UNIT1: UNDERSTANDING MARKETING AND THE MARKETING PROCESS

MARKETING MANAGEMENT

The term "Market" refers to where buyers and sellers gather to conduct transactions involving the exchange of goods and services between them. The term "market" arrived from the Latin word "Marcatus," which means “to trade”.

Marketing is defined as "a human activity which is aimed at satisfying needs and desires through an exchange process.

Definition and Meaning of Marketing
According to **American Marketing Association (1948)** - *"Marketing is the performance of business activities directed toward, and incident to, the flow of goods and services from producer to consumer or user."*

Meaning of Some Important Terms

Needs: It refers to an individual's basic requirement, i.e., those items which are necessary and fundamental for existence.

Wants: It refers to the desire for a particular product. It tends to be ‘satisfier specific’.

Demands: It refers to the number of customers who are willing and able to buy products at various prices during a given period. Demand for any commodity implies the consumer’s desire to purchase the goods, the willingness and the ability to pay.

Utility: It refers to the satisfying power of a product.

TYPES OF MARKETS

1. **Physical Markets -** Physical market is a set up where buyers can physically meet the sellers and purchases the desired merchandise from them in exchange of money. Shopping malls, department stores, retail stores are examples of physical markets.
2. **Non Physical Markets/Virtual markets -** In such markets, buyers purchase goods and services through internet. In such a market the buyers and sellers do not meet or interact physically, instead the transaction is done through internet. Examples – Amazon, Flipkart, eBay etc.
3. **Auction Market -** In an auction market the seller sells his goods to one who is the highest bidder.
4. **Market for Intermediate Goods -** Such markets sell raw materials (goods) required for the final production of other goods.
5. **Black Market -** A black market is a setup where illegal goods like drugs and weapons are sold.
6. **Knowledge Market -** Knowledge market is a set up which deals in the exchange of information and knowledge based products.
7. **Financial Market -** Market dealing with the exchange of liquid assets (money) is called a financial market.

IMPORTANCE OF MARKETING:

1. Marketing generates revenue for business.

2. Marketing considerations are the most critical factors in business planning and decision making.

3. Efficient marketing is a pre-requisite for the successful operation of a business enterprise.

4. Marketing generates employment.

5. Marketing makes available new variety of useful and quality goods to consumers.

6. Marketing converts latent demand of the consumers into effective demand and thus enables to raise the standard of living.

7. Marketing is helpful in stabilizing prices and optimum utilisation of resources.

8. Marketing raises the level of economic activity.

FUNCTIONS OF MARKETING MANAGEMENT

Marketing Research

Marketing Research is the careful study of the product's design, markets, and other activities. It aims to provide management with factual information as a basis for marketing decisions and actions. In the following areas, marketing management helps management to develop policies: products, markets, marketing policies, and sales methods

Product Planning Development

It is the act of supervising the search for products, screening development, and commercialising new products, refitting existing lines, and closing down the unprofitable business. Businesses must satisfy consumers' wants and needs for their long-lasting existence, assured by offering products and services that meet consumer requirements. Therefore, product planning is a very important function.

Standardisation and Grading

Standardisation is the process of setting up standards and producing products in adherence to those standards and also includes the process by which this conformity is assured. Therefore, it confirms the uniformity of the product's size, shape, design, colour, and physical properties. Grading is the process of storing goods in several grades or classes.

Product Pricing

One of the crucial decisions is the product's pricing, as it affects all the parties involved in production, distribution, and consumption. The price of the product affects the volume of production and the amount of profit of a product. A marketing manager has to make decisions on pricing very crucially.

Packaging

Packaging a product is also an important marketing function. A package helps to contain, protect, and identify a product. It is an important sales tool. Good and attractive packaging helps in increasing sales of a product. Therefore, the marketing manager has to decide on the type and material of packing, its shape, size, design, and colour.

Advertising and Sales Promotion

Advertising is an activity of advertisement of commercial products or services to prospective customers. Advertising aims to promote the sale of products. The marketing manager has to make several decisions relating to advertising, such as selecting a suitable and economical medium, planning advertising programmes, preparing the advertising budget etc.

Distribution Management

One of the important functions of marketing management is the distribution of products. It involves the decision regarding the channel of distribution and its management. The distribution of products involves a long series of middlemen between the producer and consumer; the marketing manager has to ensure that it takes place well.

SCOPE OF MARKETING

1. Study of Consumer Wants and Needs
Goods are produced to satisfy consumer wants. Therefore the study is done to identify consumer needs and wants. These needs and wants motivate the consumer to purchase.

2. Study of Consumer Behaviour
Marketers perform a study of consumer behavior. Analysis of buyer behavior helps marketers in market segmentation and targeting.

3. Production Planning and Development
Product planning and development starts with the generation of product ideas and ends with product development and commercialization. Product planning includes everything from branding and packaging to product line expansion and contraction.

4. Pricing Policies
The marketer has to determine pricing policies for their products. Pricing policies differ from product to product. It depends on the level of competition, product life cycle, marketing goals, and objectives, etc.

5. Distribution
The study of distribution channels is important in marketing. For maximum sales and profit, goods are required to be distributed to the maximum consumers at minimum cost.

6. Promotion
Promotion includes personal selling, sales promotion, and advertising. The right promotion mix is crucial in the accomplishment of marketing goals.

7. Consumer Satisfaction
The product or service offered must satisfy the consumer. Consumer satisfaction is the major objective of marketing.

8. Marketing Control
The marketing audit is done to control the marketing activities.

STEPS IN MARKETING PROCESS/ PROCESS OF MARKETING MANAGEMENT

- Situation Analysis
- Marketing Strategy
- Marketing Mix Decision
- Implementation and Control

1. Situation Analysis
Analysis of situation in which the organisation finds itself serves as the basis for identifying opportunities to satisfy unfulfilled customer needs. Situational and environmental analysis is done to identify the marketing opportunities, to understand firms own capabilities, and to understand the environment in which the firm is operating.

2. Marketing Strategy
After identifying the marketing opportunities a strategic plan is developed to pursue the identified opportunities.

3. Marketing Mix Decisions
At this step detailed tactical decisions are made for the controllable parameters of the marketing mix. It includes - product development decisions, product pricing decisions, product distribution decisions, and product promotional decisions.

4. Implementation and Control
Finally, the marketing plan is implemented and the results of marketing efforts are monitored to adjust the marketing mix according to the market changes.

FUNDAMENTAL MARKETING CONCEPT

What is Marketing Concept?

Marketing concept is a set of strategies that the firms adopt where they analyse the needs of their customers and implement strategies to fulfil those needs which will result in an increase in sales, profit maximisation and also beat the existing competition.

Types of Marketing Concept

The Production Concept

The production concept is focused on operations and is based on the assumption that customers will be more attracted to products that are readily available and can be purchased for less than competing products of the same kind. This philosophy can be useful, when a company, markets in an industry experiencing tremendous growth, but it also carries a risk. Businesses that are overly focused on cheap production can easily lose touch with the needs of the customer and ultimately lose business despite its cheap and accessible goods.

The Product Concept

The product concept is the opposite of the production concept in that it assumes that availability and price don't have a role in customer buying habits and that people generally prefer quality, innovation, and performance over low cost. Thus, this marketing strategy focuses on continuous product improvement and innovation.

Apple Inc. is a prime example of this concept in action. Its target audience always eagerly anticipates the company's new releases. Even though there are off-brand products that perform many of the same functions for a lower price, many folks will not compromise just to save money.

The Selling Concept

Marketing on the selling concept entails a focus on getting the consumer to the actual transaction without regard for the customer's needs or the product quality. This concept frequently excludes customer satisfaction efforts and doesn't usually lead to repeat purchases.

The selling concept is centered on the belief that you must convince a customer to buy a product through aggressive marketing of the benefits of the product or service because it isn't a necessity. An example is soda pop. Ever wonder why you continue to see ads for Coca Cola despite the prevalence of the brand? Everyone knows what Coke has to offer, but it's widely known that soda lacks nutrients and is bad for your health. Coca Cola knows this, and that's why they spend astonishing amounts of money pushing their product.

The Marketing Concept

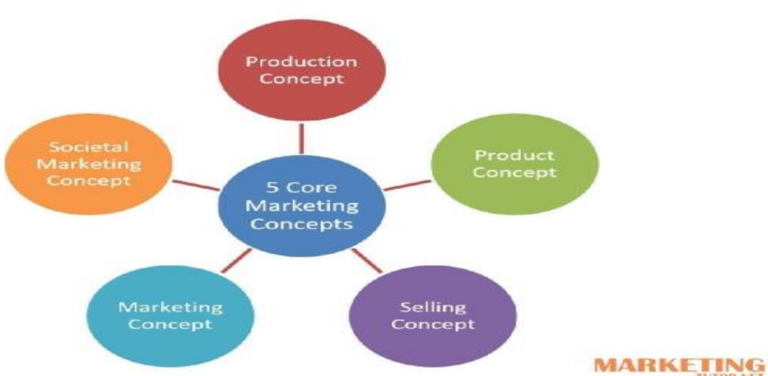
The marketing concept is based on increasing a company's ability to compete and achieve maximum profits by marketing the ways in which it offers better value to customers than its competitors. It's all about knowing the target market, sensing its needs, and meeting them most effectively. Many refer to this as the "customer-first approach."

Glossier is a recognizable example of this marketing concept. The company understands that many women are unhappy with the way that makeup affects the health of their skin. They also noticed that women are fed up with being told what makeup products to use. With this in mind, Glossier introduced a line of skincare and makeup products that not only nourish the skin but are also easy to use and promote individualism and personal expression with makeup.

The Societal Concept

The societal marketing concept is an emerging one that emphasizes the welfare of society. It's based on the idea that marketers have a moral responsibility to market conscientiously to promote what's good for people over what people may want, regardless of a company's sales goals. Employees of a company live in the societies they market to, and they should advertise with the best interests of their local community in mind.

The fast-food industry is an example of what the societal concept aims to address. There's a high societal demand for fast food, but this food is high in fat and sugar and contributes to excess waste. Even though the industry is answering the desires of the modern consumer, it's hurting our health and detracting from our society's goal of environmental sustainability.



Marketing Environment:

The marketing environment consists of forces that are beyond the control of an organization but influences its marketing activities. The marketing environment is dynamic in nature. Therefore, an organization needs to keep itself updated to modify its marketing activities as per the requirement of the marketing environment. Any change in marketing environment brings threats and opportunities for the organization. An analysis of these changes is essential for the survival of the organization in the long run.

Types of Marketing Environment:

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

1.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.

2. Micro Environment:

Micro environment refers to the environment, which is closely linked to the organization, and directly affects organizational activities. It can be divided into supply side and demand side environment. **Supply side** environment includes the suppliers, marketing intermediaries, and competitors who offer raw materials or supply products.

On the other hand, **demand side** environment includes customers who consume products.:

i. Suppliers:

It provides raw material to produce goods and services. Suppliers can influence the profit of an organization because the price of raw material determines the final price of the product. Organizations need to monitor suppliers on a regular basis to know the supply shortages and change in the price of inputs.

ii. Marketing Intermediaries: It helps organizations in establishing a link with customers. They help in promoting, selling, and distributing products.

a. Resellers: It purchases the products from the organizations and sells to the customers. Examples of resellers are wholesalers and retailers.

b. Distribution Centers: It helps organizations to store the goods. A warehouse is an example of distribution center.

c. Marketing Agencies: It promotes the organization's products by making the customers aware about benefits of products. An advertising agency is an example of marketing agency.

d. Financial Intermediaries: It provides finance for the business transactions.
Examples of financial intermediaries are banks, credit organizations, and insurance organizations.

iii. Customers: Customers buy the product of the organization for final consumption. The main goal of an organization is customer satisfaction. The organization undertakes the research and development activities to analyze the needs of customers and manufacture products according to those needs.

iv. Competitors: It helps an organization to differentiate its product to maintain position in the market. Competition refers to a situation where various organizations offer similar products and try to gain market share by adopting different marketing strategies.

2. Macro Environment:

Macro environment involves a set of environmental factors that is beyond the control of an organization. Macro environment is subject to constant change. The changes in macro environment bring opportunities and threats in an organization.

i. Demographic Environment: Demographic environment is the scientific study of human population in terms of elements, such as age, gender, education, occupation, income, and location. It also includes the increasing role of women and technology. These elements are also called as demographic variables. Before marketing a product, a marketer collects the information to find the suitable market for the product. Demographic environment is responsible for the variation in the tastes and preferences and buying patterns of individuals.

ii. Economic Environment: Economic environment affects the organization's costs structure and customers' purchasing power. The purchasing power of a customer depends on the current income, prices of the product, savings, and credit availability. The factors economic environment is as follows:

a. Inflation: It influences the customers' demand for different products. For example, higher petrol prices lead to a fall in demand for cars.

b. Interest Rates: It determines the borrowing activities of the organization.
For example, increase in interest rates for loan may lead organizations to cut their important activities.

c. Unemployment: It leads to a no income state, which affects the purchasing power of an individual.

d. Customer Income: It regulates the buying behavior of a customer. The change in the customer's income leads to changed spending patterns for the products, such as food and clothing.

e. Monetary and Fiscal Policy: It affects all the organizations. The monetary policy stabilizes the economy by controlling the interest rates and money supply in an economy; whereas, fiscal policy regulates the government spending in various areas by collecting the revenue from the citizens by taxing their income.

EVOLUTION OF MARKETING

(1) The Production Era:

The Industrial Revolution of the eighteenth century was the beginning of the production era, which lasted until the late 1920s. During this period, companies focused on the manufacturing process. They looked for ways to produce their goods faster and more efficiently.

During this era, manufacturers could afford to focus on production because demand was assured. Desire for their products was so strong, in fact that they needed to streamline production methods just to meet existing demand.

For example, Pillsbury's production era started when the business was founded in 1869. As a flour producer, Charles A. Pillsbury had only two things on his mind back then – wheat and water power. Production, not marketing, was his main concern. His orientation was typical for the time, and it worked-for a while.

(2) The Sales Era:

The sales era followed on the heels of the production era and extended from the 1930s into the 1950s. During the sales era, the question they asked was "How can we get them to buy what we make?"

Companies emphasised product promotion during the sales era, just as they tried to improve manufacturing techniques during the production era. Firms formed direct sales forces and established relationships with dealers and other firms that could push their products into the market. Advertising also took on new importance during this time.

Pillsbury entered its sales era in the 1930s. In that decade and the next, Pillsbury grew to appreciate both the grocers who sold its products and the consumers who bought them. Realising it could use information about customer likes and dislikes to create advertising that would stimulate demand, the company formed a research department to collect market data.

(3) The Marketing Era:

The 1950s were the start of the marketing era, during which companies began to practice marketing in its current form. The development of efficient production techniques earlier in the century had laid the groundwork for plentiful supplies of most products.

The method of achieving business success shifted from pushing products on customers to finding out what buyers wanted and then filling that need. The focus during the marketing era was not the manufacturer's goals, as in the first two eras, but customers' needs and wants. The new marketing departments formed in many companies started trying to provide the goods and services that customers desired.

