmenting is to assist with better targeting, positioning, and decision-making; be sure that your segment dimensions are extremely relevant.

Once you have established distinct market segments based on various dimensions, you are ready to start targeting your potential customers. The next section of the report provides advice pertaining the effective target marketing techniques.

Target Marketing

Following are 5 criteria that indicate whether you have selected a viable target market: size, expected growth, competitive position, cost to reach, and compatibility.

1. **Size** - how large is this target market? Worth pursuing?
2. **Expected Growth** - even if the market is small, it may be profitable if there are indications that it will grow.
3. **Competitive Position** - low competition equals attractive market.
4. **Cost to Reach** - is this market accessible with our tactics?
5. **Compatibility** - how aligned is this market to our goals?

There are three standard approaches to target marketing. The first approach is the Single Target Market approach whereby the firm selects one particular market segment and makes every effort to “own” that space. The second approach is the Multiple

Target Market approach in which the firm selects two or more segments to go after, requiring a separate marketing mix for each. The final approach is the Combined Target Market approach and results from combining two or more submarkets into one larger target market, which is managed with a single strategy.

Most organizations prefer to adopt a segmentation approach such as the Single or Multiple Target Market strategies. These firms adjust their marketing mix for each target market to ensure that each segment is very satisfied with their offerings.

Generally, it is better to target specific segments with an appropriate solution, than to approach combined segments with an “off-the-shelf” solution.

Positioning

An effort to influence consumer perception of a brand or product relative to the perception of competing brands or products. Its objective is to occupy a clear, unique, and advantageous **position** in the consumer's mind.

The final stage in developing a strategic marketing plan is to analyze the target market to identify where competitors are positioned, and which attributes are most important when customers are making a purchase. Use Demand Metric's **Competitive Product Positioning Map** for help on this exercise.

Product positioning refers to the place an offering occupies in the customers mind on important attributes, relative to competitive offerings. To understand your current market position, conduct a simple market research project to identify which product-class attributes are most important, which brands are perceived to best deliver each attribute, and where product improvements need to be made to improve customer satisfaction.

There are two basic strategies when it comes to positioning: head-to-head and differentiation. Organizations that have a solid competitive advantage in areas deemed relevant by the target market typically go after a large portion of the total market share, and are not afraid to compete head-to-head with new market entrants or established competitors.

Those firms who cannot compete head-on with industry giants are better off looking for a niche in the market that their offering is particularly suited to fulfill. Conducting a comprehensive competitive analysis in conjunction with annual market research is an effective method for understanding your role as a supplier within the industry. As the environment changes, you will be in a position to capitalize on new market opportunities.

Marketing is an organic process that involves understanding organizational capabilities & resources, analyzing attractive market opportunities, and executing well-timed campaigns to drive revenue. Getting back to the basics and developing disciplined processes related to internal, external, and market analyses, are essential for reacting to dynamic market conditions.

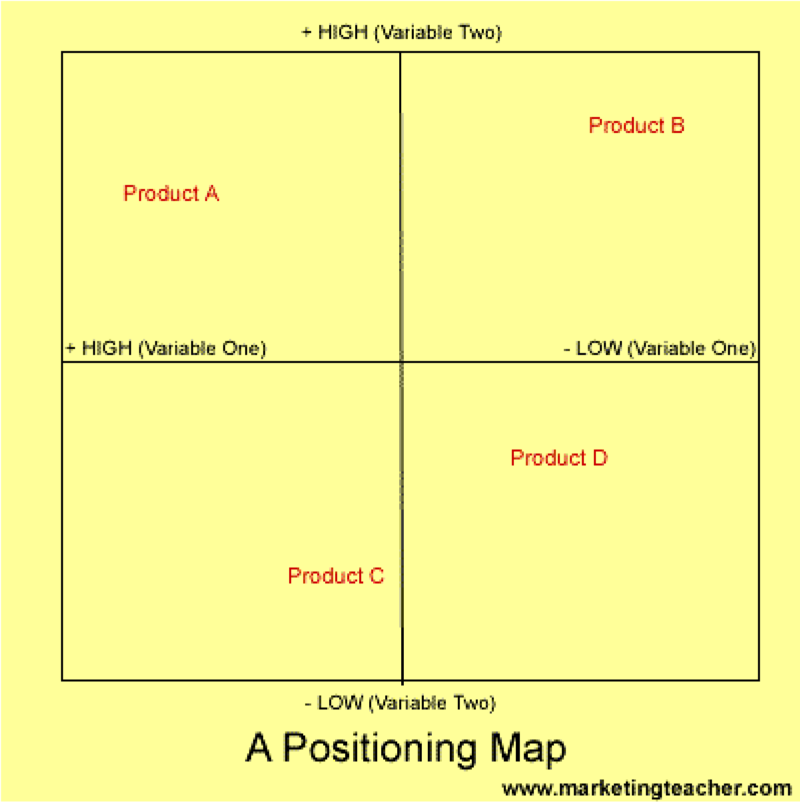
Discuss the four types of market opportunity (market penetration, market development, product development, diversification) with Senior Management to identify which area your organization will be looking to exploit in the near future.

Conduct a market segmentation initiative to define your general product market; further segment the market based on the needs of your customers and/or other relevant dimensions; and evaluate your submarkets to ensure they provide operational intelligence that supports decision-making.

Once market segments and submarkets are established, analyze which segment(s) would be best to pursue. Adopt a Single, Multiple, or Combined Target Market strategy and further evaluate the competitive landscape in each market. Conduct market research to understand the current competitive positions for each brand in the marketplace, and identify areas your organization can provide a competitive advantage.

Finally, tweak your marketing mix to achieve differentiation in the markets you serve, and update marketing materials to reflect your new position. Remember, maintaining leadership and revenue in any market requires diligence and the ability to listen and respond to current and potential customers

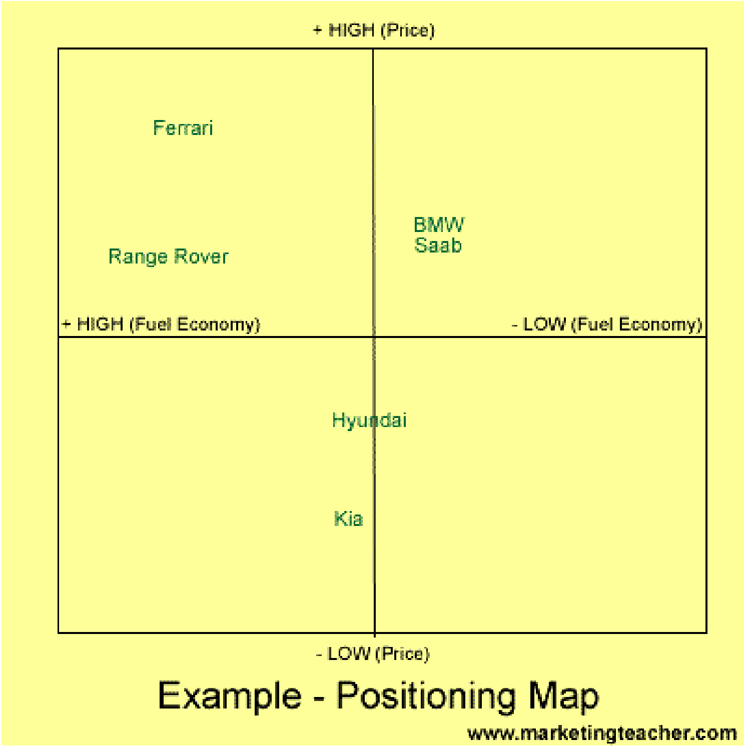
Products or services are ‘mapped’ together on a ‘**positioning map**‘. This allows them to be compared and contrasted in relation to each other. This is the main strength of this tool. Marketers decide upon a competitive position which enables them to distinguish their own products from the offerings of their competition.



The marketer would draw out the map and decide upon a label for each axis. They could be price (variable one) and quality (variable two), or Comfort (variable one) and price (variable two). The individual products are then mapped out next to each other Any gaps could be regarded as possible areas for new products.

Trout and Ries suggest a six-step question framework for successful positioning:

1. What position do you currently own?
2. What position do you want to own?
3. Whom you have to defeat to own the position you want.
4. Do you have the resources to do it?
5. Can you persist until you get there?
6. Are your tactics supporting the positioning objective you set?



Positioning strategies 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 strategies, even though all of them have the common objective of projecting a favorable image in the minds of the consumers or audience. There are seven approaches to positioning strategies:

Using Product characteristics or Customer Benefits as a positioning strategy
This strategy basically focuses upon the characteristics of the product or customer benefits. For example if I say Imported items it basically tell or illustrate a variety of product characteristics such as durability, economy or reliability etc. Lets take an example of motorbikes some are emphasizing on fuel economy, some on power, looks and others stress 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.