Pillsbury's marketing orientation grew during the 1950s, a decade in which the firm learned to value customer opinions. Rather than worrying about how much it could produce or sell, the company focused on meeting customer needs and wants with new and enhanced products. During the 1950s, Pillsbury expanded its advertising department into a marketing group responsible for satisfying both current and future needs of customers.

The marketing concept came into existence in the 1960s and continues to develop and expand.

Transactional based to Relationship Marketing

Definition of Transactional Marketing

Transactional Marketing refers to the type of marketing strategy, which promotes a single "point of sale" transactions. It stresses on increasing the overall quantity of individual sales over a period of time.

One of the commonly used components of transactional marketing is to offer rewards to encourage one-time purchase, such as discounts and coupons, cashback offers, buy one get one free, etc. Further, its main aim is customer acquisition and one-off sales. This may include aggressive sales tactics used by the firms such as Limited time offer, Call now, Festive Season Sale, etc.

Sale of movie tickets, railway tickets, online sale, sale at malls, etc. are some of the examples of transactional marketing.

Definition of Relationship Marketing

Relationship Marketing as the name suggests is a marketing process which concentrates on building a deeper, stronger and healthier connection with the customers, which results in customer loyalty, frequent interaction and long term engagement. It is all about building and maintaining long term relationships with customers.

The relationship marketing is a marketing arrangement whereby the buyer and seller both are interested in undertaking a satisfying exchange, i.e. value for money.

It focuses mainly on customer retention and satisfaction leading to long term relationship with the customers and repeated sales. There are instances when the customers stop buying products offered by a specific company due to their bad customer services. All a company needs to do is to simplify and modernize its internal processes to satisfy the service needs of the customers.

Sale of cars, electronic items, software, etc. are some of the examples of relationship marketing.

Transactional marketing	Relationship marketing
• Orientation to single sales	• Orientation to customer retention
• Discontinuous customer contact	• Continuous customer contact
• Focus on product features	• Focus on customer value
• Short time scale	• Long time scale
• Little emphasis on customer service	• High emphasis on customer service
• Limited commitment to meeting customer expectations	• High commitment to meeting customer expectations

MARKETING ETHICS AND SOCIAL RESPONSIBILITY

Marketing ethics are a set of moral principles that guide a company's promotional activities. Organizations that establish and implement marketing ethics are typically trying to respect the rights, desires and expectations of consumers. While business leaders seek to generate operational revenue and earn profits, they may also prioritize the goals of practicing integrity, honesty and fairness.

The idea of marketing ethics is similar to the concept of corporate social responsibility (CSR).. CSR typically emphasizes the importance of integrating social and environmental concerns into business goals and practices. For example, organizations practicing CSR may highlight their commitment to the following types of activities:

- Treating and paying employees fairly
- Sourcing sustainable materials
- Caring for the environment
- Making charitable donations
- Addressing social issues

Why are marketing ethics important?

Marketing ethics are important because they help a business to support the rights and lives of consumers. This subject is an essential part of many marketing team conversations, planning meetings and strategies. Practicing ethical marketing allows businesses to reach the following goals:

- **Protect the well-being of consumers:** Ethical marketing often involves informing consumers about the risks of products and services and protecting the physical and mental health of everyone. This goal is especially important for organizations that sell products with potential side effects or dangers.
- **Support the well-being of employees:** While many marketers focus their ethical strategies on consumers, it's also important for them to support the well-being of marketing and other business employees. This may involve providing adequate compensation for labor and offering reasonable work schedules.
- **Act as a good model for other companies:** By practicing ethical marketing, companies can foster a good reputation, build a positive work culture for employees and consumers and encourage other businesses to practice ethical marketing. Businesses and consumers throughout the world can work together to support each other and solve social issues.
- **Attract and maintain customers:** Conducting ethical marketing methods and showing care for the quality and value of goods can be an effective form of advertising and can help build a sense of trust with consumers. This can then help companies to attract and maintain customers, increase customer satisfaction and loyalty and generate essential revenue for the organization.

Principles of ethical marketing

Ethical marketing guidelines can vary based on a company's purpose, mission and preferences. Here are some common principles of ethical marketing:

Honesty

One of the most important components of ethical marketing is the idea of full honesty in marketing communications. It's critical for business leaders and marketers to convey the truth about a company's products and services in order to protect the health, well-being and rights of consumers. For example, the Food and Drug Administration requires companies to include a "Nutrition Facts" label on products that provides a detailed list of a food's ingredients and nutrient content. This ensures that consumers have full knowledge of what they may eat or drink.

Transparency

A concept very similar to honesty, transparency in marketing ethics is the idea of disclosing the details behind company processes and behavior. It also refers to the process of having open and honest discussions about ethics. Being upfront and straightforward about company history, current practices and future goals can help to keep an organization accountable to its customers and stakeholders. While there is sometimes proprietary or private information to keep confidential, there can be many factors of a business to share with audiences. For example, a business may publish content about product development processes.

- **Suppliers:** Being transparent about who and what the company pays and supports can help consumers gain a full understanding of the organization's partners and networks.
- **Pricing:** In order to gain customers and build trust, it's usually necessary for businesses to be transparent about pricing, pricing strategies and any extra fees that may exist in a transaction.
- **Quality:** Expressing the level of quality of a good to audiences can help consumers to have realistic expectations of the value of their purchases.
- **Features:** A component of transparency is being truthful and detailed about the various features and elements of a company's products or services.
- **Customer satisfaction:** Companies may use real reviews or other evidence from actual customers to build credibility and practice transparency regarding customer satisfaction.

Health and safety

The physical safety of customers is one of the top priorities for ethical businesses and marketing teams. Marketers can uphold this principle by educating, protecting the privacy of and respecting the civil and human rights of consumers. It's also beneficial when they focus on supporting the physical safety and mental health of employees. They may do this by offering health and wellness benefits and programs.

Legality

Part of ethical marketing is complying with all governmental and environmental regulations and industry standards. This proves to consumers that a business is serious about developing excellent quality and services. It also protects the liability and interests of a business, enabling it to remain in operation.

Conscious practices

Companies may decide to engage in conscious practices to protect communities and the environment. Popular conscious practices include fair trade and wages and environmentally sustainable processes. Another example is promoting socially-conscious images in marketing materials

Personal behavior

Part of marketing ethics is ensuring that all marketing team members abide by high standards of personal ethics. While these standards are subjective, companies often set strict requirements for their employees about respecting the rights of others. Ethical team members can practice empathy and honesty in relationships with customers.

Issues or challenges in Marketing Ethics

1. Market Research: It revolves around the collection and analysis of information about consumers as well as competitors and the effectiveness of marketing campaigns. Ethical issues that might arise during the process are an invasion of privacy and stereotyping.

2. Market Audience: some of the ethical marketing issues associated with the market audience. Also targeting vulnerable audiences with a marketing campaign is also an ethical marketing issue.

3. Advertising and Promotion: Shaming rivals' products or services are considered unethical in advertising and promotion. Other ethical issues in advertising and marketing campaigns may be the mistreatment of women or any human being, misleading advertising, issues related to trust, honesty, violence, sex, taste, and controversy that may lead to the ethical decline of society.

4. Pricing Ethics: Different unethical pricing strategies that are considered issues in ethical marketing campaigns are-

- Predatory pricing
- Price fixing
- Price discrimination
- Price skimming
- Price war
- Variable Pricing

Unit-II Marketing planning, Information and Strategy

The Father of Marketing Management-Philip Kotler

Marketing Strategic Planning and Marketing Process

Definition of Marketing Planning

*"**Marketing Planning** is the process of developing marketing plan incorporating overall marketing objectives, strategies, and programs of actions designed to achieve these objectives."*

Marketing Planning involves setting objectives and targets, and communicating these targets to people responsible to achieve them. It also involves careful examination of all strategic issues, including the business environment, the market itself, the corporate mission statement, competitors, and organisational capabilities.

Marketing Planning Process

1) Mission
Mission is the reason for which an organisation exists. Mission statement is a straightforward statement that shows why an organisation is in business, provides basic guidelines for further planning, and establishes broad parameters for the future. Many of the useful mission statements motivate staff and customers.

2) Corporate Objectives
Objectives are the set of goals to be achieved within a specified period of time. Corporate objectives are most important goals the organisation as a whole wishes to achieve within a specified period of time, say one or five years.

Mission statement and corporate objectives are determined by the top level management (including Board of Directors) of the organisation. The rest of the steps of marketing planning process are performed by marketing department. All the actions and decisions of the marketing department must be directed to achieve organisation mission and its corporate objectives.

3) Marketing Audit
Marketing audit helps in analysing and evaluating the marketing strategies, activities, problems, goals, and results. Marketing audit is done to check all the aspects of business directly related to marketing department. It is done not only at the beginning of the marketing planning process but, also at a series of points during the implementation of plan. The marketing audit clarifies opportunities and threats, so that required alterations can be done to the plan if necessary.

4) SWOT Analysis
The information gathered through the marketing audit process is used in development of SWOT Analysis. It is a look at organisation's marketing efforts, and its strengths, weaknesses, opportunities, and threats related to marketing functions.

- **Strengths and Weaknesses** are factors inside the organisation that can be controlled by the organisation. USP of a product can be the example of strength, whereas lack of innovation can be the example of weakness.
- **Opportunities and Threats** are factors outside the organisation which are beyond the direct control of an organisation. Festive season can be an example of opportunity to make maximum sales, whereas increasing FDI in a nation can be the example of threat to domestic players of that nation.

5) Marketing Assumptions
A good marketing plan is based on deep customer understanding and knowledge, but it is not possible to know everything about the customer, so lot of different things are assumed about customer.
For **example** :-

- **Target Buyer Assumptions** - assumptions about who the target buyers are.
- **Messaging/Offering Assumptions -** assumptions about what customers think are the most important features of product to be offered.

6) Marketing Objectives and Strategies
After identification of opportunities and challenges, the next step is to develop marketing objectives that indicate the end state to achieve. Marketing objective reflects what an organisation can accomplish through marketing in the coming years.

Marketing strategies are formed to achieve the marketing objectives. Marketing strategies are formed to determine how to achieve those end points.

7) Forecast the Expected Results
Marketing managers have to forecast the expected results. They have to project the future numbers, characteristics, and trends in the target market.

- **Forecasting Customer Response -** Marketing managers have to forecast the response that the average customers will have to marketing efforts. Without some idea how the marketing will be received, managers can't accurately plan the promotions.
- **Forecasting Marketing cost** - To make the marketing plan stronger, accurate forecast of marketing cost is required to be done.
- **Forecasting the Market** - To accurately forecast the market, marketing managers have to gain an intimate understanding of customers, their buying behaviour, and tendencies.
- **Forecasting the Competition** - Forecast of competition like - what they market, how they market, what incentives they use in their marketing can help to counter what they are doing.

8) Create Alternative Plan
An alternate marketing plan is created and kept ready to be implementing at the place of primary marketing plan if the whole or some part of the primary marketing plan is dropped.

9) Marketing Budget
The marketing budget is the process of documenting the expected costs of the proposed marketing plan. One common method to allocate marketing budgeting is based on a percentage of revenue. Other methods are - comparative, all you can afford, and task method.

10) Implementation and Evaluation

At this stage the marketing team is ready to actually start putting their plans into action. This may involve spending money on advertising, launching new products, interacting with potential new customers, opening new retail outlets etc.

Marketing Mix

Marketing Mix is a set of marketing tool or tactics, used to promote a product or services in the market and sell it. It is about positioning a product and deciding it to sell in the right place, at the right price and right time.

7 Ps of Marketing

Product

A product is a commodity, produced or built to satisfy the need of an individual or a group. The product can be intangible or tangible as it can be in the form of services or goods. It is important to do extensive research before developing a product as it has a fluctuating life cycle, from the growth phase to the maturity phase to the sales decline phase.

Price

Price is a very important component of the marketing mix definition. The price of the product is basically the amount that a customer pays for to enjoy it. Price is the most critical element of a marketing plan because it dictates a company's survival and profit. Adjusting the price of the product, even a little bit has a big impact on the entire marketing strategy as well as greatly affecting the sales and demand of the product in the market. Things to keep on mind while determining the cost of the product are, the competitor's price, list price, customer location, discount, terms of sale, etc.,

Place

Placement or distribution is a very important part of the marketing mix strategy. We should position and distribute our product in a place that is easily accessible to potential buyers/customers.

Promotion

It is a marketing communication process that helps the company to publicize the product and its features to the public. It is the most expensive and essential components of the marketing mix, that helps to grab the attention of the customers and influence them to buy the product. Most of the marketers use promotion tactics to promote their product and reach out to the public or the target audience. The promotion might include direct marketing, advertising, personal branding, sales promotion, etc.

People

The company's employees are important in marketing because they are the ones who deliver the service to clients. It is important to hire and train the right people to deliver superior service to the clients, whether they run a support desk, customer service, copywriters, programmers…etc. It is very important to find people who genuinely believe in the products or services that the particular business creates, as there is a huge chance of giving their best performance. Adding to it, the organisation should accept the honest feedback from the employees about the business and should input their own thoughts and passions which can scale and grow the business.

Process

We should always make sure that the business process is well structured and verified regularly to avoid mistakes and minimize costs. To maximise the profit, Its important to tighten up the enhancement process.

Physical Evidence

In the service industries, there should be physical evidence that the service was delivered. A concept of this is branding. For example, when you think of "fast food", you think of KFC. When you think of sports, the names Nike and Adidas come to mind.

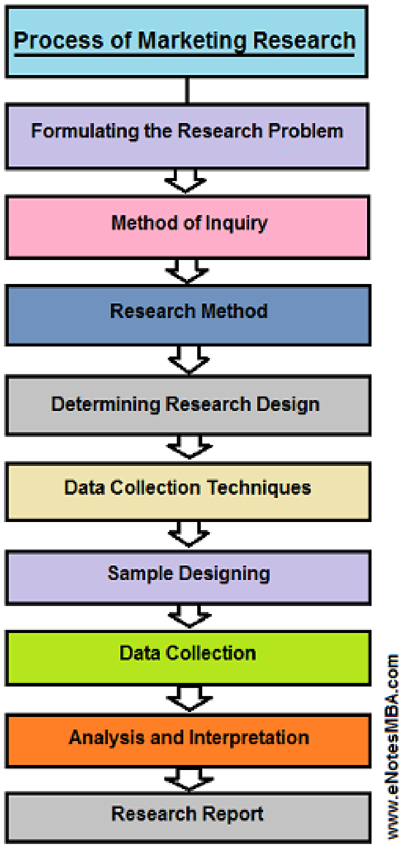
Marketing Research

Research always starts with a question or a problem. The purpose of research is to find answer to the question or solution to the problem through the application of scientific method. Research in common context refers to a search for knowledge. It can also be defined as a scientific and systematic search for gaining information and knowledge on a specific topic or phenomena.

Definition of Marketing Research

According to **American Marketing Association**, Marketing Research can be defined as - *"The systematic gathering, recording, and analyzing of data about problems relating to the marketing of goods and services"*.

Process of Marketing Research



Formulating the Research Problem

Formulating a problem is the first step in the research process. In many ways, research starts with a problem that management is facing. This problem needs to be understood, the cause and solutions should be developed. However, most management problems are not always easy to undergo a research. A management problem must first be translated into a research problem.

Method of Inquiry

The scientific method is the standard pattern for investigation. It provides an opportunity to use existing knowledge as a starting point and proceed impartially. The scientific method includes the following steps:-

- Formulate a Problem
- Develop a Hypothesis
- Making Predictions on the Basis of Hypothesis
- Test of the Hypothesis
- Conduct the Test
- Analyze the Result

Research Method

There are two primary methodologies that can be used to answer any research question: experimental research and non-experimental research. Experimental research gives the advantage of controlling extraneous variables and manipulating one or more variables that influences the process being implemented. Non-experimental research allows observation but not intervention.

Research Design

The research design is a plan or framework for conducting the study and collecting data. It is defined as the specific methods and procedures that use to acquire the information you need.

Data Collection Techniques

There are many ways to collect data. Two important methods to consider are interviews and observation.

Interviews require you to ask questions and receive responses. Common modes of research communication include interviews conducted face-to-face, by mail, by telephone, by email, or over the Internet. This broad category of research techniques is known as survey research. These techniques are used in both non-experimental research and experimental research.

Observation. Observing a person's or company's past or present behavior can predict future purchasing decisions. Data collection techniques for past behavior can include analyzing company records and reviewing studies published by external sources.

Sample Design

Research project will examine an entire population. It's more practical to use a sample - a smaller but accurate representation of the greater population. In order to design your sample, you must find answers to these questions:-

- From which base population is the sample to be selected?
- What is the method for sample selection?
- What is the size of the sample?

The final stage of the sample design involves determining the appropriate sample size. This important step involves cost and accuracy decisions. Larger samples generally reduce sampling error and increase accuracy, but also increase costs.

Data Collection

Depending on the mode of data collection, this part of the process can require large amounts of personnel and a significant portion of your budget. Personal (face-to-face) and telephone interviews may require using a data collection agency (field service). Internet surveys require fewer personnel, are lower cost, and can be completed in days rather than weeks or months.

Analysis and Interpretation

Analysis techniques vary and their effectiveness depends on the types of information you are collecting, and the type of measurements you are using. Because they are dependent on the data collection, analysis techniques should be decided before this step.

Research Report

This report will include all information, including an accurate description of research process, the results, conclusions, and recommended courses of action. The report should provide all the information the decision maker needs to understand the project. It should also be written in language that is easy to understand. The summary report, summarizes the research process and presents the findings and conclusions as simply as possible.

Decision support system (DSS)

A decision support system (DSS) is a computer program application used to improve a company's decision-making capabilities. It analyzes large amounts of data and presents an organization with the best possible options available.

Decision support systems bring together data and knowledge from different areas and sources to provide users with information beyond the usual reports and summaries. This is intended to help people make informed decisions.

Typical information a decision support application might gather and present include the following:

- comparative sales figures between one week and the next;
- projected revenue figures based on new product sales assumptions; and
- the consequences of different decisions.

Decision support system components

A typical DSS consists of three different parts: knowledge database, software and user interface.

Knowledge base. A knowledge base is an integral part of a decision support system database, containing information from both internal and external sources. It is a library of information related to particular subjects and is the part of a DSS that stores information used by the system's reasoning engine to determine a course of action.

Software system. The software system is composed of model management systems. A model is a simulation of a real-world system with the goal of understanding how the system works and how it can be improved. Organizations use models to predict how outcomes will change with different adjustments to the system.

For example, models can be helpful for understanding systems that are too complicated, too expensive or too dangerous to fully explore in real life. That's the idea behind computer simulations used for scientific research, engineering tests, weather forecasting and many other applications.

User interface. The user interface enables easy system navigation. The primary goal of the decision support system's user interface is to make it easy for the user to manipulate the data that is stored on it. Businesses can use the interface to evaluate the effectiveness of DSS transactions for the end users. DSS interfaces include simple windows, complex menu-driven interfaces and command-line interfaces.

Types of decision support systems

Data-driven DSS

A data-driven DSS is a computer program that makes decisions based on data from internal databases or external databases. Typically, a data-driven DSS uses data mining techniques to discern trends and patterns, enabling it to predict future events. Businesses often use data-driven DSSes to help make decisions about inventory, sales and other business processes. Some are used to help make decisions in the public sector, such as predicting the likelihood of future criminal behavior.

Model-driven DSS

Built on an underlying decision model, model-driven decision support systems are customized according to a predefined set of user requirements to help analyze different scenarios that meet these requirements. For example, a model-driven DSS may assist with scheduling or developing financial statements.

Communication-driven and group DSS

A communication-driven and group decision support system uses a variety of communication tools -- such as email, instant messaging or voice chat -- to allow more than one person to work on the same task. The goal behind this type of DSS is to increase collaboration between the users and the system and to improve the overall efficiency and effectiveness of the system.

Knowledge-driven DSS

In this type of decision support system, the data that drives the system resides in a knowledge base that is continuously updated and maintained by a knowledge management system. A knowledge-driven DSS provides information to users that is consistent with a company's business processes and knowledge.

Document-driven DSS

A document-driven DSS is a type of information management system that uses documents to retrieve data. Document-driven DSSes enable users to search webpages or databases, or find specific search terms. Examples of documents accessed by a document-driven DSS include policies and procedures, meeting minutes and corporate records.

Consumer behavior

Consumer behavior refers to the study of consumers and the actions and the decision processes they use to purchase goods and services to satisfy their needs and wants, including emotional, mental, and behavioral responses with the aim of determining what influences consumers' buying decisions.

Importance or Elements of Consumer Behaviour/ Factors Influencing Consumer Buying Behaviour

Psychological Factors
a) Motivation
b) Perception
c) Learning
d) Beliefs and Attitude

Social Factors
a) Family
b) Reference
c) Role and Status

Cultural Factors
a) Culture
b) Sub-culture
c) Social Class

Economic Factors
a) Personal Income
b) Family Income
c) Income Expectations
d) Liquid Assets
e) Government Policy

Personal Factors
a) Age
b) Income
c) Occupation
d) Life Style
e) Personality

Types of consumer behavior

1. Complex buying behavior: This type of behavior is encountered when consumers are buying an expensive, infrequently bought product. They are highly involved in the purchase process and consumers' research before committing to invest. Imagine buying a house or a car; these are an example of a complex buying behavior.

2. Dissonance-reducing buying behavior: The consumer is highly involved in the purchase process but has difficulties determining the differences between brands. 'Dissonance' can occur when the consumer worries that they will regret their choice.

3. Habitual buying behavior: Habitual purchases are characterized by the fact that the consumer has very little involvement in the product or brand category. Imagine grocery shopping: you go to the store and buy your preferred type of bread. You are exhibiting a habitual pattern, not strong brand loyalty.

4. Variety seeking behavior: In this situation, a consumer purchases a different product not because they weren't satisfied with the previous one, but because they seek variety. Like when you are trying out new shower gel scents.

Segmentation

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.

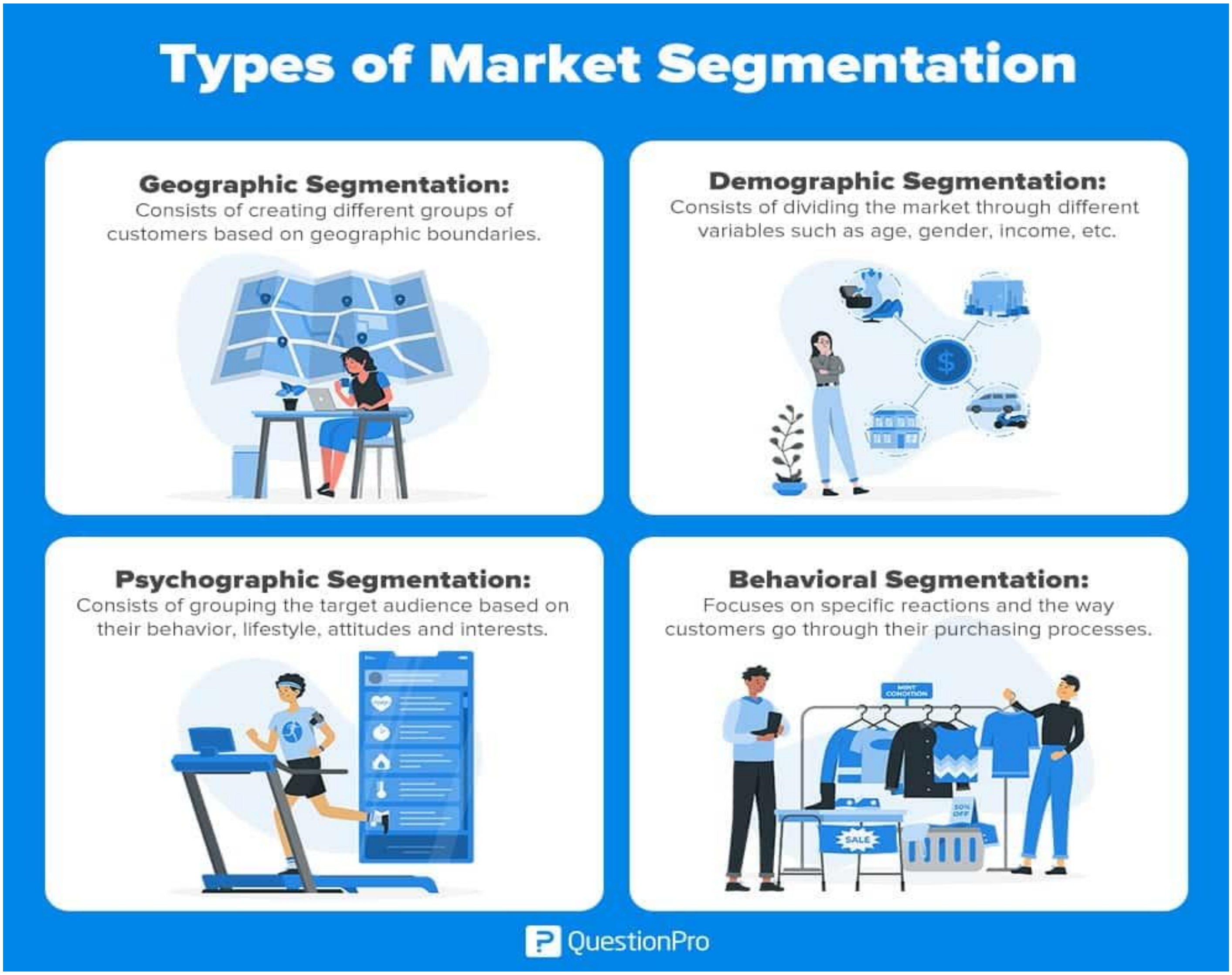
Market segmentation is the process of breaking up a large market into smaller groups of customers with similar needs, traits, or ways of behaving.

Geographic segmentation

Geographic segmentation consists of creating different groups of customers based on geographic boundaries.

A fast-food chain might change its menu items and specials based on what people in a certain area like. For example, they might have spicy food on the menu in places where spicy food is common.

The needs and interests of potential consumers vary according to their geographic location, climate, and region. So, geographic segmentation is valuable. Understanding geographic segmentation allows you to determine where to sell and advertise a brand and where to expand a business.



<u>Demographic segmentation</u>

Demographic segmentation divides the market through different variables. Demographic segmentation includes age, gender, nationality, education level, family size, occupation, income, etc.

A company that sells luxury cars might look for customers with a certain income, age, or job. For example, they might make ads for older, wealthy people who are likely to be interested in luxury cars.

Demographic segmentation is one of the most widely used forms of market segmentation since it is based on knowing how customers use your products and services and how much they are willing to pay for them. Surely demographic segmentation is very important.

Psychographic segmentation

Psychographic segmentation consists of grouping the target audience based on their behavior, Lifestyle, attitudes, and interests.

A fitness brand might try to reach customers based on how they live and who they are. For example, they might go after people who like to be active and care about their health.

To understand the target audience, market research methods such as focus groups, surveys, interviews, and case studies can successfully compile psychographic segmentation conclusions.

Behavioral segmentation

Behavioral segmentation focuses on specific reactions, i.e. consumer behaviors, patterns, and how customers go through their decision-making and purchasing processes.

An online store can target customers based on what they buy. For example, they might give discounts to people who buy from them often or send personalized suggestions based on what people have bought in the past.

The public's attitudes towards your brand, how they use it, and their awareness are examples of behavioral segmentation. Collecting behavioral segmentation data is similar to how you would find psychographic data. This allows marketers to develop a more targeted approach.

Target Marketing Strategies

Mass Marketing

- Addresses target market as one big group
- Meeting needs of the common market
- Products that are considered necessities (staples and commodities)
- Examples: toothpaste, shampoos, deodorants

Differentiated Marketing

- Addresses different groups
- Meeting the needs of certain sectors and groups within the target market
- Products catered towards particular groups (gender, diets, religion, etc.)
- Examples: milk in different fat contents (fat-free, low fat, whole milk, etc.)

Niche Marketing

- Addresses very defined and specific segment
- Meeting the needs of a highly specialized group
- Products that have very detailed attributes that serve a certain niche
- Examples: high-end bags, luxury watches

Micromarketing

- Addresses individual customers
- Meeting the needs of individuals for customization and specialized services
- Products that are customized
- Examples: handmade goods, products that customers can customize

Positioning Strategies in Marketing

Positioning is the strategy of differentiating your product from that of the competition, in the mind of the prospect. A positioning strategy may be developed from the product's attributes, its specific uses, the type of uses, the product class or category, or the competition.

1. Positioning by Product Characteristics/Consumer Benefits

In using this strategy for positioning, the focus is on quality. It addresses the brand's durability, dependability or reliability and style. An example of positioning based on characteristics is when toothpaste companies refer to the product as *"refreshing"* or *"cavity-fighting."* A slogan like *"stronger than steel"* communicates strength and reliability in a market where similar products exist but are differentiated through consistent product characteristics.

2. Positioning by "Price-Quality"

This positioning strategy focuses on the relationship between price and quality and the consumer's perception of the value of a product. In comparing jacket prices, a buyer might assume that a jacket higher in price is higher in quality. Conversely, a lower-priced product will position for affordability. Designer jeans boast quality because of cost, while department store jeans are accessible to all.

3. Use or application

When a brand reaches a larger market or changes the purpose of the brand or product, positioning may be based on its use or function. For example, a company that advertises its hot tea during colder seasons begins to promote an iced version during the summer to alter its brand's use to reach a larger market through modifying applications. Tape or adhesives often used for home repairs can reposition the brand for decorative or craft projects. Widening the reach accesses a different type of customer.

4. Product user

This is a strategy of associating the product with a particular type or class of user. One way of doing this is through celebrity endorsements.

- E.g. Lux-earlier their positioning was 'Filmi Sitaroan Ka Saboon', now new Aishwarya's advertising says that by using Lux you can also become a star.