(2) Pricing as a positioning strategy – 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 ofjeans, as soon as you enter in the shop you will find different price rage jeans in the showroom say price ranging from 350 rupees to 2000 rupees. As soon as look at the jeans of 350 Rupees you say that it is not good in quality. Why? Basically because of perception, as most of us perceive that if a product is expensive will be a quality product where as 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. 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.

Positioning strategy based on Use or Application – Lets understand this with the help of an example like Nescafe Coffee for many years positioned it self 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 Process – 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. Lets not forget that Johnson and Johnson repositioned its shampoo from one used for babies to one used by people who wash their hair frequently and therefore need a mild people who wash their hair frequently and therefore need a mild shampoo. This repositioning resulted in a market share.

(5) Positioning strategy based on Product Class – In some product class we have to make sure critical positioning decisions For example, freeze dried coffee needed to positions 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.

(6) Positioning strategy 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 strategy based on Competitors – In this type of positioning strategies, 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 strategies of the firm, the firm either uses the same of similar positioning strategies as used by the competitors or the advertiser uses a new strategy taking the competitors' strategy as the base. A good example of this would be Colgate and Pepsodent. Colgate when entered into the market focused on to family protection but when Pepsodent entered into the market with focus on 24 hour protection and basically for kids, Colgate changed its focus from family protection to kids teeth protection which was a positioning strategy adopted because of competition

UNIT-IV

DISTRIBUTION DECISIONS, PROMOTIONS & COMMUNICATION STRATEGIES

UNIT-IV

DISTRIBUTION DECISIONS, PROMOTIONS & COMMUNICATION STRATEGIES

A **marketing channel** is a set of practices or activities necessary to transfer the ownership of goods from the point of production to the point of consumption. It is the way products and services get to the end-user, the consumer; and is also known as a distribution **channel**.

Marketing channels are the ways that goods and services are made available for use by the consumers. All goods go through channels of distribution, and your marketing will depend on the way your goods are distributed. The route that the product takes on its way from production to the consumer is important because a marketer must decide which route or channel is best for his particular product.

Manufacturer to Customer

Manufacturer makes the goods and sells them to the consumer directly with no intermediary, such as a wholesaler, agent or retailer. Goods come from the manufacturer to the user without an intermediary. For example, a farmer may sell some produce directly to customers. For example, a bakery may sell cakes and pies directly to customers.

Manufacturer to Retailer to Consumer

Purchases are made by the retailer from the manufacturer and then the retailer sells the merchandise to the consumer. This channel is used by manufacturers that specialize in producing shopping goods. For example, clothes, shoes, furniture and fine china. This merchandise may not be needed immediately and the consumer may take her time and try on the items before making a buying decision. Manufacturers that specialize in producing shopping goods prefer this method of distribution.

Manufacturer to Wholesaler to Customer

Consumer's can buy directly from the wholesaler. The wholesaler breaks down bulk packages for resale to the consumer. The wholesaler reduces some of the cost to the consumer such as service cost or sales force cost, which makes the purchase price cheaper for the consumer. For example, shopping at some of the warehouse clubs, the customer may have to buy a membership in order to buy directly from the wholesaler.

Manufacturer to Agent to Wholesaler to Retailer to Customer

Distribution that involves more than one intermediary involves an agent called in to be the middleman and assist with the sale of the goods. An agent receives a commission from the producer. Agents are useful when goods need to move quickly into the market soon after the order is placed. For example, a fishery makes a large catch of seafood; since fish is perishable it must be disposed of quickly. It is time consuming for the fishery to contact many wholesalers all over the country so he contacts an agent. The agent distributes the fish to the wholesalers. The wholesalers sell to retailers and then retailers sell to consumers.

The purpose of a channel intermediary is to move products to consumers, whether in the business or consumer sector. Channel intermediaries also provide transactional, logistics and facilitating functions, such as physical distribution, inventory storage and sorting.

Intermediaries

Intermediaries, also known as distribution intermediaries, marketing intermediaries, or middlemen, are an extremely crucial element of a company's product distribution channel. Without intermediaries, it would be close to impossible for the business to function at all. This is because intermediares are external groups, individuals, or businesses that make it possible for the company to deliver their products to the end user. For example, merchants are intermediaries that buy and resell products.

There are four generally recognized broad groups of intermediaries: agents, wholesalers, distributors, and retailers.

Agents/Brokers

Agents or brokers are individuals or companies that act as an extension of the manufacturing company. Their main job is to represent the producer to the final user in selling a product. Thus, while they do not own the product directly, they take possession of the product in the distribution process. They make their profits through fees or commissions.

Wholesalers

Unlike agents, wholesalers take title to the goods and services that they are intermediaries for. They are independently owned, and they own the products that they sell. Wholesalers do not work with small numbers of product: they buy in bulk, and store the products in their own warehouses and storage places until it is time to resell them. Wholesalers rarely sell to the final user; rather, they sell the products to other intermediaries such as retailers, for a higher price than they paid. Thus, they do not operate on a commission system, as agents do.

Distributors

Distributors function similarly to wholesalers in that they take ownership of the product, store it, and sell it off at a profit to retailers or other intermediaries. However, the key difference is that distributors ally themselves to complementary products. For example, distributors of Coca Cola will not distribute Pepsi products, and vice versa. In this way, they can maintain a closer relationship with their suppliers than wholesalers do.

Retailers

Retailers come in a variety of shapes and sizes: from the corner grocery store, to large chains like Wal-Mart and Target. Whatever their size, retailers purchase products from market intermediaries and sell them directly to the end user for a profit .

Channel structure

Producers can use different channels of distribution in the process of supplying their products to the final consumers. There are different alternatives for them to select type and number of channel.The legal right and ownership of goods goes on transferring from one to another channel member before reaching the hands of final consumers. The levels and numbers of distribution channels should be selected and used carefully considering the nature of products, market situation, firm's capacity etc. Each intermediary involved in distribution channel is counted as one level of the channel. If a producer sell his products directly to consumers, then it is 'zero level channel'. If he sells products to retailers and retailers sell to consumers, this is 'first level channel'.

The goods that the consumers buy for the purpose of consumption or use are called consumer goods. On the basis of buying behavior, consumer goods can be divided into three classes as convenience goods, shopping goods and specialty goods. According to the nature of the goods, they can be classified into two types as perishable goods and durable goods, necessities and luxury goods. Only one type or same distribution channel may not be suitable for distribution of all types of consumer goods. Any one or more distribution channel can be used; they may be various levels of distribution channels used for supplying consumer goods. Among them the main levels can be presented as follows:

Channels for consumer products:

1. Zero-level Channel: *(Producer......Consumers)*

This channel is also called direct channel. In this, the producers sell their goods or services directly to the consumers. There is absence of intermediary or middlemen between the producers and consumers. This channel of distribution is called zero-level. This is the most common, easy and short channel for sales or distribution of goods. Mostly, if the goods are costly or the consumers' number is low, the producers themselves sell their products directly to the consumers. The small producers of perishable products also sell their products directly to the local consumers. Big firms, which want to minimize distribution cost and eliminate middlemen, use direct level distribution channel to sell their products.

One Level Channel: *(Producer........Retailer......Consumers)*

In one level channel of distribution, only retailers remain as middlemen between producers and consumers. In this channel producers sell their products to retailers and the retailers sell them to final consumers. The producers do not seek help of wholesalers or agents to sell their products. Nowadays, this channel has become very popular. The producers themselves supply their products to the final consumers through retailers. Big retailing shops such as **departmental stores**, super markets, discount houses etc. have begun to appear in markets. They have made easy to sell any goods or services without the presence of wholesalers in the distribution channel. This channel is suitable to sell perishable goods and other goods that need prompt sale.

Two-level Channel: *(Producer.........Wholesaler.........Retailer...........Consumers)*

In this channel of distribution, the producers sell their products to final consumers through wholesalers and retailers. In other words, the producers sell their products to wholesalers, then wholesalers sell them to retailers and the **retailers** sell to final consumers. This is also called 'Traditional channel of distribution'. The producers sell their products to wholesalers in large quantity. Then wholesalers sell them to retailers in small quantity. then the retailers sell them to final consumers.

This channel is long in distribution system. This channel is used to sell or distribute foodstuffs, medicines, including many other consumer goods. This channel is suitable for the products, which need to be supplied to scattered markets and consumers.

Third Level Channel: *(Producer....Agent....Wholesalers....Retailers....Consumers)*

This is the longest channel of distribution of consumers goods. In this channel three middlemen are used to supply goods to the final consumers. In other words, the producers sell their products to final consumers through agents, then agents sell them to wholesalers and **wholesalers** sell them to retailers and finally the retailers sell the goods to consumers. Generally, this channel is needed for selling agro-products, clothes, industrial materials etc. The producers can take help of agents to sell their goods.

This channel is useful to those producers who cannot contact many wholesalers, cannot pay attention to international markets and want to avoid several distribution problems. Mostly, this channel is not used for distribution of most of the goods since it is costly, takes long time and invites

One way of categorising products is in terms of who the intended consumer or customer is. A broad distinction can be made between goods and services intended for use by individuals and households (**consumer products**) and and for use by other businesses (**industrial products**).