5. Product class

This consists of positioning two related products in the same product class simultaneously, resulting in an increased customer base. By positioning dried milk as both a breakfast substitute and a protein shake, the appeal is doubled to two different customer needs.

6. Cultural symbols

The objective of positioning based on a cultural symbol is to identify something like a symbol significant to people that hasn't been used by competitors and harness it to associate your brand with that symbol. Airlines have done this with cultural symbols to associate with royal treatment.

7. Competitors (relation to)

This type of positioning strategy consists of making consumers think that your brand is better than, or as good as the competitors. The competition is used as the point of reference.

Positioning your brand against competitors is an obvious challenge on quality and asserts that your brand is superior with a competitive edge. For example, one chicken-based fast food restaurant boasts a bovine mascot who encourages customers to eat chicken, aware that most other fast-food chains market beef burgers.

Competitive Strategy

Competitive strategy is a long-term action plan of a company which is directed to gain competitive advantage over its rivals after evaluating their strengths, weaknesses, opportunities and threats in the industry and compare it with your own. Michael Porter, a professor at Harvard presented competitive strategy concept.

1. Cost Leadership

Here, the objective of the firm is to become the lowest cost producer in the industry and is achieved by producing in large scale which enables the firm to attain economies of scale. High capacity utilization, good bargaining power, high technology implementation are some of factors necessary to achieve cost leadership.

Example: Micromax smart phones and mobile phones are giving good quality products at an affordable price which contain all the features which a premium phone like Apple or Samsung offers

2. Differentiation leadership

Under this strategy, firm maintains unique features of its products in the market thus creating a differentiating factor. With this differentiation leadership, firms target to achieve market leadership. And firms charge a premium price for the products (due to high value added features). Superior brand and quality, major distribution channels, consistent promotional support etc. are the attributes of such products.

E.g. BMW, Apple.. BMW offers cars which are different from other car brands. BMW cars are more technologically advanced, have better features and have got personalized services

3. Cost focus

Under this strategy, firm concentrates on specific market segments and keeps its products low priced in those segments. Such strategy helps firm to satisfy sufficient consumers and gain popularity.

E.g. Sonata watches are focused towards giving wrist watches at a low cost as compared to competitors like Rolex, Titan, and Omega etc.

4. Differentiation focus

Under this strategy, firm aims to differentiate itself from one or two competitors, again in specific segments only. This type of differentiation is made to meet demands of border customers who refrain from purchasing competitors' products only due to missing of small features. It is a clear niche marketing strategy.

E.g. Titan watches concentrates on premium segment which includes jewels in its watches.

UNIT-3

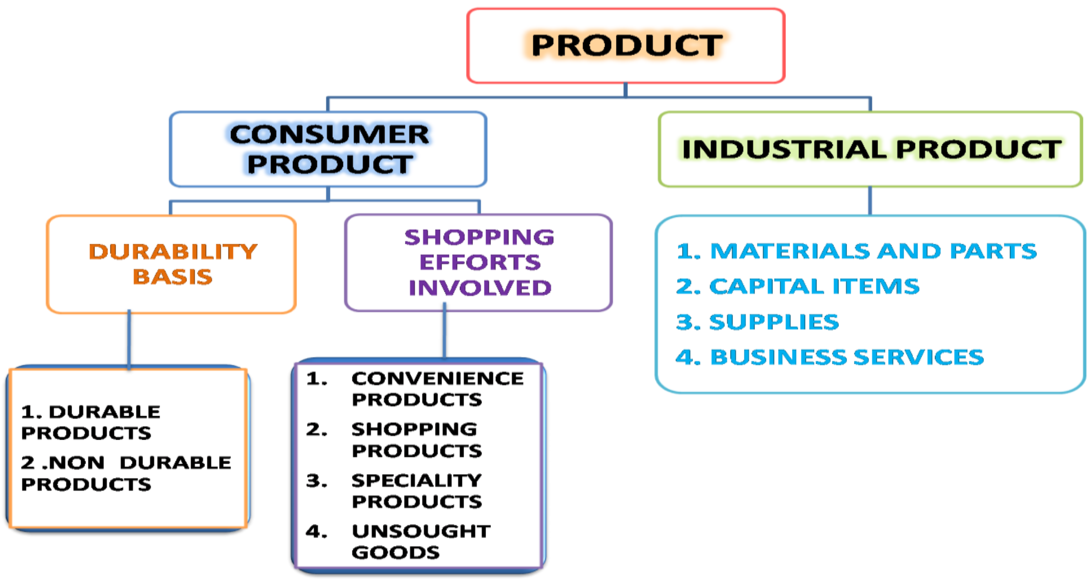
Product:

A product is something that is made with the purpose of being sold in the marketplace. The use of products satisfies the needs of customers.

There are two types of products: tangible and intangible. Intangible products are referred to as services, while physical things are referred to as goods.

For example, while purchasing a washing machine, a consumer does not only look for its physical qualities but also some intangible factors such as its brand name, guarantee offered, company's image, status symbol, etc. Hence, it can be said that a product is a mixture of tangible and intangible features, a consumer can exchange for a value in return to satisfy their needs.

Classification of Products



Products can be classified into two categories; viz., **Consumer Products and Industrial Products.**

1. Consumer Products

The products which directly satisfy the wants and needs of a consumer are known as Consumer Products. For instance, soap, clothes, bread, jam, butter, etc.

These products can be further classified into two categories:

A. **On the Basis of Durability**
B. **On the Basis of Shopping Efforts.**

A. On the Basis of Durability

Based on Durability there are three types of consumer products; namely, Non-Durable Products, Durable Products, and Services.

i) Durable Products

The goods that can be used for a long period of time are known as Durable Products. For example, sewing machines, washing machines, refrigerators, air conditioners, etc. The durable goods include higher profit margins for the producer and needs greater personal selling efforts and various after-sales service by the organisation.

ii) Non-durable Products

The goods that can be consumed for a short period of time (one or few uses only) are known as Non-durable Products. For example, soap, shampoo, toothpaste, biscuits, etc. These products need heavy advertising and have fewer profit margins.

iii) Services

The activities, satisfaction, or benefits offered by an organisation for sale are known as Services. For example, services offered by a CA, teacher, doctor, etc. Services are intangible in nature, which means that we cannot see, touch, or feel them.

B. On the Basis of Shopping Efforts

Based on Shopping Efforts there are three types of products; namely**, Convenience Products, Shopping Products, and Speciality Products.**

i) Convenience Products

Convenience Products are typically low-cost, readily available items that customers purchase on a regular basis. Customers can obtain such products through a wide range of distribution channels, including all retail shops.

Fast moving consumer goods (FMCG) such as soap, toothpaste, detergents, and food items such as rice, wheat flour, salt, sugar, milk, and so on fall into this category.

ii) Shopping Products

The products in which consumers devote considerable effort and time in shopping are known as Shopping Products. For these products, the buyer first compares the price, style, quality, etc., of different brands at different stores before making the final decision of purchase. For example, clothes, mobile phones, jewellery, automobiles, furniture, hotel and airline services, and tourism services etc.

iii) Speciality Products

Specialty Products are high-priced branded products and services with unique features, and customers are convinced that this product is superior to all other competing brands in terms of features and quality, and thus are willing to pay a high price for it.

For example, antique paintings, exotic perfumes, expensive watches, branded sneakers, etc.

iv) Mandatory or Unsought products

Consumers that buy mandatory purchases, often known as unsought goods, do so out of necessity rather than want. Typically, these are items like batteries, smoke detectors, air filters, and cleaning supplies that buyers aren't very enthusiastic to acquire. When advertising these things, marketing teams can concentrate on reminding customers of their need for them and establishing brand familiarity, allowing them to buy a specific brand without hesitation.

A marketing team might, ***for example***, promote a flashlight by showing someone utilizing one during a power outage.

2. Industrial or Business Products

i. **Materials and Parts**

Agricultural products, crude petroleum, and iron ore are examples of raw materials; produced materials include iron, yarn, cement, and wires; and component parts include small motors, tyres, and castings.

ii. **Capital Items**

Capital items include installations such as factories and offices, fixed equipment such as generators, computer systems, and elevators, and auxiliary equipment such as tools and office equipment.

iii. **Supplies**

Lubricants, coal, paper, pencils, and repair supplies such as paint, nails, and brooms are among the supplies available.

iv. **Business Services**

Maintenance and repair services, such as computer repair, legal services, consulting services, and advertising services, are all examples of services.

Product Mix

Product mix or product assortment refers to the number of product lines that an organization offers to its customers. A **product line** is a group of related products manufactured or marketed by a single company.

For example, a company might sell multiple lines of products, such as toothpaste, toothbrush, or mouthwash, and also other such toiletries. All these are under the same brand umbrella. Whereas, a company may have varied and distinct other product lines that may be contrast to each other, such as medicines and clothing apparel.

An organization's product mix has the following four dimensions:-

1. Width,
2. Length,
3. Depth, and
4. Consistency.

Width

The width of an organization's product mix pertains to the number of product lines that the organization is offering. For ***example***, Hindustan Uni Lever offers wide width of its home care, personal care, and beverage products. The width of the HUL product mix includes Personal wash, Laundry, Skincare, Haircare, Oral care, Deodorants, Tea, and Coffee.

Length
The length of an organization's product mix pertains to the total number of products or items in the product mix. As in the given diagram of Hindustan Uni Lever product mix, there are 23 products; hence, the length of the product mix is 23.

Depth
The depth of an organization's product mix pertains to the total number of variants of each product offered in the line. Variants include size, color, flavors, and other distinguishing characteristics. For ***example***, the Close-up, brand of HUL is available in three formations and in three sizes. Hence, the depth of the Close-up brand is 3*3 = 9.

Consistency
This refers to how closely the products in a product line are related to each other.

Product Mix Decision

Product mix decision refers to the decisions regarding adding a new or eliminating any existing product from the product mix, adding a new product line, lengthening an existing line, or bringing new variants of a brand to expand the business and to increase the profitability.

- **Product Line Decision** - Product line managers take product line decisions considering the sales and profit of each item in the line and comparing their product line with the competitors' product lines in the same markets. Marketing managers have to decide the optimal length of the product line by adding new items or dropping existing items from the line.

- **Line Stretching Decision** - Line stretching means lengthening a product line beyond its current range. An organization can stretch its product line downward, upward, or both ways.

1. ***Downward Stretching*** means adding low-end items in the product line, for ***example*** in the Indian car market, watching the success of Maruti-Suzuki in the small car segment, Toyota and Honda also entered the segment.
2. ***Upward Stretching*** means adding high-end items in the product line, for ***example,*** Maruti-Suzuki initially entered the small car segment, but later entered the higher-end segment.
3. ***Two-way Stretching*** means stretching the line in both directions if an organization is in the middle range of the market.

- **Line Filling Decision** - It means adding more items within the present range of the product line. Line filling can be done to reach incremental profits or to utilize excess capacity.

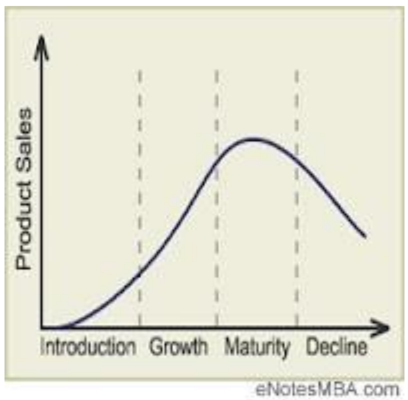
Product Life Cycle Concept

We have a life cycle, we are born, we grow, we mature, and finally, we pass away. Similarly, products also have a life cycle, from their introduction to decline they progress through a sequence of stages. The major stages of the product life cycle are - introduction, growth, maturity, and decline. Product life cycle describes the transition of a product from its development to decline.

The time period of the product life cycle and the length of each stage varies from product to product. The Life Cycle of one product can be over in few months, and of another product may last for many years. One product reaches maturity in years and another can reach it in few months. One product stays at maturity for years and another just for few months. Hence, it is true to say that length of each stage varies from product to product.

Product Life Cycle is associated with variation in the marketing situation, level of competition, product demand, consumer understanding, etc., thus marketing managers have to change the marketing strategy and the marketing mix accordingly.

Product Life Cycle can be defined as *"the change in sales volume of a specific product offered by an organization, over the expected life of the product."*



<u>Stages of the Product Life Cycle</u>

The four major stages of the product life cycle are as follows:-

1. Introduction,
2. Growth,
3. Maturity, and
4. Decline.

Introduction Stage
At this stage, the product is new to the market and few potential customers are aware of the existence of the product. The price is generally high. The sales of the product are low or may be restricted to early adopters. Profits are often low or losses are being made, this is because of the high advertising cost and repayment of developmental cost. At the introductory stage:-

- The product is unknown,
- The price is generally high,
- The placement is selective, and
- The promotion is informative and personalized.

Growth Stage
At this stage, the product is becoming more widely known and accepted in the market.

Marketing is done to strengthen the brand and develop an image for the product. Prices may start to fall as competitors enter the market. With the increase in sales, profit may start to be earned, but advertising cost remains high. At the growth stage:-

- The product is more widely known and consumed,
- The sales volume increases,
- The price began to decline with the entry of new players,
- The placement becomes more widely spread, and
- The promotion is focused on brand development and product image formation**.**

Maturity Stage
At this stage, the product is competing with alternatives. Sales and profits are at their peak. Product range may be extended, by adding both withe and depth. With the increases in competition, the price reaches its lowest point. Advertising is done to reinforce the product image in the consumer's minds to increase repeat purchases. At maturity stage:-

- The product is competing with alternatives,
- The sales are at their peak,
- The prices reach to its lowest point,
- The placement is intense, and
- The promotion is focused on repeat purchasing**.**

Decline Stage
At this stage, sales start to fall fast as a result product range is reduced. The product faces reduced competition as many players have left the market and it is expected that no new competitor will enter the market. Advertising cost is also reduced. Concentration is on remaining market niches as some price stability is expected there. Each product sold could be profitable as developmental costs have been paid at an earlier stage. With the reduction in sales volume, overall profit will also reduce. At decline stage:-

- The product faces reduced competition,
- The sales volume reduces,
- The price is likely to fall,
- The placement is selective, and
- The promotion is focused on reminding**.**

Product Development is a process of improving the existing product or to introduce a new product in the market. It is also referred as New Product Development. The functions of product development are as follows :-

1. Creation of an entirely new product or upgrading an existing product,
2. Innovation of a new or an existing product to deliver better and enhanced services,
3. Enhancing the utility and improving the features of an existing product,
4. Continuous improvement of a product to satisfy rapidly changing customer needs and wants.