Industrial Products

Industrial products are perhaps less exciting than consumer products, but they industrial product markets are often significant in terms of market size. For example, all producers of consumer products need themselves to buy industrial products in order to operate

The marketing mix for industrial products is quite different from that for consumer products due to the features of selling "business to business":

Specialist buyers and sellers: buyers are businesses – will have specialist requirements and more experience. Often dealing with professional "buyers"

Buyer-seller relationship: strong emphasis on customer relationship management and repeat business

Transaction value: purchase value often substantial in a single transaction (e.g. bulk purchase contract)

Quality and Price: greater emphasis on product quality and price (where there are acceptable alternative products). Price is often negotiated by the buyer

Support: greater requirement for after-sales support

Alternative channels, **defined** as those **channels** that expand the reach of services beyond the traditional bank branch **channel**, have emerged as a result of innovations in information and communication technology and a shift in consumer expectations.

Distribution Intensity. Marketing **channel** intensity takes into account both the variance and number of **channels** an organization may use to deliver goods and services to consumers. Depending on customer needs, marketing **channel strategies** can utilize distribution centers or move products directly to a store.

The **promotional mix** is one of the 4 Ps of the**marketing mix**. It consists of public relations, advertising, sales **promotion** and personal selling. In this lesson, you'll learn how a **marketing** team uses the **promotional mix** to reach company objectives and goals.

Advertising

2. Sales promotion

3. Personal selling

4. Public relation

Advertising:

Advertisement can be defined as the "paid form of non-personal presentation and promotion of idea, goods or services by an identified sponsor".

It is an impersonal presentation where a standard or common message regarding the merits, price and availability of product or service is given by the producer or marketer. The advertisement builds pull effect as advertising tries to pull the product by directly appealing to customer to buy it.

2. Impersonality:

There is no face to face contact between customers and advertiser. It creates a monologue and not a dialogue.

3. Identified Sponsor:

Advertisement is given by an identified company or firm or individual.

Features of Advertising and Advantages/Merits of Advertisement:

(i) Reach:

Advertising can reach a large market. As through various media of advertising there is benefit of mass reach for example, any message given on All India Radio or TV can reach in different corners of the country wherever TV and Radio network is available.

(ii) Choice:

There is wide variety of media available for advertising for video, audio, visual audio, print media etc. Under each category large variety is available for example, in print media we can select from magazines, newspaper, banner etc. This variety or choice helps the marketer to select the media, keeping in mind the target customer.

(iii) Legitimacy:

In advertisement the messages regarding the product or service are given publicly to customers so there is always a proof for it and customers believe that publicly the company will not give false information of the product. The customer feels comfortable to buy a product which is widely advertised.

(iv) Expressiveness:

Advertising provides enough opportunities to marketers to dramatize the message with the help of drawings, colours, pictures, music, dance etc. They can easily express the use of product through various techniques, and can add multimedia effect also.

(v) Economy:

It is always felt that advertising increases the cost of product or service but advertising is considered economical as compared to other promotional techniques because it reaches masses and if we calculate cost per customer it is very low or nominal.

(vi) Enhancing Customer Satisfaction and Confidence:

Customer feel more assured about quality and feel more comfortable if sponsors claim these benefits in advertising.

Disadvantages of Advertising:

(i) It is an Impersonal Communication/Less Forceful:

In advertising there is no direct communication between the customer and marketer. The marketer assumes that the message is communicated but the audience or customers do not pay any attention to impersonal messages conveyed through advertising. The response of customer cannot be known in advertising.

(ii) Advertising is less effective:

In advertising there is only one way communication i. e., communication from seller only, but two way communication is always more effective as in two way communication the customer gets chance to clarify his or her queries. Sometimes customers have many doubts regarding the use of product, these doubts can be clarified only when there is two way communication.

(iii) Difficulty in Media Choice:

In advertising various media are available. Each media have its own advantages and disadvantages. So the effectiveness of advertisement depends to a great extent on the right choice of media. When choice of media is faulty or wrong no matter how good the advertisement is it will not reach the target customer.

(iv) Inflexibility:

It is very difficult to change advertisement as companies use standardised messages which cannot be changed according to the need of customers.

(v) Lack of Feedback:

The evaluation of effectiveness of advertisement is very difficult as there is no immediate and accurate feedback given by the customers.

Objections to Advertising or Criticism of Advertising:

Advertising has been subject to lot of criticisms. The following are main objections raised on advertisements by a group of people. Along with objections the answers to these objections are also mentioned below:

(i) Effect of Advertising on Values, Materialism and Life Styles:

The major objection on advertisement is that it promotes materialism. The advertisements inform people about more and more products, the use of existing products and the new products are shown dramatically to attract the customers.

This knowledge about more and more products induces the customers to buy more and more products. They start demanding the products which they don’t even require. If there was no advertising we would be less aware of material things and we can be more contented.

We do not agree with this objection as it is wrong to say that a person who is least informed is most contented or satisfied. The advertisement increases the knowledge of customers by informing them about various products along with their utilities.

The advertisement only informs the customers, the final choice of buying or not, lies with the customers only.

(ii) Advertising Encourages Sale of Inferior and Dubious Products:

The advertisements show all types of products irrespective of their quality. With the help of advertising anything can be sold in the market.

The objection to sale of inferior goods is not correct because what is inferior and what is superior depends upon the economic status and preference. Every one cannot afford to buy superior quality expensive products but it does not mean they should not use the product.

The lower income group people satisfy their needs with low cost inferior goods for example; those who cannot afford to buy shoes of Nike or Reebok have to satisfy with local brand only. So it is not advertisements which encourage sale of inferior goods; it is one's pocket or financial capacity which decides this.

The real criticism of advertisement is that it encourages sale of duplicate products. Some producers exaggerate the use of products and innocent consumers get trapped in and buy duplicate products.

(iii) Advertising Confuses Rather than Helps:

The number of advertisements shown in TV and Radio are increasing day by day for example, if we take TV, there are so many advertisements of different companies shown such as LG, Onida, Sony, BPL, Samsung, Videocon etc. each brand claiming they are the best. These claims by different companies confuse the customer and it becomes very difficult for him to make choice.

We do not agree with this objection because advertisements give wide choice to customers and today's customer is smart enough to know and select the most suitable brand for him.

(iv) Some Advertisements are in Bad Taste:

Another objection to advertisements is that advertisements use bad language, the way they are speaking may not appeal everyone, sometimes women are shown in the advertisements where they are not required for example, a woman in after shave lotion and in advertisements of suiting etc. Some advertisements distort relationship between employer-employee, mother-in-law and daughter-in-law etc. for example, in advertisement of Band Aid, Detergent Bar, Fevistick, etc.

Although those types of advertisements should be avoided but it can't be an objection because good or bad taste differs from person to person. It is a matter of personal opinion as to what was not accepted by yesterday's generation is accepted by today's generation and they may not find it of bad taste.

(v) Advertisement Costs are passed on to the Customers in the Form of Higher Price:

The most serious objection to advertisement is that it increases the price of product because the firms spend a huge amount on advertisement and these expenses are added to cost and consumer has to pay a higher price for the product or service.

This objection is also not correct because with advertisements the demand for product increases which brings increase in sale and this leads to increase in production. With increase in production the companies can get the economies of scale which reduces the cost of production and thus the increase in cost due to expenses on advertisements gets compensated. So if advertisement is used properly it brings reduction in cost the in long run.

2. Sales Promotion:

Sales promotion refers to short term use of incentives or other promotional activities that stimulate the customer to buy the product. Sales promotion techniques are very useful because they bring:

(a) Short and immediate effect on sale.

(b) Stock clearance is possible with sales promotion.

(c) Sales promotion techniques induce customers as well as distribution channels.

(d) Sales promotion techniques help to win over the competitor.

Sales Promotion Techniques for Customers:

Some of the sales promotion activities commonly used by the marketer to increase the sale are:

(i) Rebate:

It refers to selling product at a special price which is less than the original price for a limited period of time. This offer is given to clear off the stock or excessive inventory for example; coke announced 2 liter bottles at Rs 35 only.

(ii) Discounts:

This refers to reduction of certain percentage of price from list price for a limited period of time. The discounts induce the customers to buy and to buy more. Generally at the end of season big companies offer their products at discounted price to clear off the stock e.g., season’s sale at Snow-White Jain Sons, Paul Garments, Bhuvan Garments, etc.

(iii) Refunds:

This refers to refund or part of price paid by customer on presenting the proof of purchase for example, Rs 2 off on presentation of empty pack of Ruffle Lays.

(iv) Premiums or Gifts/or Product Combination:

These are most popular and commonly used promotion tool. It refers to giving a free gift on purchase of the product. Generally the free gift is related to product but it is not necessary for example, Mug free with Bourn vita, Shaker free with Coffee, Toothbrush free with Toothpaste, etc.

(v) Quantity Deals:

It refers to offer of extra quantity in a special package at less price or on extra purchase some quantity free for example, buy three get one free e.g., this scheme of buy three get one free scheme is available on soaps.

(vi) Samples:

It refers to distribution of free samples of product to the customers. These are distributed when the seller wants the customer must try the product. Generally when a new product is launched for example, when Hindustan Level launched Surf Excel it distributed the samples as it wanted the customers to try it.

(vii) Contests:

It refers to participation of consumers in competitive events organised by the firm and winners are given some reward for example, Camlin Company organizes painting competition, Bourn vita quiz contest and some companies organise contest of writing slogans and best slogan is awarded prize.

(viii) Instant Draws and Assigned Gifts:

It includes the offers like ‘scratch a card’ and win instantly a refrigerator, car, T-shirt, computer etc.

(ix) Lucky Draw:

In this draws are taken out by including the bill number or names of customers who have purchased the goods and lucky winner gets free car, computer, A.C., T.V., etc. Draw can be taken out daily, weekly, monthly, etc.

(x) Usable Benefits:

This includes offers like ‘Purchase goods worth Rs 5000 and get a holiday package’ or get a discount voucher, etc.

(xi) Full Finance @ 0%:

Many marketers offer 0% interest on financing of consumer durable goods like washing machine, T.V. etc. e.g., 24 easy installments 6 paid as front payment and remaining 18 with post-dated cheques. In these types of scheme customers should be careful about the file charges etc.

(xii) Packaged Premium:

In this type of sales promotion the free gift is kept inside the pack. The gift is kept in limited products but the excitement of getting the gift induces the customer to buy the product for example, gold pendant in soap, gold coin in Tata tea etc.

(xiii) Container Premium:

This refers to use of special container or boxes to pack the products which could be reused by the customer for example, Pet Bottles for Cold Drinks. This bottles can be used for Steering Water, Plastic Jars for Bourn vita, Maltova, etc. which can be reused by the housewives in kitchen.

Merits of Sales Promotion:

1. Attention Value:

The incentives offered in sales promotion attract attention of the people.

2. Useful in New Product Launch:

The sales promotion techniques are very helpful in introducing the new product as it induces people to try new products as they are available at low price or sometimes as free sample.

3. Synergy in Total Promotion Efforts:

Sales promotion activities supplement advertising and personal selling efforts of the company. Sales promotion adds to the effectiveness of advertisement efforts.

4. Aid to other Promotion Tools:

Sales promotion technique makes other promotion techniques more effective. Salesmen find it easy to sell products on which incentives are available.

Demerits of Sales Promotion:

1. Reflect Crisis:

If firm is offering sales promotion techniques again and again it indicates that there is no demand of product which can create crisis situation.

2. Spoil Product Image:

Use of sales promotion tool may affect the image of product as buyer feel that product is of low quality that is why firm is offering incentives.

3. Personal Selling:

Personal selling means selling personally. This involves face to face interaction between seller and buyer for the purpose of sale.

The personal selling does not mean getting the prospects to desire what seller wants but the concept of personal selling is also based on customer satisfaction.

Features of Personal Selling:

(i) Personal Interaction:

In personal selling the buyers and sellers have face to face interaction. This closeness allows both the parties to observe each other’s action closely.

(ii) Two Way Communication:

In personal selling the sellers give information about the product, at the same time the buyer get a chance to clarify his doubts. It is suitable for sale of complex products where buyer wants to interact with the manufacturer.

(iii) Better Response:

When seller is personally explaining the utilities of product to the customers then customer do pay some attention and listen to the information.

(iv) Relationship:

When the seller and buyer come together this may improve relation between the customer and seller. Salespersons normally make friendly relations with the customers.

(v) Better Convincing:

Personal selling is most effective form of promotion because with this the sales person can convince the buyer by demonstrating the use of product and making changes in the product according to the need of customer.

Qualities of a Good Salesman:

The qualities which are commonly found among effective salesman are described below:

1. Physical Qualities:

A salesman must have good health and pleasing personality. He must be well built and free from physical defects. A pleasing and charming personality boosts self-confidence. Good grooming, appropriate dress, clean and tidy appearance and a good posture will go a long way in creating a first impression. More importantly, a salesman must always have a cheerful smile on his face.

2. Social Qualities:

A salesman must have good manners, courtesy in dealing with customers. The practice of greeting and thanking customers, using polite expression are necessary for success in personal selling. He should not be shy or reserved but an extrovert and a good listener. He must have the ability to say the proper things and do the right thing without offending others.

3. Mental Qualities:

A good salesman must have a high degree of intelligence, initiative and foresight. He must be intelligent and imaginative enough to understand the customer quickly and read his mind accurately.

Salesman must have two basic qualities i.e., empathy and ego drive. Empathy means he must have ability to understand the problem from customer’s point of view. Ego drive means salesman must pursue sale not just for money but for recognition and personal success. A good salesman must have presence of mind and good common sense.

4. Technical Quality:

The salesman must have full technical knowledge about the product.

5. Other Qualities:

Other qualities, a salesman must possess, are:

(i) A salesman must have a good power of memory and observation.

(ii) A salesman must be honest and should not try to win the customer through false and misleading representation.

(iii) A salesman must be a man of sound character, loyal and dependable. He must perform his duties sincerely.

(iv) The salesman must have wide knowledge about the product he is selling and company he is representing.

(v) He must have capacity to inspire trust.

Role of Personal Selling:

Personal selling plays a very important role in marketing of goods and services. It is important tool for businessmen, customers and society.

1. Importance to Businessmen:

Personal selling is an important tool to increase the sale. It is important for businessman due to following reasons:

(i) Effective Promotion Tool:

Personal selling is an effective tool to increase the sale of product. Salesmen explain the merits of products to customers.

(ii) Flexible Tool:

Personal selling efforts can be changed according to the type of customer salesmen are attending. They may change the offer in varying purchase situations.

(iii) Minimum Wastage of Efforts:

As compared to other methods of promotion in personal selling the wastage of efforts is minimum.

(iv) Consumer Attention:

Through personal selling it is easy to get the attention of customer as there is face to face interaction between salesman and customers.

(v) Relationship:

Personal selling helps to create lasting relationship between customers and sales-persons which help in increasing sale.

(vi) Personal Support:

Through personal selling salesmen can create personal support with the customers. This can improve competitive strength of organization.

(vii) Very Effective to Introduce New Product:

Personal selling is very effective to introduce a new product as salesman can explain the merits, show the demonstration and clarify the doubts of customers.

(iv) Importance to Customers:

Personal selling is very important from customer’s point of view, as customers can get required information about the product from customers. Customers are benefits by personal selling in the following ways:

1. Helps in Identifying Needs:

Salesmen help the customers to discover their needs and wants and they also help customers to know how these needs and wants can be satisfied.

2. Latest Market Information:

In personal selling salesmen provide information regarding the new products available in market, uses of those products etc.

3. Expert Advice:

Customers can get expert advice and guidance in purchasing various goods and services.

4. Induces Customers:

Personal selling induces customers to buy products for satisfying their needs.

(v) Importance to Society:

Personal selling brings following positive effects for society

1. Converts Latest Demand into Effective Demand:

Personal selling creates effective demand which results in increasing sale and more income. With more income there will be more products and services which in turn bring economic growth.

2. Employment Opportunities:

Unemployed youth can work as salesman and earn their livelihood.

3. Career Opportunities:

Personal selling offers attractive career with job satisfaction and security.

4. Mobility of Sales Persons:

Sales people move from one place to other, this promotes travel and tourism industry.

5. Product Standardisation:

With the help of personal selling there can be uniformity of consumption by supplying standardised products.

4. Public Relations:

Apart from four major elements of marketing mix, another important tool of marketing is maintaining Public Relations. In simple words, a public relations means maintaining public relations with public. By maintaining public relations, companies create goodwill.

Public relations evaluate public attitudes; identify the policies and procedures of an organization with the public interest to earn public understanding and acceptance.

Public does not mean only customers, but it includes shareholders, suppliers, intermediaries, customers etc. The firm's success and achievement depends upon the support of these parties for example, firm needs active support of middle men to survive in market, it must have good relations with existing shareholders who provide capital. The consumers' group is the most important part of public as success of business depends upon the support and demand of customers only.

Role, Significance, advantages of public relations:

Public relations are significant in the following ways:

1. Help to convey the policies and programmes of the organization.

2. Help to collect information about public opinion about the organization, management activities etc.

3. To overcome the complaints and dislikes of public.

4. To mould people's attitude in favour of organization.

5. To maintain goodwill and understanding between organization and public.

6. To build an image of the organization.

Ways/Methods and Tools of Public Relations:

The companies can use the following tools to improve their relations with public:

1. News:

Sometimes companies get involved in such kind of activities or make such policies so that they get some positive coverage in news. For example, a company's name may be covered in news for reservation of jobs for women or for introducing new technology etc.