<u>Product Development Process</u>

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1. **Idea Generation** - The first step of product development is Idea Generation that is identification of new products required to be developed considering consumer needs and demands. Idea generation is done through research of market sources like consumer liking, disliking, and competitor policies. Various methods are available for idea generation like - Brain Storming, Delphi Method, or Focus Group.
2. **Idea Screening** - The second step in the process of product development is Idea Screening that is selecting the best idea among the ideas generated at the first step. As the resources are limited, so all the ideas are not converted to products. Most promising idea is kept for the next stage.
3. **Concept Development** - At this step the selected idea is moved into development process. For the selected idea different product concepts are developed. Out of several product concepts the most suitable concept is selected and introduced to a focus group of customers to understand their reaction. For **example** - in auto expos different concept cars are presented, these models are not the actual product, they are just to describe the concept say electric, hybrid, sport, fuel efficient, environment friendly, etc.
4. **Market Strategy Development** - At this step the market strategies are developed to evaluate market size, product demand, growth potential, and profit estimation for initial years. Further it includes launch of product, selection of distribution channel, budgetary requirements, etc.
5. **Business Analysis** - At this step business analysis for the new product is done. Business analysis includes - estimation of sales, frequency of purchases, nature of business, production and distribution related costs and expenses, and estimation of profit.

6. **Product Development** - At this step the concept moves to production of finalised product. Decisions are taken from operational point of view whether the product is technically and commercially feasible to produce. Here the research and development department develop a physical product.
7. **Test Marketing** - Now the product is ready to be launched in market with brand name, packaging, and pricing. Initially the product is launched in a test market. Before full scale launching the product is exposed to a carefully chosen sample of the population, called test market. If the product is found acceptable in test market the product is ready to be launched in target market.
8. **Commercialization** - Here the product is launched across target market with a proper market strategy and plan. This is called commercialisation phase of product development.

Pricing:

Pricing is a process of fixing the value that a manufacturer will receive in the exchange of services and goods. The pricing depends on the company's average prices, and the buyer's perceived value of an item, as compared to the perceived value of competitors product.

Pricing Method

Pricing method is a technique that a company apply to evaluate the cost of their products. This process is the most challenging challenge encountered by a company, as the price should match the current market structure and also compliment the expenses of a company and gain profits. Also, it has to take the competitor's product pricing into consideration so, choosing the correct pricing method is essential.

Types of Pricing Method:

The pricing method is divided into two parts:

- **Cost Oriented Pricing Method**– It is the base for evaluating the price of the finished goods, and most of the companies apply this method to calculate the cost of the product. This method is divided further into the following ways.
    - **Cost-Plus Pricing-** In this pricing, the manufacturer calculates the cost of production sustained and includes a fixed percentage (also known as mark up) to obtain the selling price. The mark up of profit is evaluated on the total cost (fixed and variable cost).
    - **Markup Pricing-** Here, the fixed number or a percentage of the total cost of a product is added to the product's end price to get the selling price of a product.
    - **Target-Returning Pricing-** The company or a firm fix the cost of the product to achieve the Rate of Return on Investment.
- **Market-Oriented Pricing Method-** Under this category, the is determined on the base of market research
    - **Perceived-Value Pricing-** In this method, the producer establish the cost taking into consideration the customer's approach towards the goods and services,

including other elements such as product quality, advertisement, promotion, distribution, etc. that impacts the customer’s point of view.

- **Value pricing-** Here, the company produces a product that is high in quality but low in price.
- **Going-Rate Pricing-** In this method, the company reviews the competitor’s rate as a foundation in deciding the rate of their product. Usually, the cost of the product will be more or less the same as the competitors.
- **Auction Type Pricing-** With more usage of internet, this contemporary pricing method is blooming day by day. Many online platforms like OLX, Quickr, eBay, etc. use online sites to buy and sell the product to the customer.
- **Differential Pricing-** This method is applied when the pricing has to be different for different groups or customers. Here, the pricing might differ according to the region, area, product, time etc.

Strategies on Pricing

Definition

Pricing Strategy is a tool used to fix the price of a particular product or service by considering various factors like the consumption of resources, Market conditions, the ability of customers, demand and supply, need of the product like regular item or occasional, etc.

Types of Pricing Strategies

Premium Pricing:

In the premium Pricing Strategy, the prices of goods and services are a bit higher than the general prices. These are especially concentrated on premium segment people. Some people may have a perception that if the price of the product is high, then only the quality maintains up to the mark. If anyone announces a discounted sale or half price, they even suspect the reliability and quality of that product. Especially for those people, the premium Pricing Strategy was used at the same time they needed to maintain the quality, which means that price.

Penetration pricing - involves setting a low initial price to attract many buyers and increase market share. As prices are low, profit margins may also be lower, but due to the high number of sales, the company's costs will fall, allowing it to decrease its prices even further.

Economy Pricing:

Economy pricing is one of the best Pricing Strategies, which considers the generalized category of customers. These are majorly affordable and reasonable prices as much as they can provide. The economy class can be easily understood if we consider the scenario of flight tickets. The least amount required for the entire journey will be fixed as the price for the economy category.

Price skimming - involves setting a high price initially as the product is introduced to the market to maximise revenues. Due to the high price, the company makes fewer sales at a higher profit margin. Eventually, as new product variations and models are introduced, the company will decrease the original product's price.

Psychological Pricing:
Among the three major Pricing Strategies, psychological pricing is also there. This Pricing Strategy can be seen everywhere. For example, Bata introduces a new kind of shoes, and the price is rupees 1,999 /-. The psychology of the human brain is ready to accept 1999 rupees, and it is not ready to take 2,000 Usually, electronic appliances were tagged with this Pricing Strategy. Bata, Samsung, Amazon, etc., can be considered as examples of Pricing Strategies.

Product Line Pricing:
It is one of the differential Pricing Strategies. Here the prices may vary based on the size of the product. Even though the product is the same if we purchase a single product, the price may be 10 rupees. If we purchase 5 pieces, the price may be rupees 45. Similarly, 100gm oil is 20/- 500ml is 80/-.

Pricing Variations:
Another differential Pricing Strategy is variations in the pricing structure. It is usually observed in travel agencies. For example, if we book an air ticket 2 months before, the price will be less. If we book the ticket as we thought it would be before, the price may increase slightly. If we want to buy Tatkal tickets, the price may increase more.

Approaches to Pricing

1. Cost-Based Pricing Approach (cost-plus pricing, break analysis, and target profit pricing).
2. Buyer-Based Pricing Approach (perceived-value pricing).
3. Competition-Based Pricing Approach (going-rate and sealed bid pricing).

Each of the above is based on different dimensions of product or service.

Cost-Based Pricing Approach

These pricing approaches are the simplest ones in which the cost of a product or service is added. Actually with a certain proportion of markup as profit to ascertain a certain price. Examples include construction businesses that estimate the cost of any project.

Therefore, submit their bid by adding a certain portion of profit to their estimated cost. Moreover, Accountants, Lawyers, and other professionals charge a price for their services. Basically by adding the cost of work with a certain proportion of markup.

Markup pricing is not regarded as an effective pricing model. So as it ignores both demand and the pricing of competitors. Therefore, it is almost impossible for a business to keep its price the best one by adopting this category of pricing. However, still, Cost-based pricing is popular due to the following reasons.

- It makes pricing simpler so the marketers do not change the price of their product or service with the changing demand.
- When the majority of businesses in the market adopt this pricing model. Then there would be minimum price competition due to similarity in prices.
- Generally, cost-based pricing looks fairer for both buyers and sellers. Since buyers are not exploited under conditions of higher demand. In addition, also the seller can earn a reasonable profit in such pricing.

Target Profit Pricing and Break-Even Analysis

Target profit pricing is also called break-even analysis in which the total cost and total revenue are forecasted at different levels of sales. In this way, a reasonable profit can be availed at a reasonable price. So the fixed cost remains unchanged even at zero level of production and sales.

On the other hand variable cost changes with the level of production and sales. Both of these costs are combined to ascertain the expected total cost at certain sales volumes. When the sales volume increases the total cost decreases and the total revenue increases.

Break-even is that point of sales volume where cost is equalized by the revenue and the profit is zero. Therefore the estimated demands, break-even points, and profits are compared with different prices by the management of the business.

Buyer-Based Pricing Approach

These types of pricing approaches are extensively applied by many organizations. Although in which the perceived value of the buyer is regarded as a base for Setting Price for a product or service. In this pricing model, the value of a product or service is perceived by customers. Particularly that gives the guideline for the price of that product or service.

In other words, the price is not set after the production of the product but before the production. So this means that the organization considers the customers along with their perception of certain products or services. On this basis, the business sets a certain price and then starts manufacturing that product.

Thus the expected value and price provide guidelines for the cost and design of the product. So that it can match the perceptions of the customers.

It is difficult for a business organization to ascertain the different perceived values of the customers on different products. For this purpose, these organizations conduct surveys and experiments. If a business keeps the price of its product higher than the perceived value of customers, then its sales are affected. On the other hand, if a business keeps its product’s price lower, then maybe its sales increase.

However, the profit does not increase accordingly. Therefore, those organizations, which want to adopt this value-based pricing strategy, should keep the price of their products. Especially in accordance with their perceived value by customers. However, a more effective strategy is that the businesses should try to deliver more value to the customers. Actually, they perceived in order to retain them as loyal customers.

Competition-Based Pricing Approach

In this pricing model, businesses keep the price of their products or services on the basis of the prices of their competitors. Also, customers in the market perceived the value of any product or service in relation to the prices of similar products of competitors. So there is some sort of going rate pricing in which the prices of products are altered. Since according to changes in the prices of competitors.

For example, steel or fertilizer manufacturing businesses face oligopolistic competition. So in which they charge almost similar prices in the same market as the competitors. There is a market leader whose price is followed by all other smaller competitors.

When the price of a market leader is changed, other competitors in the market also adjust their prices accordingly. Some smaller businesses may keep a slight difference in their price as compared to the market leader, but this slight difference remains constant in different conditions.

There is one big advantage of adopting this ongoing rate of competition-based pricing, which is the prevention of price wars in the market among competitors.

Another form of competitive **pricing model** is sealed bid pricing in which the price of a job is raised by keeping in view the prices set by competitors. In this case, the pricing also ignores the cost and demand factor, but the businesses try to keep their prices a little higher than their cost in order to earn revenue. So the types of pricing are not confined to only the above categories rather there are other factors that affect the pricing decisions like environmental etc.

UNIT 4: DEVELOPING THE MARKETING MIX: PLACE AND PROMOTION

DISTRIBUTION

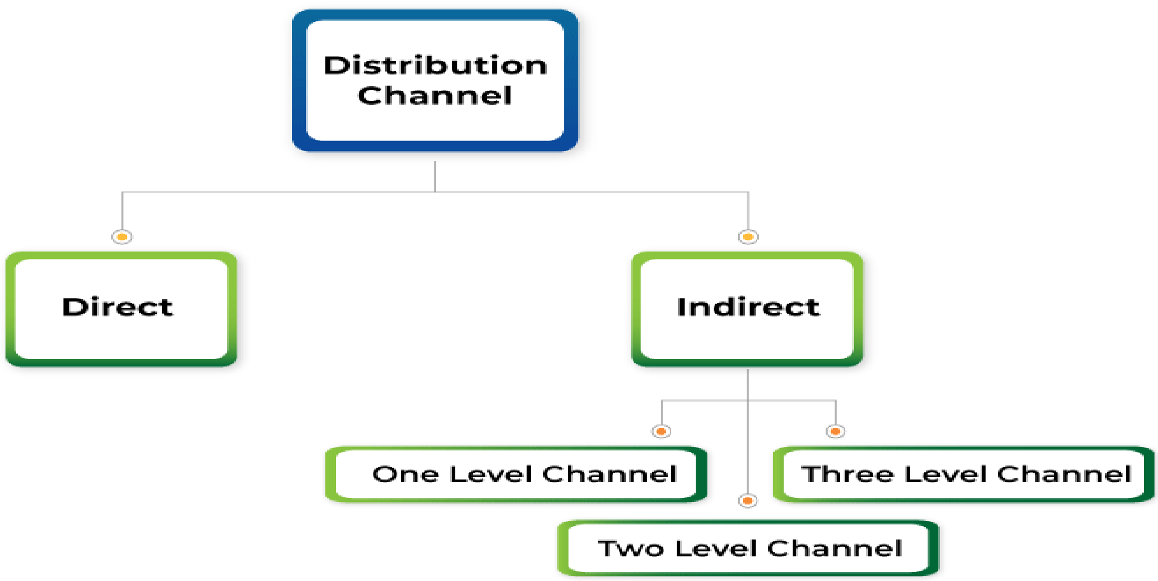
Place/Physical Distribution

It is essential to make the product or service available to the customer at the right place and at the right time, then only the customer would be able to purchase the product or service. Place is an element of marketing and is a process of transferring goods from the place of production to the place of consumption. Therefore, Place Mix is an important decision and is related to the physical distribution of the goods and services to the customers.

The decisions under place mix include deciding the market for distribution, the channel of distribution, etc. Hence, the place mix consists of Channels of Distribution and Physical Movement of Goods. The two different channels of distribution are direct channel and indirect channel. And the components of physical distribution include order processing, transportation, warehousing, and inventory.

Channels of Distribution

A set of middlemen or intermediaries who help an organisation in the flow of goods and services from the manufacturers to the consumers are known as Channels of Distribution. The intermediaries along with the help in the physical movement of goods, also help in the movement or title or transfer of ownership. The two types of channels of distribution or distribution level are Direct Channel and Indirect Channel.



Types of Distribution Channels/Level

1. **Direct Channel (Zero Level)**
   As the name suggests, a direct channel or zero level is a distribution level through which an organisation directly sells its products to the customers with the involvement of any intermediary. For example, jewellers use direct channels, Apple sells its products directly to the customers through its stores, Amazon sells directly to the consumers, etc. Some of the most common types of direct channels of distribution are Direct sales by appointing salesmen, through Internet, teleshopping, mail order house, etc.

2. **Indirect Channels**
   When a middleman or intermediary is involved in the distribution process, it means the organisation is using Indirect Channels of Distribution. The indirect channels of distribution can be classified into three categories; viz., One Level Channel, Two Level Channel, and Three Level Channel.

i) One-Level Channel

One level channel means that there is only one intermediary involved between the manufacturer and the customer to sell the goods. This intermediary is known as a retailer. In simple terms, under one level channel, the organisations supply their products to the retailers who sell them to the customers directly. For example, goods like clothes, shoes, accessories, etc., are sold by companies with the help of a retailer.

ii) Two-Level Channel

A most commonly used channel of distribution that involves two intermediaries for the sale of products is known as Two Level Channel. The intermediaries involved are wholesalers and retailers. The producer sells their products to wholesalers in bulk quantity, who sells them to small retailers, who ultimately supply the products to the customers. This channel is generally used to sell convenient goods like soaps, milk, milk products, soft drinks, etc. For example, Hindustan Unilever Limited sells its goods like detergent, tea leaves, etc., through wholesalers and retailers.

iii) Three-Level Channel

Three level channel means that there are three intermediaries involved between the manufacturer and the customer for the sale of products. The three intermediaries involved are Agent Distribution, Wholesalers, and Retailers. It is usually used when the goods are distributed across the country and for that different distributors are appointed for different areas. For example, wholesalers purchase goods from different distributors, like North India Distributors and then pass the goods to the retailers, who ultimately sell the goods to customers.