2. Speeches:

The speeches given by the leaders of corporate sectors influence various members of public specially banks, shareholders etc. Public relations department creates occasion when the speeches are delivered by the leader of company.

3. Events:

Events refer to organizing press conferences, multimedia presentation, matches, stage shows etc.

4. Written Materials:

Sometimes written materials such as Balance Sheet, Annual Reports, Special documents, Brochures etc. are circulated to various parties to improve and maintain public image of the company.

5. Public Service Activities:

Big business houses often associate themselves with various social service projects such as women welfare programmes, charity shows, up-keeping of parks, planting trees on road side, training schools, running schools, colleges, hospitals etc.

Advertising is the paid presentation and promotion of ideas, goods, or services by an identified sponsor in a mass medium. Examples include print ads, radio, television, billboard, direct mail, brochures and catalogs, signs, in-store displays, posters, mobile apps, motion pictures, web pages, banner ads, emails

Advertising is an audio or visual form of marketing communication that employs an openly sponsored, nonpersonal message to promote or sell a product, service or idea. Sponsors of advertising are often businesses who wish to promote their products or services. Advertising is differentiated from public relations in that an advertiser usually pays for and has control over the message. It is differentiated from personal selling in that the message is nonpersonal, i.e., not directed to a particular individual. Advertising is communicated through various mass media including old media such as newspapers, magazines, Television, Radio, outdoor advertising or direct mail; or new media such as search results, blogs, websites or text messages. The actual presentation of the message in a medium is referred to as an advertisement or "ad".

Commercial ads often seek to generate increased consumption of their products or services through "branding," which associates a product name or image with certain qualities in the minds of consumers. On the other hand, ads that intend to elicit an immediate sale are known as direct response advertising. Non-commercial advertisers who spend money to advertise items other than a consumer product or service include political parties, interest groups, religious organizations and governmental agencies. Non-profit organizations may use free modes of persuasion, such as a public service announcement. Advertising may also be used to reassure employees or shareholders that a company is viable or successful.

Public relations (**PR**) is the practice of managing the spread of information between an individual or an organization (such as a business, government agency, or a nonprofit organization) and the public.[1] Public relations may include an organization or individual gaining exposure to their audiences using topics of public interest and news items that do not require direct payment.[2] This differentiates it from advertising as a form of marketing communications. Public relations is the idea of creating coverage for clients for free, rather than marketing or advertising. An example of good public relations would be generating an article featuring a client, rather than paying for the client to be advertised next to the article.[3] The aim of public relations is to inform the public, prospective customers, investors, partners, employees, and other stakeholders and ultimately persuade them to maintain a certain view about the organization, its leadership, products, or political decisions. Public relations professionals typically work for **PR** and marketing firms, businesses and companies, government, government agencies and public officials as PIOs and nongovernmental organizations, and nonprofit organizations. Jobs central to public relations include account coordinator, account executive, account supervisor, and media relations manager.

Public relations specialists establish and maintain relationships with an organization's target audience, the media, and other opinion leaders. Common responsibilities include designing communications campaigns, writing news releases and other content for news, working with the press, arranging interviews for company spokespeople, writing speeches for company leaders, acting as an organization's spokesperson, preparing clients for press conferences, media interviews and speeches, writing website and social media content, managing company reputation (crisis management), managing internal communications, and marketing activities like brand awareness and event management [5]Success in the field of public relations requires a deep understanding of the interests and concerns of each of the client's many publics. The public relations professional must know how to effectively address those concerns using the most powerful tool of the public relations trade, which is publicity.

Public relations and journalism have similarities in the work they do, yet these two fields don't necessarily have the greatest relationship, being described as "adversaries" at times.

Sales promotion is one of the five aspects of the promotional mix. (The other 4 parts of the promotional mix are advertising, personal selling, direct marketing and publicity/public relations.) Media and non-media marketing communication are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Examples include contests, coupons, freebies, loss leaders, point of purchase displays, premiums, prizes, product samples, and rebates.

Sales promotions can be directed at either the customer, sales staff, or distribution channel members (such as retailers). Sales promotions targeted at the consumer are called **consumer sales promotions**. Sales promotions targeted at retailers and wholesale are called **trade sales promotions**. Some sale promotions, particularly ones with unusual methods, are considered gimmicks by many.

Sales promotion includes several communications activities that attempt to provide added value or incentives to consumers, wholesalers, retailers, or other organizational customers to stimulate immediate sales. These efforts can attempt to stimulate product interest, trial, or purchase. Examples of devices used in sales promotion include coupons, samples, premiums, point-of-purchase (POP) displays, contests, rebates, and sweepstakes.

Sales promotion is implemented to attract new customers, to hold present customers, to counteract competition, and to take advantage of opportunities that are revealed by market research. It is made up of activities, both outside and inside activities, to enhance company sales. Outside sales promotion activities include advertising, publicity, public relations activities, and special sales events. Inside sales promotion activities include window displays, product and promotional material display and promotional programs such as premium awards and contests.[1]

Personal selling process refers to a process that occurs when a sales representative meets with a potential client for the purpose of transacting a sale. Many sales representatives rely on a sequential sales process that typically includes nine steps. Some sales representatives develop scripts for all or part of the sales process. The sales process can be used in face-to-face encounters and in telemarketing.

Sales activity can occur in the field by representatives who call on clients, in a retail or wholesale environment where sales personnel attend to customers by processing orders or in a telemarketing environment where the sales person makes telephone calls to prospects. Different types of sales roles can be identified:

- **Order takers** refers to selling that occurs primarily at the wholesale or retail levels. Order processing involves determining the customer needs, pointing to inventory that meets the customer needs and completing the order.[1]
- **Order getters** refers to the in-field sales activity where a sales representative travels to the client's home or work place to makes a sales presentation in order to win new business or to maintain relations with existing clients.[2]
- **Missionary Selling** is often seen as a sales support role. The missionary sales person distributes information about products or services, describes product attributes and leaves materials but does not normally close the sale. The missionary sales person often prepares the way for a field sales person. For example, a pharmaceutical sales representative may call on doctors and leave samples, manufacturer information such as results of clinical trials, copies of relevant journal articles etc. in an effort to persuade doctors to prescribe a medication or course of treatment.
- **Cold calling** refers to a situation when a sales representative telephones or visits a customer without a prior appointment. Cold calling is often considered to be the most challenging of the sales activities. In a cold calling situation, the sales representative is likely to be more conscious of the client's time, and may seek to condense the sales process by combining the approach and the sales presentation into a single step.[3]
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- **Relationship selling** (also known as *consultative selling*) refers to a sales practice that involves building and maintaining interactions with customers in order to enhance long term relationships. Relationship selling often involves a problem solving approach where the sales representative acts in a consultative role and becomes a partner in the client's problem-solving exercise.[4] Relationship selling is often found in high-tech selling environments.

Marketing communications is essentially a part of the marketing mix. The marketing mix defines the 4Ps of marketing and Promotion is what marketing communications is all about. It is the message your organization is going to convey to your market. You need to be very particular about different messages you are going to convey through different mediums.

Traditionally printed marketing was the whole sole method of conveying the messages to the consumers. However, in recent times, emails, sms, blogs, television and company websites have become the trendy way of conveying the organization's message to the consumers. It is important though that the message you give in one medium should tally with the message provided in other medium. For example, you should use the same logo in on your website as the one you use in your email messages. Similarly, your television messages should convey the same message as your blogs and websites.

For the above reason, people controlling the marketing communication process are very important for the company. These executives make it an integrated marketing communication process. You would now understand why it has to be 'integrated'. The reason is that the messages to be conveyed through different mediums should be the same.

Let us now look at the marketing communication process. It is very important to have a process in place because then your advertising will reap proper benefits. There is an old advertising joke "I know my advertising works, I don't know which half." That's why if the marketing communication process puts a tab on advertising because companies cannot bear to lose dollars on wrong type of advertising. Things have to be well-defined and integrated to get maximum revenues.

The **marketing communication process identifies where the investments are being done and what is bringing more return on investment**. Therefore, you can alter the advertising campaign to reap maximum benefits.

The process begins at the strategic development stage. You start by creating a marketing communications program. At this point, you decide what all will fall in your advertising bracket. At the next stage, you capture responses of your consumers. These responses are then recorded and maintained as advertising data. The executives then analyze and evaluate the collected data. They generate the all important reports which will help to allocate the integrated marketing and communications budget.

The integrated marketing communications is a data-driven approach which identifies the consumer insights and develops a strategy with the right combination of offline and online channels which should result in a stronger brand-consumer relationship. It has grown manifolds in recent years due to several shifts in the advertising and media industry. This is the reason why it has developed into a primary strategy for the developers. Some examples of shifts are from media advertising to the multiple forms of communication, from general focus advertising to data based marketing and so on.

Selecting the most important communications elements is crucial for the success of company's business. The advertising campaign should be effective across all platforms. Once the integrated marketing process is set, the company can reap rich dividends from it. These days, there are companies that specialize in creating the marketing communications process for you. So you can either do it on your own or take their services. But an effective marketing communication process is the order of the day!

Definition: The **Promotion Mix** is the blend of several promotional activities (Advertising, personal selling, sales promotion, public relations, direct marketing) used by business to create, maintain and increase the demand for a product.

The management must consider the following factors in determining the promotion mix, these are:

1. **Nature of Product:** The **different type of product** requires different promotional tools. Such as, for the industrial products Viz. Machinery, equipment or land personal selling is more appropriate as a great deal of pre-sale and after-sale services is required to sell and install such products. On the other hand, advertising and publicity are more suitable for the consumer goods, especially the convenience goods.
2. **Nature of Market:** The **number and location of customers** greatly influence the promotion mix. In case the group of potential customers is small and are concentrated in a particular locality, then personal selling is more likely to be effective. Whereas, if the customer base is large and widespread, then the blend of advertising, personal selling, and the sales promotion is required to sell the product.

   Also, the type of customers influences the managerial decisions of the promotion mix. The type of promotion for the urban, educated and institutional customers would be different as compared to the rural, illiterate and household customers.

3. **Stage of Product's Life:** The **promotion mix changes as the product moves along its life cycle.** During the introduction stage, the principal objective of the promotion is to create the primary demand by emphasizing the product's features, utility, etc. therefore, the blend of advertising and publicity is required. As the product reaches its maturity stage the advertising and personal selling is required to maintain the demand of the customers.

And finally, during the decline stage the expenses on other promotional activities are cut, and more emphasis is laid on sales promotion with the intent to push up the declining sales.

4. **Availability of Funds:** The **marketing budget** also decides the promotion mix. If the funds available for the promotion are large, then the blend of promotional tools can be used, whereas in the case the funds are limited then the management must choose the promotional tool wisely.
5. **Nature of Technique: Each element of the promotional mix has unique features** that significantly influences the purpose of promotion. Such as, the advertising is an impersonal mode of communication that reaches a large group of customers. Its expression can be amplified with the use of colors and sound that helps in developing the long lasting brand image in the minds of the customer.

   The Personal selling involves face to face interaction that helps in developing cordial and personal relations with the customers. Likewise, the sales promotion is short-term incentives given to the customers with the intent to boost sales for a shorter period of time.

6. **Promotional Strategy:** The promotion mix **largely depends on the company's promotional strategy,** i.e. whether it accepts the **Push Strategy** or a **Pull Strategy.** In a Push strategy, the manufacturer forces the dealers to carry the product and promote it to the customer, i.e. convince the potential buyers to buy it. Here, personal selling and trade promotion are likely to be more effective.

   In the case of a Pull Strategy, the consumers ask the dealers to carry the product, i.e. customers themselves purchase the product. Here, advertising and consumer promotion are more appropriate.

7. **Readiness of Buyer:** Different promotional tools are required at **different stages of buyer readiness.** Such as, at the comprehension stage, the blend of advertising and personal selling plays a vital role. Whereas at the conviction stage, personal selling is more effective. At the time of sales closure, the blend of sales promotion and personal selling is likely to be more effective.

   Hence, the advertising and publicity are more effective at the early stages of buying decision process while the sales promotion and personal selling are more effective during the later stages.

UNIT-V

PRICING DECISION AND PERSONAL COMMUNICATION

UNIT-V

PRICING DECISION AND PERSONAL COMMUNICATION

Price is important to marketers because it represents marketers' assessment of the value customers see in the product or service and are willing to pay for a product or service. The other elements of the marketing mix (product, place and promotion) may seem to be more glamorous than price, and thus get more attention, but determining the price of a product or service is actually one of the most important management decisions. Here's why.

- While product, place and promotion affect costs, price is the only element that affects revenues, and thus, a business's profits. Price can lead to a firm's survival or demise.
- Adjusting the price has a profound impact on the marketing strategy, and depending on the price elasticity of the product, it will often affect the demand and sales as well. Both a price that is too high and one that is too low can limit growth. The wrong price can also negatively influence sales and cash flow.
- Problems occur if the marketer fails to set a price that complements the other elements of the marketing mix and the business objectives, as pricing contributes to how customers perceive a product or a service. A high price indicates high quality. The term luxury comes to mind. If, however, a firm wants to position itself as a low-cost provider, it will charge low prices. Just as they do with high-end providers, consumers know what to expect when they see low prices.

So, as you can see, it is important that a company sets the right price. A company's success can depend on it. However, with so many factors to consider along with the lack of a crystal ball that will show the effect of a price change, It isn't so easy to do.

A good with more close substitutes will likely have a higher elasticity. The higher the percentage of a consumer's income used to pay for the product, the higher the elasticity tends to be. For non-durable goods, the longer a **price** change holds, the higher the elasticity is likely to be

Markup Pricing

Several varieties of markup pricing - also known as cost-plus pricing - exist, but the common thread is that one first calculates the cost of the product, then adds a proportion of it as markup. The amount to be marked up is decided at the discretion of the company. Basically, this approach sets prices that cover the cost of production and provide enough profit margin to the firm to earn its target rate of return.

Cost-plus pricing is used primarily because it is easy to calculate and requires little information. Information on demand and costs is not easily available; however, this information is necessary to generate accurate estimates of marginal costs and revenues. Moreover, the process of obtaining this additional information is expensive. Therefore, cost-plus pricing is often considered a rational approach to maximizing profits. Cost-plus pricing is especially useful in the following cases:

- Public utility pricing
- Finding out the design of the product when the selling price is predetermined, which is also known as product tailoring
- Pricing products that are designed to the specification of a single buyer
- "Monopsony Buying" - buyers have enough knowledge about the costs of a supplier. Thus, they may make the product themselves if they do not comply with the offered prices. So the relevant cost would be the cost that a buying company would incur if it made the product itself.

Profit Maximization Pricing

Profit maximization is the short run or long run process by which a firm determines the price and output level that returns the greatest profit. Any costs incurred by a firm may be classed into two groups: fixed costs and variable costs.

Fixed costs, which occur only in the short run, are incurred by the business at any level of output, including zero output. These may include equipment maintenance, rent, wages of employees whose numbers cannot be increased or decreased in the short run, and general upkeep.

Variable costs change with the level of output, increasing as more product is generated. Materials consumed during production often have the largest impact on this category, which also includes the wages of employees who can be hired and laid off in the span of time (long run or short run) under consideration.

Fixed cost and variable cost, combined, equal total cost. Revenue is the amount of money that a company receives from its normal business activities, usually from the sale of goods and services (as opposed to monies from security sales such as equity shares or debt issuances).To obtain the profit maximising output quantity, we start by recognizing that profit is equal to total revenue (TR) minus total cost (TC).

Given a table of costs and revenues at each quantity, we can either compute equations or plot the data directly on a graph.

Total Profit Maximization

This linear total revenue curve represents the case in which the firm is a perfect competitor in the goods market, and thus cannot set its own selling price.

The profit-maximizing output is the one at which this difference reaches its maximum. In the accompanying diagram, the linear total revenue curve represents the case in which the firm is a perfect competitor in the goods market and thus cannot set its own selling price. The profit-maximizing output level is represented as the one at which total revenue is the height of C and total cost is the height of B; the maximal profit is measured as CB. This output level is also the one at which the total profit curve is at its maximum.

If, contrary to what is assumed in the graph, the firm is not a perfect competitor in the output market, the price to sell the product at can be read off the demand curve at the firm's optimal quantity of output. The above method takes the perspective of total revenue and total cost. A firm may also take the perspective of marginal revenue and marginal cost, which is based on the fact that total profit reaches its maximum point where marginal revenue equals marginal cost.

Definition of 'Break-even Pricing'

Description: Definition :Break-even pricing is an accounting pricing methodology in which the price point at which a product will earn zero profit is calculated. In other words, it is the point cost equal to revenue. Break-even pricing is a common tool used by most companies to set the pricing strategy of their portfolio of products. It is computed by the management of a company to make informed decisions in case it wants to increase the production or put a check on costs. The company can choose to set a price which is below the break-even point. But, in that case, the company would be earning revenues and would not be making any profits. So, the main motive of the company would be to increase its market share rather than earning profits. Most of the e-commerce firms are still operating below their break-even point. But, they have been able to tap the market share. This pricing methodology helps the company in setting up the lowest acceptable price. Break-even price is calculated by using this formula = (Total fixed cost/Production unit volume) + Variable Cost per unit. Let's understand with the help of an example. XYZ Ltd is into manufacturing of light bulbs. The fixed cost of manufacturing bulbs turns out to be Rs 50,000 and the variable cost per unit is Rs 10. The company sets an annual target of selling close to 10,000 bulbs. The break-even pricing can be calculated by using fixed cost as well as the target for annual sales. Break-even point = (50,000/10,000)+10 = Rs 15 The break-even price for one bulb is Rs 15, which means that the company can choose to price the product above this price to earn profits. If it chooses to price its product below Rs 15, it would not be earning any profits.