Factors Determining Choice of Channels

The factors which determine the choice of channels of distribution are as follows:

1. Product Related Factors

- **Industrial/ Consumer Product:** As industrial products are usually technical, expensive, bulky and purchased by few buyers, direct or short channels should be used. In the case of consumer goods, long or indirect channels are used because such goods are standardised, less expensive, less bulky, non-technical and frequently bought products.
- **Perishability:** Perishable products like fruits, vegetables, milk, etc., must be sold through short channels, whereas for non-perishable items like toothpaste, soap, etc., long channels are preferred.
- **Unit value of Product**: When the unit value is high for a product as in the case of expensive products, direct or short channels should be used, whereas, for products with low unit value, long channels should be used.
- **Degree of Complexity**: Products which are complex and require technical advice or guidance, direct channels should be used, but for simple and non-technical products, long channels should be used.

2. Company Characteristics

- **Financial Strength**: If a company is financially strong, then it can easily opt for direct channels. But if a company is not financially strong, then indirect channels should be used.
- **Degree of Control Desired**: Short or direct channels are used if a company wants to exercise full control over distribution. But, if a company does not want to exercise control over the distribution, then indirect channels should be preferred.

3. Competitive Factors

The choice of channel also depends on the channel selected by the competitors. A company can select the same channel as selected by its competitors. For example, Most e-commerce shopping apps opt for similar distribution channels. Sometimes, companies adopt entirely different channels than their competitors. For example, Urban Company provides customised services which are available at the doorstep of the customers, unlike usual salons in which customers have to go to avail services.

4. Market Factors

The choice of the channel also depends upon the market. Some of the prominent factors are:

- **Size of Market**: It is economical to use more intermediaries if the size of the market is large with numerous customers. Direct or short channels are preferred if the market size is small with a limited number of customers.
- **Geographical Concentration:** It is better to go with direct or short channels of distribution if buyers are concentrated in a small geographical area. But if buyers are scattered over a wide geographical area, then companies should opt for indirect channels.
- **Quantity Purchased:** If the average size of the order is small, then longer channels should be preferred, but if the size of the order is large, then direct channels should be used.

5. Environmental Factors

The choice of channel is also affected by environmental factors, like economic conditions, government policy, statutory provisions, technological development, etc. For example, shorter channel is used during depression to achieve economy in the distribution of goods.

Components of Physical Distribution

Following are the components of physical distribution

1. Order Processing: Order processing is the first point or in other words, the starting point of the distribution activity. The functions involved in order processing are receiving order, handling the received order, granting of credit for the item ordered, generating invoice, dispatching of order and collecting the bills.

Businesses should be making an effort to reduce the order cycle time which is the time between placing an order by the customer and delivery of the goods at the customer’s place.

2. Storage and Warehousing: Storage deals with the storing of goods in proper condition till the time it is ordered by the customer. Goods that cannot be generally made available throughout the year need to be stored.

Warehouses act as centres of storage and by providing the functionality it helps businesses meet the demands of customers. Apart from being a source of storage, a warehouse also acts as centres for assembling the goods.

3. Inventory Control: Inventory control refers to the process of efficient control of goods that are stored in the warehouses. Businesses need to maintain adequate levels of inventory in order to ensure uninterrupted fulfillment of orders.

The level of inventory needs to be optimal, it should not be too less or too more, as less inventory results in out of stock goods, lost business and unhappy customers, while a high level of inventory requires huge investment.

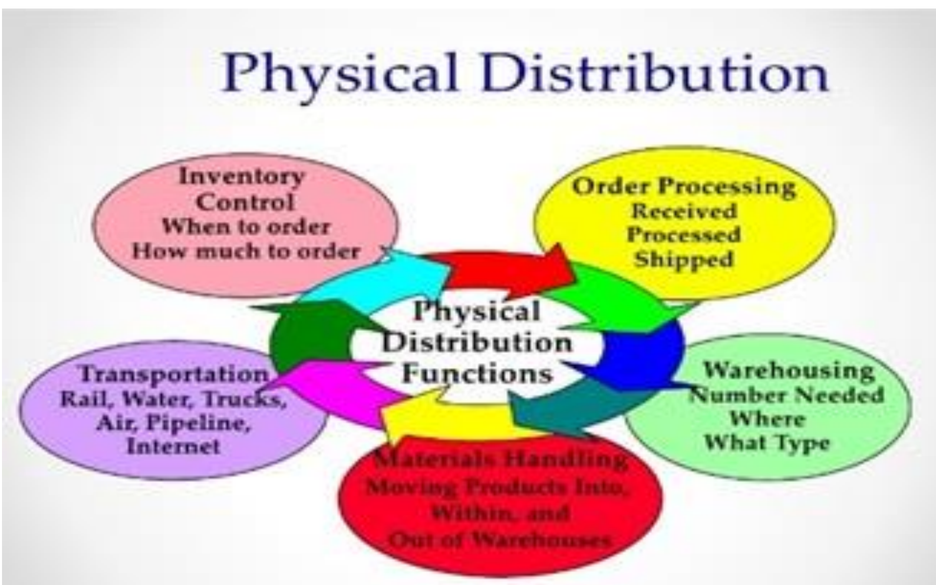
4. Material Handling: Material handling refers to the activities that are associated with the movement of goods from the site of manufacturing till it is loaded to the transport.

Proper material handling results in minimising the wastage of goods during transport, reduces unnecessary movement of goods, facilitates quick order processing and efficient goods movement.

5. Transportation: Transportation is a very essential component of physical distribution which plays a crucial role in movement of the stored goods from warehouse to the customers. The process of transporting involves loading and unloading of goods and their movement from one place to another.

Choosing the right transportation mode is of utmost importance as it determines the retail price of the product. Proper choice of transportation results in smooth movement of goods in proper condition.

The modes of transportation that are adopted by the businesses are road, railways, airways, water transport and pipelines. The choice of the mode of transportation depends on the type of goods being transported, their availability, reliability and the level of safety offered by the mode.



Channel Design – Definition, Importance, Elements and Types

Definition: Channel design is a plan for the distribution and movement of products and services from the producer to the customer. A channel is defined as "a chain of linked businesses or individuals through which a product or service passes from one person or firm to another.

Elements of a Marketing Channel Design

1. Channel Flow

Channel flow is the path that products and services take from the producer to the customer. Channel flow is important because it determines how products and services will be delivered to customers. Channel flow also affects the cost of goods and services. Channel flow can be direct or indirect. Direct channel flow is when products and services are delivered to customers without going through any intermediaries. Indirect channel flow is when products and services are delivered to customers through intermediaries such as retailers or distributors.

2. Channel Members

Channel members are the businesses or individuals who are involved in the distribution of products and services. A channel member can be categorized as upstream or downstream. Upstream channel members are businesses or individuals who are involved in the production of goods and services. Downstream channel members are businesses or individuals who are involved in the marketing and sale of goods and services.

3. Channel Objectives

Channel objectives are the goals that a company wants to achieve through its marketing channels. Marketing channel objectives can include increasing sales, reaching new customers, and improving customer service.

4. Channel Alternatives

Channel alternatives are the different ways that a company can distribute its products and services. Major channel alternatives can include direct marketing, selective distribution, and exclusive distribution. While identifying major alternatives, it is important to recognize that the most effective Channel Strategy rests on a Channel design that

1. Is customer-focused
2. Delivers a superior customer experience
3. Provides an integrated customer view
4. Uses Channel Insights to enable 1:1 marketing
5. Builds relationships through loyalty programs

5. Channel Strategy

Channel strategy is the overall plan that a company uses to determine which marketing channels to use. Channel strategy should be aligned with business objectives while designing marketing channels.

Steps involved in Channel Design

1. Recognizing the need for a channel design decision

Channel design decisions need to be made when there is a change in the business environment or when a company wants to enter a new market.

2. Defining the Channel Flow

The first step in channel design is to define the channel flow. Channel flow is the path that products and services take from the producer to the customer. Channel flow can be direct or indirect.

3. Setting and coordinating distribution objectives

Channel objectives should be aligned with business objectives. Channel objectives can include increasing sales, reaching new customers, and improving customer service.

4. Specifying the distribution tasks

The next step in channel design is to specify the distribution tasks. Distribution tasks are the activities that need to be performed in order to deliver products and services.

5. Developing possible alternative channel structures

Channel alternatives are the different ways that a company can distribute its products and services. Channel alternatives can include direct marketing, selective distribution, and exclusive distribution.

6. Evaluating the variable affecting channel structure

There are several variables that can affect channel structure. These variables include the type of product, the target market, and the distribution channels that are available.

7. Selecting the final channel structure

The final step in channel design is to select the final channel structure. The Channel structure should be aligned with business objectives. Channel structure can be direct or indirect.

8. Selecting the channel members

Channel members are the businesses or individuals who are involved in the distribution of products and services. Channel members can be categorized as upstream or downstream.

9. Implementing and coordinating the channel structure

The final step in channel design is to implement and coordinate the channel structure.

CHANNEL MANAGEMENT

The job of a manufacturer does not end with the production of goods. Once goods are ready, the next step is to find the most efficient channel partners to sell the products in the market. The channel partners are vital as they establish communication between a company and its customers.

Successful channel management strategy is a technique of choosing the best and most efficient channel partners and different routes to make your products available in the market and to put various efforts to obtain maximum results from these channels. Separate channels for distribution should be selected based on your customers. It would be best if you considered the buying pattern of your customers and their requirements.

Steps of channel management

1. Identification of sources

The first step of the channel strategy process is the identification of references. When you are new in the market, then you are required to do research to identify sources through different methods. For example, you can approach trade associations and take part in trade exhibitions or can enquire in the market to learn about the reputation of distributors and their customers.

On the other hand, a well-established manufacturer is approached by different distributors themselves. Make sure that you do a proper background check of the distributors before signing a contract with them.

2. Preparing a selection criterion

The next step of the process of channel management is the preparation of selection criteria. A selection criterion is essential for effective channel management. There are various factors that a manufacturer should consider before selecting channel intermediaries.

These factors are knowledge of the market, knowledge of the product, understanding of customers, competitiveness, market coverage, the reputation of intermediaries in the market, and managerial competence, etc. Different intermediaries have different qualities.

For example, a well-established distributor might have a good reputation among the customers, but he might be selling products of your several competitors and might be less enthusiastic about his methods of selling. On the other hand, a smaller distributor might be less popular and have a lower sales force, but he can be more enthusiastic in his approach to selling.

3. Selection of intermediaries

The right choice of channel intermediaries is essential for the success of the business. There are several intermediaries of different sizes available in the market.

Small-scaled and new intermediaries might be inexperienced, but they can sell your products with enthusiasm and might have better selling skills and resources. In addition to this, these sellers will sell your products at a lower margin and fewer incentives.

On the contrary, you might need to give proper incentives to convince large-scaled and well-established intermediaries to distribute your products in the market. You need to identify the right intermediaries for your business based on your requirements of business and your future goals.

4. Providing required training to intermediaries to sell

Once you have selected your channel management partners, the next step that you are required to follow is to provide necessary training to them so that they can sell your products effectively and efficiently. Through training, you can provide essential information about your products and your organization.

5. Motivating intermediaries whenever required

The next step in the process of channel management for a channel manager is to drive your channel partners. Motivation could be in financial form, or it could be in non-financial form.

For example, some distributors will get motivation when you provide them an increased margin on the sales management of the products, whereas; some distributors might like to have territorial rights for some areas.

6. Assessment of intermediaries

The last step of the channel architecture process is the assessment of intermediaries. It is essential to assess the performance of all intermediaries. The output of the evaluation process will help you in deciding which channel partner to retain and who to drop.

There are various criteria of assessment of a channel partner such as sales skills, competencies, customer’s response, quality of service provided to customers, the quantity of stock purchased, the position of display in-store, etc.

Problems in channel management

1. Lack of communication between the manufacturer and distributors.
2. Decreased sales of products by a distributor because of the presence of multiple channels. For example, sales of a product get divided when the manufacturer starts selling products online.
3. Conflict arises when a distributor starts selling products of competitors. This can happen due to excessive competition.
4. Lower enthusiasm at the end of the distributor.
5. Delay in shipment and supplies.
6. Not enough marketing channel and advertising.

RETAILING

Definition: Retailing is a distribution process, in which all the activities involved in selling the merchandise directly to the final consumer (i.e. the one who intends to use the product) are included. It encompasses sale of goods and services from a point of purchase to the end user, who is going to use that product.

Retailer implies any organization, whose maximum part of revenue comes from retailing. In the supply chain, retailers are the final link between the manufacturers and ultimate consumer.

Types of Retailing

- **Store Retailing**: Department store is the best form of store retailing, to attract a number of customers. The other types of store retailing includes, speciality store, supermarket, convenience store, catalogue showroom, drug store, super store, discount store, extreme value store. Different competitive and pricing strategy is adopted by different store retailers.
- **Non-store Retailing**: It is evident from the name itself, that when the selling of merchandise takes place outside the conventional shops or stores, it is termed as non-store retailing. It is classfied as under:
  - **Direct marketing**: In this process, consumer direct channels are employed by the company to reach and deliver products to the customers. It includes direct mail marketing, catalog marketing, telemarketing, online shopping etc.
  - **Direct selling**:Otherwise called as multilevel selling and network selling, that involves door to door selling or at home sales parties. Here, in this process the sales person of the company visit the home of the host, who has invited acquaintances, the sales person demonstrate the products and take orders.
  - **Automatic vending**: Vending machines are primarily found in offices, factories, gasoline stations, large retail stores, restaurants etc. which offer a variety of products including impulse goods such as coffee, candy, nnewspaper, soft drinks etc.

- **Buying service**: The retail organization serves a number of clients collectively, such as employees of an organization, who are authorized to purchase goods from specific retailers that have contracted to give discount, in exchange for membership.

- **Corporate Retailing**: It includes retail organizations such as corporate chain store, franchises, retailer and consumer cooperatives and merchandising conglomerates. There are a number of advantages that these organizations can achieve jointly, such as economies of scale, better and qualified employees, wider brand recognition, etc.

  With the emergence of new forms of retailing, competition is also increasing between them. It is one of the fast-growing and challenging industry.

Retail Formats or Classification of Retail Firms

Regardless of the particular type of retailer (such as a supermarket or a department store), retailers can be categorized by (a) Ownership, (b) Store strategy mix, and (c) Non store operations.

1. Form of Ownership

A retail business like any other type of business, can be owned by a sole proprietor, partners or a corporation. A majority of retail business in India are sole proprietorships and partnerships.

1. **Independent Retailer:** Generally operates one outlet and offers personalized service, a convenient location and close customer contact. Roughly 98% of all the retail businesses in India, are managed and run by independents, including barber shops, drycleaners, furniture stores, bookshops, LPG Gas Agencies and neighbourhood stores. This is due to the fact that into retailing is easy and it requires low investment and little technical knowledge. This obviously results in a high degree of competition.. Most independent retailers fail because of the ease of entry, poor management skills and inadequate resources.
2. **Retail Chain**: It involves common ownership of multiple units. In such units, the purchasing and decision making are centralized. Chains often rely on, specialization, standardization and elaborate control- systems. Consequently chains are able to serve a large dispersed target market and maintain a well known company name. Chain stores have been successful, mainly because they have the opportunity to take advantage of "economies of scale" in buying and selling goods. They can maintain their prices, thus increasing their margins, or they can cut prices and attract greater sales volume. Unlike smaller, independent retailers with lesser financial means, they can also take advantage of such tools as computers and information technology. Examples of retail chains in India are Shoppers stop; West side and IOC, convenience stores at select petrol filling stations.
3. **Retail Franchising**: Is a contractual arrangement between a "franchiser" (which may be a manufacturer, wholesaler, or a service sponsor) and a "franchisee" or franchisees, which allows the latter to conduct a certain form of business under an established name and according to a specific set of rules. The franchise agreement gives the franchiser much discretion in controlling the operations of small retailers. In exchange for fees, royalties and a share of the profits, the

franchiser offers assistance and very often supplies as well. Classic examples of franchising are; McDonalds, Pizza Hut and Nirulas.

4. **Cooperatives**: A retail cooperative is a group of independent retailers,that have combined their financial resources and their expertise in order to effectively control their wholesaling needs. They share purchases, storage, shopping facilities, advertising planning and other functions. The individual retailers retain their independence, but agree on broad common policies. Amul is a typical example of a cooperative in India.

2. Store Strategy Mix

Retailers can be classified by retail store strategy mix, which is an integrated combination of hours, location, assortment, service, advertising, and prices etc. The various categories are:

1. **Convenience Store**: Is generally a well situated, food oriented store with long operating house and a limited number of items. Consumers use a convenience store; for fill in items such as bread, milk, eggs, chocolates and candy etc.
2. **Super markets**: Is a diversified store which sells a broad range of food and non food items. A supermarket typically carries small house hold appliances, some apparel items, bakery, film developing, jams, pickles, books, audio/video CD's etc.
3. **Department Stores:** A department store usually sells a general line of apparel for the family, household linens, home furnishings and appliances. Large format apparel department stores include Pantaloon, Ebony and Pyramid. Others in this category are: Shoppers Stop and Westside.
4. **Speciality Store:** Concentrates on the sale of a single line of products or services, such as Audio equipment, Jewellery, Beauty and Health Care, etc. Consumers are not confronted with racks of unrelated merchandise. Successful speciality stores in India include, Music World for audio needs, Tanishq for jewellery and McDonalds, Pizza Hut and Nirula's for food services.
5. **Hyper Markets:** Is a special kind of combination store which integrates an economy super market with a discount department store. A hyper market generally has an ambience which attracts the family as whole. Pantaloon Retail India Ltd. (PRIL) through its hypermarket "Big Bazar", offers products at prices which are 25% – 30% lower than the market price.

3. Non Store Retailing

In non store retailing, customers do not go to a store to buy. This type of retailing is growing very fast. Among the reasons are; the ability to buy merchandise not available in local stores, the increasing number of women workers, and the presence of unskilled retail sales persons who can not provide information to help shoppers make buying decisions. The major types of non store retailing are:

1. **In Home Retailing:** Where, a sales transaction takes place in a home setting – including door-door selling. It gives the sales person an opportunity to demonstrate products in a very personal manner. He/She has the prospect's attention and there are fewer distractions as compared to a store setting. Examples of in home retailing include, Eureka Forbes vaccum cleaners and water filters.
2. **Telesales/Telephone Retailing:** This involves contact between the prospect and the retailer over the phone, for the purpose of making a sale or purchase. A large number of mobile phone service

providers use this method. Other examples are private insurance companies, and credit companies etc.

3. **Catalog Retailing:** This is a type of non store retailing in which the retailers offers the merchandise in a catalogue, which includes ordering instructions and customer orders by mail. The basic attraction for shoppers is convenience. The advantages to the retailers include lover operating costs, lower rents, smaller sales staff and absence of shop lifting. This trend is catching up fast in India. Burlington's catalogue shopping was quite popular in recent times. Some multi level marketing companies like Oriflame also resort to catalogue retailing.
4. **Direct Response Retailing:** Here the marketers advertise these products/ services in magazines, newspapers, radio and/or television offering an address or telephone number so that consumers can write or call to place an order. It is also sometimes referred to as "Direct response advertising." The availability of credit cards and toll free numbers stimulate direct response by telephone. The goal is to induce the customer to make an immediate and direct response to the advertisement to "order now." Telebrands is a classic example of direct response retailing. Times shopping India is another example.
5. **Automatic Vending:** Although in a very nascent stage in India, is the ultimate in non personal, non store retailing. Products are sold directly to customers/buyers from machines. These machines dispense products which enable customers to buy after closing hours. ATM's dispensing cash at odd hours represent this form of non store retailing.
6. **Electronic Retailing/E-Tailing**: Is a retail format in which retailers communicate with customers and offer products and services for sale, over the internet. The rapid diffusion of internet access and usage, and the perceived low cost of entry has stimulated the creation of thousands of entrepreneurial electronic retailing ventures during the last 10 years or so. Amazon.com, E-bay .etc, are some of the many e-tailers operating today.

RETAILING DECISIONS: FACTORS TO CONSIDER

There are many factors for retailers to consider while developing and implementing their marketing plans. Among the major retailing decisions are these related to (a) Target markets (b) Merchandise management (c) Store location (d) Store image (e) Store personnel (f) Store design (g) Promotion, and (h) Credit and collections.

- **Target Markets:** Although retailers normally aim at the mass market, a growing number are engaging in marketing research and market segmentation, because they are finding it increasingly difficult to satisfy everyone. Through a careful definition of target markets, retailers can use their resources and capabilities to position themselves more effectively and achieve differential advantage. The tremendous growth in number of speciality stores in recent years is largely due to their ability to define precisely the type of customers, they want to serve.

- **Merchandise Management:** The objective here is to identify the merchandise that customers want, and make it available at the right price, in the right place at the right time. Merchandise Management includes (i) merchandise planning (ii) merchandise purchase, and (iii) merchandise control. Merchandise planning deals with decisions relating to the breadth and depth of the mix, needed to satisfy target customers to achieve the retailers return on investment. This involves sales forecasting, inventory requirements, decisions regarding gross margins and mark ups etc. Merchandise buying involves decisions relating to centralized or decentralized buying, merchandise resources and negotiation with suppliers. Merchandise Control: deals with maintaining the proper level of inventory and protecting it against shrinkage (theft, pilferage etc.).
- **Store Location:** Location is critical to the success of a retail store. A store's trading-area is the area surrounding the store from which the outlet draws a majority of its customers. The extent of this area depends upon the merchandise sold. For example some people might be willing to travel a longer distance to shop at a speciality store because of the unique and prestigious merchandise offered. Having decided on the trading area a specific site must then be selected. Factors affecting the site include, traffic patterns, accessability, competitors' location, availability and cost and population shifts within the area.
- **Store Image:** A store image is the mental picture, or personality of the store, a retailer likes to project to customers. Image is affected by advertising, services; store layout, personnel, as well as the quality, depth and breadth of merchandise. Customers tend to shop in stores that fit their images of themselves.
- **Store Personnel:** Sales personnel at a retail store can help build customer loyalty and store image. A major complaint in many lanes of retailing, is the poor attitude of a salesperson. There is a growing trend now, to provide training to, these sales clerks to convert them from order takers to effective sales associates.
- **Store Design:** A store's exterior and interior design affect its image and profit potential. The exterior should be attractive and inviting and should blend with the store's general surroundings. The term "Atmospherics" is used to refer to the retailer's effort at creating the right ambience.

Merchandise display is equally important. An effective layout guides the customer though the various sections in the store and facilitates purchase.

- **Promotion:** Retail promotion includes all communication from retailers to consumers and between sales people and customers. The objective is to build the stores image, promote customer traffic, and sell specific products. It includes, both, personal and non personal promotion. Personal communication is personal selling – the face to face interaction between the buyer and the seller. Department stores and speciality stores, emphasize this form of promotion. Non personal promotion is advertising. The media used are TV, Radio, Newspapers, Outdoor displays and direct mail, other forms of promotion include, displays, special sales, give always and contests etc.
- **Credits & Collections:** Retailers are generally wary of providing credit, because of additional costs-financing accounts receivables, processing forms and bad debts etc. But many customers prefer some form of credit while purchasing. This explains the popularity of different types of credit cards and debit cards.

WHOLESALING

A comprehensive process of selling goods and services to the people who buy those goods or services for business use or resale is called as wholesaling. The entire activity of wholesaling does not include retailers, farmers, and manufacturers as they are basically involved in production activities. A wholesaler is a person who is engaged in the wholesaling activities.

Types of Wholesalers

Merchant Wholesalers

Merchant wholesalers are those who have independently owned businesses that take title to the goods they deal with. Such kind of merchant wholesalers are known as distributors, jobbers or mill supply houses. A merchant wholesaler is an institution that purchases commodities from producers and re-sells them for business use, to other wholesalers, retailers and government agencies. Every merchant wholesaler takes title to the commodities they sell. **They can be further categorized into full service wholesalers and limited service wholesalers:**

1) Full-Service Wholesalers :

The most extensive range of wholesaling function is performed by full service wholesalers. The reasons due to which customers rely on full-service wholesalers are the availability of products, breaking large quantities into smaller ones, product varieties, technical advice and services and financial assistance.

The Full-Service wholesalers can be categorized into following types :

i) General Merchandise (Full-line) Wholesalers :

General Merchandise (full-line) wholesalers have a variety of products available with them. These varieties cover almost all items required by their customers.

ii) Specialty-Merchandise (Limited-Line) Wholesalers:
Focusing on rather limited range of products, Specialty Merchandise (limited line) wholesalers have wide varieties in that particular range of products.

iii) Rack Jobbers :
The job of furnishing the shelves or racks on which products are exhibited is done by rack jobbers. Rack jobbers own the products on the shelves and they undertake the activity of selling these products on consignment basis in which the clients pay from the proceeds received after reselling the goods.

iv) Franchise Wholesaling :
As the name suggests, under franchise wholesaling, independent retailers get associated with an existing wholesaler and make use of the name, store design, business format, and purchase system of the wholesaler.

v) Wholesale Cooperatives :
Member firms. possess wholesale cooperatives to give extensive support and manage functions.

2) Limited-Service Wholesalers :
The limited service wholesalers deliver comparatively less marketing services than full-service wholesalers. These wholesalers have few specialized functions and the remaining functions are performed by the producers The producers may further pass on these functions to the customers or other intermediaries. **The limited-service wholesalers can be of following types :**

i) Truck Wholesalers :
Truck wholesalers transport a limited line of products directly to the customers for immediate assessment and purchase. Sometimes, they may also be known as truck jobbers.

ii) Mail-Order Wholesalers :
These types of wholesalers make use of catalogs to sell products to the business buyers and retailers instead of employing sales representatives

iii) Cash-and-Carry Wholesalers :
Such types of wholesalers are intermediaries, where small businesses are their customers. These businesses pay cash and in return they avail transportation services. Hence, they are known as cash and-carry wholesalers.

iv) Drop Shippers :

They never take actual possession of goods but only take title to the goods and negotiate sales. They are also called as desk jobbers.

Merchandising Brokers and Agents

Merchandising brokers and agents do not provide large number of services like merchant wholesalers. They are not entitled with the ownership of the product but negotiate sales for manufacturers for whom they are acting as an agent.

1) Brokers :

Brokers are the medium through which buyers and sellers are brought together. Brokers do not own the title to the goods but they only receive commission on sales. They own almost negligible rights to interfere in the sales policies of the firm. Brokers are located in various markets including commodities, real estate, insurance and agriculture where the information that would join buyers and sellers is available in very less quantity.

2) Agents :

Agents usually represent buyers or sellers on a more persistent basis and **agents can be categorized into following types :**

i) Selling Agents :

Selling agents are responsible for marketing the complete output produced by a manufacturer of every item of a particular product line. Besides taking title to goods, selling agents perform every wholesaling activity. These agents are time and again used as a substitute for marketing departments and commonly perform the sales function for many producers at the same time.

ii) Commission Merchants :

Local sellers, provide goods on consignment to the commission merchants and further these merchants negotiate sales in the central market. These agents enjoy comprehensive powers concerning prices and terms of sales and are also known as factor merchants. Commission merchants have ability to negotiate and obtain the best possible price in the current market conditions.

Manufacturers/Service Providers Agents :

These agents work for many manufacturers and/or service providers' and transport complementary and non competitive products in selected areas. These agents do not provide credit facility on product but they provide delivery and storage services. They also offer research facility as well as support in planning. Last but not the least, they provide merchandising and promotional support.

i) Food Brokers :

As the name suggests, food brokers bring together buyers and sellers of food and related products, in order to complete a sale. These brokers are associated with a limited number of food producers and function in particular location.

ii) Commercial Stock Brokers :

Acting as licensed sales representatives, commercial stock brokers are individuals who take orders, suggest business clients and then obtain stock and/or bonds for their clients.

Manufacturers Wholesalers

Merchant wholesalers operations are similar manufacturers' sales, branches and offices :

1) Sales Branches :

Sales branches to are intermediaries possessed by manufacturers that sell products. They are also responsible in providing support services to the manufacturers' sales representatives. Such branches are usually located away from manufacturing units, in areas where large number of prospective customer are available and demand for the products and services is high. They perform different functions such as deliver goods, offer credit, extend promotional aid and provide other related services.

2) Sales Offices :

The operations of sales offices are owned by manufacturer of product; they generally hire an agent for offering their services. Sales offices do not carry any inventory, and similar to sales branches, they are located away from the manufacturing units. They may sell products which will enhance the product line of the manufacturing firm.

For example, firms like Campbell Soup offer a large variety of services to customers, their wholesaler and retail customers.

Marketing Decisions for Wholesalers: Wholesaler marketing decisions include following important decisions :

1) Target Market and Positioning Decision :

Wholesalers cannot serve every type of customer. Therefore, like retailers, they need to define their target markets and position themselves in that particular market in effective way. They may select a specific target group depending on size of customers mainly large retailers, or can serve credit services to customers who require credit, or offer product to customers through convenience stores etc. Target groups help in identifying promising customers, designing better offers for them and building long-term relationships with them. Different initiatives like sponsoring a voluntary chain, designing systems for management training and advising, recommending automatic systems for reordering, etc., may be taken by the wholesalers. Customers who bring less profit can be reduced by adding service charges on less amount of purchase or by setting a limit for purchase (for encouraging large amount of purchase).