Pricing is one of the most important elements of the marketing mix, as it is the only element of the marketing mix, which generates a turnover for the organization. The other 3 elements of the marketing mix are the variable cost for the organization;

Product - It costs to design and produce your products.

Place - It costs to distribute your products.

Promotion - It costs to promote your products.

Price must support the other elements of the marketing mix. Pricing is difficult and must reflect **supply and demand** relationship. Pricing a product too high or too low could mean lost sales for the organization.

Pricing Factors

Pricing should take the following factors into account:

1. Fixed and variable costs
2. Competition
3. Company objectives
4. Proposed positioning strategies
5. Target group and willingness to pay

Pricing Strategy	**Definition**	**Example**
Penetration Pricing	Here the organization sets a low price to increase sales and market share. Once market share has been captured the firm may well then increase their price.	A television satellite company sets a low price to get subscribers then increases the price as their customer base increases.
Skimming Pricing	The organization sets an initial high price and then slowly lowers the price to make the product available to a wider market. The objective is to skim profits of the market layer by layer.	A games console company reduces the price of their console over 5 years, charging a premium at launch and lowest price near the end of its life cycle.

Competition Pricing	Setting a price in comparison with competitors. In reality a firm has three options and these are to price lower, price the same or price higher than competitors.	Some firms offer a price matching service to match what their competitors are offering. Others will go further and refund back to the customer more money than the difference between their price and the competitor's price.

An organization can adopt a number of pricing strategies, the pricing strategy will usually be based on corporate objectives.

Some ethical issues are extremely easy to understand: don't steal, treat others with respect, and always put down the toilet seat for your lady friends. However, when it comes to the market, the concept of what is right and wrong is a bit blurrier. Of course you can't exploit children for a lbaor force, but Is it a business's right to price however they want? After all, if the number is too high or the marketing too egregious, then consumers won't buy right?

Well, not exactly. Over the years, governments have put laws on the books for the most heinous of fraudulent pricing strategies, but even then some tactics are considered quite unethical, and you may be committing these missteps without even knowing. We touched a bit on the ethics of natural disaster price optimization in a previous post, but in order to fully understand the scopes of pricing ethics let's take a look at a brief overview before diving into five main concepts you should stay far away from in your business.

Pricing: More ethics than legality

There is a general consensus that marketing strategies must not infringe on values like honesty, transparency, and autonomy. As such, the main crux of pricing ethics concerns the establishment of a balance of power (through information) between the producer and the consumer. In a completely free market, producers often have the upper hand because they are in control of their products and processes. This potentially lead to unethical practices (using cheap or harmful materials, lying about benefits, etc.), which are deemed harmful for society as a whole.

Price fixing: Collusion at its worse

Price fixing involves the an agreement between a group of people on the same side of a market to buy or sell a good or service at a fixed price. Typically, competition between these participants for consumers drives down prices for goods. Yet, imagine a world where every ice cream shop in America vowed that all single scoops were now $15. Consumers would lost out, because we'd find alternatives or shell out an exorbitant amount of cash, as we couldn't go to another neighborhood joint to battle the high prices/low quality offering of another.

Bid rigging: Favoritism

This one's more for the proposal crows, but bid rigging involves promising a commercial contract to one group, even though you make it look like multiple parties had the opportunity to submit a bid. Not only is this a moral no no, but it's also one of the few the government follows up on, especially within their own ranks, because of the number of bids and contracts the government deals with on a yearly bases. This practice hurts consumers considerably, because the best producer doesn't receive the work necessarily.

Price discrimination: Anti-favoritism

Price discrimination is the strategy of selling the same product at different prices to different groups of consumers, usually based on the maximum they are willing to pay. The practice also surfaces in hiding lower priced items from customers who have a higher willingness to pay. This one is a little tricky, because it is socially accepted in some cases, yet rejected in others. For example, very few people would complain that the 80 year old man and his 2 year old great-granddaughter pay $10 less to enter the carnival. Yet, only showing the more expensive hotels to more affluent customers caused an enormous amount of PR backlash for travel site Orbitz.

Clearly, there are a lot of different manifestations of price discrimination. Legally, the main law on the books, the Robinson-Patman Act of 1936, is exceptionally outdated and has more holes than my favorite swiss cheese.

The bottom line: Charge different types of customers differently through product differentiation, bundling, and the like, but be exceptionally careful about communicating differences in price. Sometimes a PR backlash can hurt much more than a legal one. Check out more on communicating price changes (article is a bit tangential, but educational).

4. Price skimming: Discriminating through time

Once again, another shady area. Price skimming is when the price for a product is first sold at a very high price and then gradually lowered. The goal here is pretty obvious, producers want to capture each step on the demand curve; consumers who are willing to pay more buy the product first, and then a new groups' purchases are triggered with each decrease in price.

This strategy is most commonly seen in the tech industry, as some consumers are willing to pay a premium price for the newest gadgets. Apple is a prime example, as prices drop within months of a release and new iterations happen within six to 12 months. Like price discrimination, this practice isn’t illegal, but if too obvious and not tested enough, it can trigger an unfortunate PR backlash. Apple received a lot of flack for cutting their production cycle on the latest iPad, instantly lowering the prices of the older models.

The bottom line: Find ways to lower prices to new tranches of customers discreetly. Coupons, promotions, and lightweight versions of a product are all exceptionally effective while keeping the same number on the page. Check out more on how Apple crushed the latest iPhone price optimization.

5. Supra competitive pricing: Monopoly gouging

Sometimes the value that consumers place on a good is much greater than the cost of producing that good. In such cases, there is controversy about whether the corporation is justified in charging a much higher price and matches the perceived value. This situation can take place during a shortage, such as the price of food or fresh water after a hurricane, or when a certain product is the only one of its kind available. Pharmaceuticals and the patents that surround them are a great example.

Producers in these instances can charge an exorbitant amount of money, but should they? I think we’d agree that setting skyrocketing prices for food or generators following a hurricanse is wrong (and some states have laws against it), but most software costs are relatively cheap compared to the value provided to a customer. Very different contexts, but more generally, some consider taking advantage of consumers' needs unethical, while others feel like it's an inevitable result of a free market and a just reward for innovation.

The bottom line: This is a common sense scenario, but a good litmus is to ask yourself if the pricing change hinders an individuals’ necessities. Software products are phenomenal for improving efficiency, but if the Internet blew up tomorrow, we’d still need food and water.

Product line pricing refers to the practice of reviewing and setting prices for multiple products that a company offers in coordination with one another. Rather than looking at each product separately and setting its price, product-line pricing strategies aim to maximize the sales of different products by creating more complementary, rather than competitive, products. If you offer more than one product or service, consider the impact that one product's or service's price will have on the others

Perceived Value

Some consumers want the best product available and are willing to pay more for it, while other shoppers just want a basic product and buy primarily based on affordability. Creating a product line that offers low-end, mid-range and high-end pricing can lead consumers to believe that different products have different values. The business will have to offer more features on its top-end product to justify a higher price if all of the products are sold under the same name and in the same place. Alternately, the business might sell different versions of a similar product under two different names; one might be sold with colorful packaging and the other without it.

Captive Pricing

Some businesses sell products in their line at a low price to get consumers to use the base product and then they encourage them to buy add-ons or complementary products. For example, a salon owner might offer affordable haircuts to get customers into her shop to spend money on perms, colorings, nail treatments and hair care products. While they are in the store, these customers might make impulse purchases at the counter while checking out.

Loss Leaders

Selling a product at or below cost to lure customers in and drive other sales is an example of product-line pricing. A restaurant, for example, might offer a low-priced entrée with the purchase of a drink and dessert that have higher profit margins. A landscaper might offer a fall aerating and reseeding package at a price well below the competition to land a summer lawn-cutting contract.

Domino Effect

Part of the rationale of product-line pricing is that changing the price of one product can affect the rest of the products in the line. For example, if you set your base product price too high, you might lose enough sales of that product to lose your total gross profits, because your add-ons and related products are where you make your best margins. If you set your add-on prices too high, you might lose sales of your base product. A pet sitter, for example, might raise her standard fee for daytime pet sitting and consequently lose customers who might have hired her for overnight stays, grooming or training services.

Rural marketing is now a two-way **marketing** process. There is inflow of products into **rural** markets for production or consumption and there is also outflow of products to urban areas. The **rural market** has been growing steadily over the past few years and is now even bigger than the urban **market**.

Rural marketing' is similar to simply 'marketing.' Rural marketing differs only in terms of buyers. Here, target market consists of customers living in rural areas. Thus, rural marketing is an application of marketing fundamentals (concepts, principles, processes, theories, etc.) to rural markets.

1. Let us define the term in simple way as: Rural marketing concerns with planning and implementing marketing programmes (often referred as marketing strategies or simply 4P's) for rural markets to achieve marketing goals.

2. In more specific words: Rural marketing is a process of developing, pricing, promoting, and distributing rural specific goods and services leading to desired exchange with rural customers to satisfy their needs and wants, and also to achieve organizational objectives.

What is a 'Balance Of Payments (BOP)'

A statement that summarizes an economy's transactions with the rest of the world for a specified time period. The balance of payments, also known as balance of international payments, encompasses all transactions between a country's residents and its nonresidents involving goods, services and income; financial claims on and liabilities to the rest of the world; and transfers such as gifts. The balance of payments classifies these transactions in two accounts – the current account and the capital account. The current account includes transactions in goods, services, investment income and current transfers, while the capital account mainly includes transactions in financial instruments. An economy's balance of payments transactions and international investment position (IIP) together constitute its set of international accounts.

What is Relationship Marketing and What Can it do for Your Business?

You may have heard the term "relationship marketing" being tossed around over the past few years. Relationship marketing refers to everything you do to develop strong, lifelong relationships with your customers. Relationship marketing includes building brand awareness and positioning your brand as your customers best option. The most important part of relationship marketing is facilitating two-way conversations with your customers.

This type of marketing differs from traditional marketing in that it's not transactional, but rather relational. The old way of doing things focused on making more sales. The new, better way focuses on creating a better overall brand experience that will not only help you attract more customers, but retain those existing ones for the long term.

The shift toward this more personal marketing approach has been driven by the increased demand of consumers who want to know that the brands they work with not only offer quality products or services, but truly care about them. People want to know there are real faces behind your logo, that you're listening to their concerns and that you're willing to go above and beyond to satisfy them.

Now that you have a better idea of exactly what relationship marketing actually is, let's take a look at several benefits developing this type of strategy can have for your business:

Digital marketing is an umbrella term for the marketing of products or services using digital technologies, mainly on the Internet, but also including mobile phones, display advertising, and any other digital medium.

The way in which digital marketing has developed since the 1990s and 2000s has changed the way brands and businesses utilize technology and digital marketing for their marketing.[2] Digital marketing campaigns are becoming more prevalent as well as efficient, as digital platforms are increasingly incorporated into marketing plans and everyday life,[3] and as people use digital devices instead of going to physical shops.

Digital marketing techniques such as search engine optimization (SEO), search engine marketing (SEM), content marketing, influencer marketing, content automation, campaign marketing, data-driven marketing and e-commerce marketing, social media marketing, social media optimization, e-mail direct marketing, display advertising, e–books, optical disks and games, are becoming more and more common in our advancing technology. In fact, this extends to non-Internet channels that provide digital media, such as mobile phones (SMS and MMS), callback and on-hold mobile ring tones.

Social marketing seeks to develop and integrate marketing concepts with other approaches to influence behaviors that benefit individuals and communities for the greater social good. It seeks to integrate research, best practice, theory, audience and partnership insight, to inform the delivery of competition sensitive and segmented social change programs that are effective, efficient, equitable and sustainable.

Although "social marketing" is sometimes seen only as using standard commercial marketing practices to achieve non-commercial goals, this is an oversimplification. The primary aim of social marketing is "social good", while in "commercial marketing" the aim is primarily "financial". This does not mean that commercial marketers can not contribute to achievement of social good.

Increasingly, social marketing is being described as having "two parents"—a "social parent", including social science and social policy approaches, and a "marketing parent", including commercial and public sector marketing approaches. Recent years have also witnessed a broader focus in social marketing beyond the influences on and changing individual behaviour, to socio-cultural and structural influences on social issues. Consequently, social marketing scholars are beginning to advocate for a broader definition of social marketing, beyond behavioural change, which is equally concerned with the effects (efficiency and effectiveness) and the process (equity, fairness and sustainability) of social marketing programs.

Postmodern Marketing is a term derived from postmodern philosophical movements where there are cultural tendencies of inherent suspicion towards a global cultural narrative or meta-narrative. Postmodern marketing takes this same philosophical perspective and applies it to the way advertising initiatives are handled in the current post-World War II era. Postmodern marketing is approaching or has passed though a new era in advertising, branding, and strategic brand thinking. Postmodern marketing is inherently focused on customized experiences where broad market generalizations are no-longer applied or implemented on behalf of branded communications. Instead, the technique requires marketers to remove "new aged adlandia" trends and developments to focus on how the consumer prefers to be messaged to.
company: integrity, understanding, excellence, unity and responsibility. These values are evident in everything that it does and drive the ethical behaviour of the company. For Tata Steel, taking responsibility for tackling the challenges of sustainability follows naturally from this ethical stance.
Sustainability As a result, the ad aged "art and science" debate
round creative, media, marketing and branding are put to an end. With a postmodern marketing approach a one-to-one communication is created between real humans, controlling real mouses, real computers, real keyboards and real mobile telephones.
Business ethics means ‘taking the right course’. Acting ethically takes into account all the factors of doing business. These include production, business processes, and the company’s behaviour with its customers and the communities in which it operates. It is about doing the right thing in everything the company does.

The Tata Steel definition of sustainability is ‘an enduring and balanced approach to economic activity, environmental responsibility and societal benefit’. Sustainability is about meeting the challenges of ensuring that future generations can enjoy the same kind of lifestyles people enjoy today. This naturally involves taking a long-term perspective on balancing economic, environmental and social impacts of business.
A commitment to ethical behaviour is often shown in the corporate social responsibility (CSR) policy of a business. Businesses are no longer judged solely on their ability to deliver goods and services but also on the manner of delivery and how they impact on society and the environment. The Tata Steel sustainability policy states that:

Legislation and ethical practice

There are current laws or regulations that encourage ethical and sustainable practices. For example, anti-pollution laws place strict limits on levels of CO_2 emissions. Tata Steel, like

any other company, must ensure it abides by these laws, but with its high ethical standards, it aims to go beyond the minimum required by law, making a positive contribution wherever possible.
This approach to CSR ensures that Tata Steel can tackle the relevant sustainability challenges and in particular satisfy all its relevant stakeholders. This is good for the environment, for the people that work with and for Tata Steel, for the communities in which Tata Steel operates and also good for customers and therefore for business and profits. Through saving energy and waste, Tata Steel can work more efficiently and reduce costs.

Benefiting business reputation

Acting responsibly also benefits its reputation. This enhances the image of Tata Steel as an environmentally-committed and responsible business, giving good PR in a competitive world market. Tata Steel also develops and sells products which enhance long-term sustainability and which at the same time provide additional margins.
Steel is one of the best materials to use to ensure sustainability. Steel is a unique material because it is truly recyclable – when steel is recycled it becomes new steel and not an inferior product. Since steel does not downgrade when recycled, it can be re-used over and over again. Steel is the most recycled material on Earth. The impact of making steel can be viewed as an investment in a material which will be used again and again, rather than a one-off, making steel a very 'green' material.

The process of conceptualizing and then conveying a final product or service worldwide with the hopes of reaching the international marketing community. Proper global marketing has the ability to catapult a company to the next level, if they do it correctly. Different strategies are implemented based on the region the company is marketing to. For example, the menu at McDonald's varies based on the location of the restaurant. The company focuses on marketing popular items within the country. Global marketing is especially important to companies that provide products or services that have a universal demand such as automobiles and food. Global marketing is more than simply selling a product internationally. Rather, it includes the whole process of planning, producing, placing, and promoting a company's products in a worldwide market. Large businesses often have offices in the foreign countries they market to; but with the expansion of the Internet, even small companies can reach customers throughout the world

Some individual examples of global marketing include:

(excluding oil and energy)

1. Wal-Mart
2. Toyota
3. Volkswagen
4. Japan Post Holdings
5. Glencore International (commodities)
6. ING (financial services)
7. General Motors
8. Samsung Electronics
9. Daimler
10. General Electric

- **Coca-Cola** started selling internationally back in 1919, and is now present in more than 200 countries. In order to keep a consistent brand, Coke tastes the same in every region (although outside of the United States, the recipe uses sugar instead of high-fructose corn syrup), but the size, shape, and labeling of the bottle are changed to match the norms in each country. While the company formerly used a standardized advertising approach, it has changed to adapt advertising messages to local culture. Additionally, it adjusts its product line-up to fit local tastes; including a number of additional beverage brands.
- **McDonald's** makes certain that a Big Mac tastes the same in every country; but it also varies items on its menu according to local tastes. Customers in Mexico can order a green chili cheeseburger, customers in Korea get to eat bulgogi burgers; and customers in many Arab countries can enjoy the McArabia, a grilled kofta sandwich on pita bread.
- **Starbucks** also adjusts their menu to fit local tastes. In Hong Kong, for example, they sell Dragon Dumplings. And as a global buyer of coffee, the company has long had a reputation for engaging local cultures according to their needs.
- In Japan, **Kentucky Fried Chicken** has managed to associate their product with Christmas, and every year Japanese line up around the block to get their KFC chicken on that day.