2) Marketing Mix Decisions :

Marketing mix decisions involve decisions related with the 4Ps of marketing. A wholesaler should decide about the product, price, place and promotion decision which are as follows :

i) Product Decisions :

While making the product related decisions, the wholesalers need to decide about the variety of products and services they want to offer. It is very difficult for the wholesalers to undertake full line services or to stock more inventories for immediate sales. However, they have to manage this difficult situation and maintain adequate inventory, else they would lose their prospective profits. Nowadays, wholesalers are reducing the number of product lines they are executing and selecting to continue only those which are profitable ones. They are also giving significant consideration to those services which are helping in establishing strong customer relationships as well as the services which should be dropped down or accompanied with some service charges.

ii) Price Decisions :

Pricing decision is one of the most significant decisions for a wholesaler. The general criterion followed in pricing is to mark-up the price of product and services by 20 per cent. After excluding expenses (near about 17 per cent), the profit margin remains only 3 per cent. The profit margins in grocery items is slightest, i.e., less than 2 per cent. Hence, all the wholesalers try to adopt new approach for pricing Various new pricing techniques are being considered by them. Sometimes, for attracting new customers, wholesalers simply reduce the profit margin on certain product lines.

iii) Place Decisions :

Finally, place decision is also very crucial for a wholesaler as he must be very cautious while selecting his presence at a suitable location or on internet. It is often observed that wholesalers prefer locations with low rent, low taxes and are prone to invest very less money in their systems, equipment and buildings. Correspondingly. their order-processing and material-handling systems are usually obsolete. However, recent times, have witnessed many wholesalers who are operating on a large scale and have a progressive approach towards doing business, acknowledging increasing costs by investing in online ordering systems and automated warehouses. They are becoming technologically equipped so as to become more efficient. These processes function in the following manner orders received from customers are fed from the retailer's system directly into the wholesaler's system. Then the goods are collected by mechanical devices and automatically transferred onto a shipping platform where they are assembled. Now wholesalers are operating on a larger scale making use of latest technology for billing, accounting, inventory control and forecasting.

iv) Promotion Decisions :

Promotion decision is also very significant, yet many wholesalers do not give much importance to promotional activities. Various promotional activities conducted by wholesalers such as personal selling, trade advertising, public relations and sales promotion are usually unplanned and dis-organised. They still give more importance to personal selling (one to one) instead of targeting a whole segment or group at a time. Hence, the wholesalers need to change this traditional approach and go for modern techniques of promotions, some of which are used by retailers.

INTEGRATED MARKETING COMMUNICATIONS:

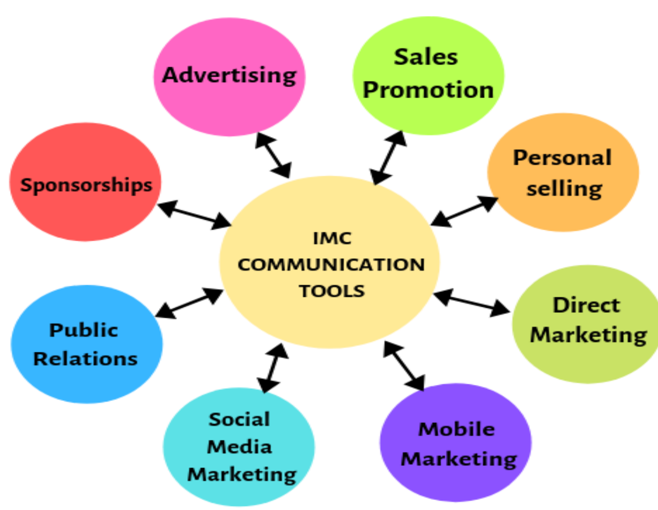
Integrated marketing communications (IMC) is the process of unifying a brand’s messaging to make it consistent across all media that the brand uses to reach its target audience. It’s a strategic approach that guides communication and tactics used across all marketing channels.It is essential for organizations to promote their brands well among the end-users not only to outshine competitors but also survive in the long run.

Seven common methods of marketing communication are described below:

- **Advertising:** Any paid form of presenting ideas, goods, or services by an identified sponsor. Historically, advertising messages have been tailored to a group and employ mass media such as radio, television, newspaper, and magazines. Advertising may also target individuals according to their profile characteristics or behavior; examples are the weekly ads mailed by supermarkets to local residents or online banner ads targeted to individuals based on the sites they visit or their Internet search terms.
- **Public relations (PR):** The purpose of public relations is to create goodwill between an organization (or the things it promotes) and the “public” or target segments it is trying to reach. This happens through unpaid or earned promotional opportunities: articles, press

and media coverage, winning awards, giving presentations at conferences and events, and otherwise getting favorable attention through vehicles not paid for by the sponsor. Although organizations earn rather than pay for the PR attention they receive, they may spend significant resources on the activities, events, and people who generate this attention.

- **Personal selling:** Personal selling uses people to develop relationships with target audiences for the purpose of selling products and services. Personal selling puts an emphasis on face-to-face interaction, understanding the customer's needs, and demonstrating how the product or service provides value.
- **Sales promotion:** Sales promotions are marketing activities that aim to temporarily boost sales of a product or service by adding to the basic value offered, such as "buy one get one free" offers to consumers or "buy twelve cases and get a 10 percent discount" to wholesalers, retailers, or distributors.
- **Direct marketing:** This method aims to sell products or services directly to consumers rather than going through retailers. Catalogs, telemarketing, mailed brochures, or promotional materials and television home shopping channels are all common traditional direct marketing tools. Email and mobile marketing are two next-generation direct marketing channels.
- **Digital marketing:** Digital marketing covers a lot of ground, from Web sites to search-engine, content, and social media marketing. Digital marketing tools and techniques evolve rapidly with technological advances, but this umbrella term covers all of the ways in which digital technologies are used to market and sell organizations, products, services, ideas, and experiences.
- **Guerrilla marketing:** This newer category of marketing communication involves unconventional, innovative, and usually low-cost marketing tactics to engage consumers in the marketing activity, generate attention and achieve maximum exposure for an organization, its products, and/or services. Generally guerrilla marketing is experiential: it creates a novel situation or memorable experience consumers connect to a product or brand.



PROMOTION STRATEGIES

1. Paid advertising

Paid advertising is often the first type of promotion that comes to mind. This straightforward strategy involves paying to show an advertisement in a specific place at a specific time, so you can capture the attention of your target market. It's a great way to build brand awareness and introduce your brand to people who may not have heard of it before.

Here are some examples of paid advertising:

- Television ads
- Radio ads
- Newspaper and magazine ads
- Billboards
- Online display ads (for example, through Google or social media)

2. Content marketing

The idea behind content marketing is this: It associates the brand with useful, relevant content that helps customers solve issues—building trust over time and ultimately encouraging customers to buy the products.

Content marketing comes in many forms, including:

- Blog posts
- Videos
- Social media posts

3. Sponsorships

Sponsorships involve aligning your company with another brand—like an event, TV program, charity, or even a celebrity. For example, Pepsi routinely sponsors the Super Bowl, while Red Bull sponsors NASCAR and extreme athletes of all kinds. Nowadays, sponsorships often include social media influencer marketing—creating partnerships with individuals who became famous through social media platforms like Instagram or Youtube.

4. Email marketing

Email marketing helps you connect with your target audience. You can send emails to any subscribers on your mailing list—whether they're potential customers, loyal customers, or something in between. For example, you can collect email addresses from potential customers by offering free products or services in exchange for their information.

There are lots of things you can send via email, including:

- Newsletters and exclusive content
- Information about product releases
- Special deals and coupons

5. Referral marketing

Referral marketing is when you get customers to tell their friends about your brand. Also known as word-of-mouth marketing, referral marketing happens organically when you have a great product—but you can also speed it along with special deals and incentives for customers who refer their connections.

6. Event marketing

Event marketing involves participating in, sponsoring, or hosting events in order to promote your brand or product. This strategy helps you connect and engage with customers, so they can get a real sense of your product and what your brand represents.

- Conferences
- Trade shows
- Seminars and classes
- Webinars
- Virtual events
- Live streaming events
- Community events

7. Special Causes

Aligning your brand with a special cause makes customers feel like they're part of something bigger. They're not just helping themselves by purchasing your products—they're also helping make the world a better place. This can help boost brand loyalty and give customers a reason to choose your brand over competitors.

8. Customer reviews

Customer reviews are one of the most powerful marketing tools out there. Brands like Amazon, Yelp, and TripAdvisor built their businesses out of reviews—generating trust by promoting customer feedback. The beauty of this strategy is that it encourages customers to promote your brand for you

9. Free samples, giveaways, and trials

- Offer a trial period so customers can try out the product risk free. Gyms, apps, and online software companies often do this.
- Offer free samples for customers who visit stores in person. The warehouse club Costco is famous for using this method.
- Include free samples when customers purchase a product. This method can encourage existing customers to try new products. For example, online beauty suppliers like Glossier often include free skincare and makeup samples with every purchase.
- Organize contests with free prizes. This is a good way to collect contact information from potential customers. For example, a hotel company might encourage potential customers to enter their contact information for a chance to win a free vacation.

10. Coupons and deals

- Special intro offers for first-time customers
- Bundling products together and offering them at a discount (for example, a 10-pack of socks)
- Buy one, get one free deals
- Rebates
- Seasonal sales and discounts (like Black Friday promotions)

- Discounts on special item categories
- Birthday coupons for customers
- Free shipping for customers who spend over a certain amount

PROMOTION MIX

Elements of promotional mix are also called as tools, means, or components. Basically, there are five elements involved in promotional mix. Some authors have considered more elements, too.

1. Advertising:
Advertising is defined as any paid form of non-personal presentation and promotion of ideas, goods, and services by an identified sponsor. It is a way of mass communication. It is the most popular and widely practiced tool of market promotion. Major part of promotional budget is consumed for advertising alone. Various advertising media – television, radio, newspapers, magazines, outdoor means and so forth – are used for advertising the product.

Characteristics of advertising are as follow:
i. Adverting is non-personal or mass communication. Personal contact is not possible.
ii. It is a paid form of communication.
iii. It is a one-way communication.
v. It is costly option to promote the sales.

2. Sales Promotion:
Sales promotion covers those marketing activities other than advertising, publicity, and personal selling that stimulate consumer purchasing and dealer effectiveness. Sales promotion mainly involves short-term and non-routine incentives, offered to dealers as well consumers. The popular methods used for sales promotion are demonstration, trade show, exhibition, exchange offer, seasonal discount, free service, gifts, contests, etc.

Characteristics of sales promotion are as follows:
i. Excessive use of sale promotion may affect sales and reputation of a company adversely.
ii. It is taken as supplementary to advertising and personal selling efforts.
iii. It involves all the promotional efforts other than advertising, personal selling, and publicity.

3. Personal Selling:
Personal selling includes face-to-face personal communication and presentation with prospects (potential and actual customers) for the purpose of selling the products. It involves personal conversation and presentation of products with customers. It is considered as a highly effective and costly tool of market promotion.

Characteristics of personal have been listed below:
i. Personal selling is an oral, face-to-face, and personal presentation with consumers.
ii. It involves two-way communication.
iii. Immediate feedback can be measured.

4. Publicity:
Publicity is also a way of mass communication. It is not a paid form of mass communication that involves getting favorable response of buyers by placing commercially significant news in mass media. William J. Stanton defines: "Publicity is any promotional communication regarding an organization and/or its products where the message is not paid for by the organization benefiting from it."

It is the traditional form of public relations. Publicity is not paid for by the organization. Publicity comes from reporters, columnists, and journalists. It can be considered as a part of public relations. Publicity involves giving public speeches, giving interviews, conducting seminars, charitable donations, inauguration by film actor, cricketer, politician or popular personalities, stage show, etc., that attract mass media to publish the news about them.

Main characteristic of publicity include:
i. Publicity involves obtaining favourable presentation about company or company's offers upon radio, television, or stage that is not paid for by the sponsor.
ii. It is a non-paid form of market promotion. However, several indirect costs are involved in publicity.
iii. Mostly, publicity can be carried via newspapers, magazines, radio or television.

5. Public Relations:
The public relations is comprehensive term that includes maintaining constructive relations not only with customers, suppliers, and middlemen, but also with a large set of interested publics. Note that public relations include publicity, i.e., publicity is the part of public relations.

Main characteristic of public relations are as under:
i. Public relations is a paid form of market promotion. Company has to incur expenses.
ii. Public relations covers a number of publics – formal and informal groups. These publics may be customers, stockholders, employees, unions, environmentalists, the government, people of local community, or some other groups in society.

UNIT -5: MARKETING APPLIED

INDUSTRIAL MARKETING

Industrial marketing or business marketing is to market the products and services to business organizations. Their buyers can be manufacturing companies, government undertakings, private sector organizations, educational institutions, hospitals, distributors, and dealers. The business organizations, buy products and services to meet their aims like maximizing profits, minimizing costs, use of latest technology, and so on.

Definition of Industrial Marketing

Industrial marketing is the marketing of goods and services by one business to another. The term, industrial marketing has largely been replaced by the term B2B marketing.

The word Industrial Marketing is also used for Business-to- Business Marketing, or Business Marketing, or Organizational Marketing.

Concept of Industrial Marketing

The marketing concept is useful and important for both the industrial and consumer markets due to the differences in terms of the nature of markets. The marketing theory for the business organization of industrial buyer is to identify and define the needs of a target market and change the organizations product or service to satisfy those needs.

Normally industrial marketing involves large orders and long-term relationships between the producer and supplier, the process of transaction is too difficult or more complex than the transaction between business to an individual customer. The B2C sales has focuses on interactions between two parties.

While B2C sales might focus on one-on-one interactions between two parties, while business-to-business (B2B) refers to a situation where one business makes a transaction with other business.

Types of Industrial Product

Industrial products are defined as the products, which are used for processing or for carrying out a business. Thus, the peculiarity between a consumer product and an industrial product is depending on the purpose for which the product is bought.

For example, we can say a customer buys a mixer or juicer or grinder for domestic use it is a consumer product, whereas when the same mixer/juicer/grinder is sold to a fruit juice vendor it is termed as an industrial product. Industrial marketing can also be carried out in Business Services.

Industrial Products can be classified in three broad categories:

1. Materials & Parts
2. Capital Items and
3. Supplies and Services

Material & Parts

These consists raw material, finished material & parts. Raw materials are generally farm products namely cotton, wheat, vegetables etc. Some natural products like namely meat, petroleum product, iron etc. whereas finished material and parts are items like iron rods, linen yarns, wires and cables etc. and component and parts can be household appliance motors, components of PC’s, component parts of motor vehicles etc.

Capital Items

The industrial products which assist the buyer’s production and operations are termed as capital items. These include accessory equipments, installations or may be buildings, complex computer systems. Some other items which can be added to this are the accessory equipment which can aid the production Process.

For example, forklift trucks for material handling, equipments & furniture etc. These products like forklift trucks for material handling, equipments & furniture etc., have a shorter life span than buildings, complex computer systems as mentioned at the beginning.

Supplies & Services

This is also another type of industrial products and services in industrial marketing. This includes the items that have a constant use in the plant or in office. Cleaning equipments, paints, pencils, printer inks, photocopy papers, etc. are the convenience products and are purchased with no difficulty.

Maintenance and repair services are the items like window and furniture cleaning material computer repair etc. There are also the business consultative services like legal, management consulting, promotional etc. The needs and objectives of industrial buyers are satisfied through the following exchange processes. There can be four different types of exchanges in industrial marketing

Types of Exchange process

Product Exchange Process

The characteristics of the Product exchange process is any product or service involved have a significant impact on the industrial exchange process. The comfort of exchange is based upon the ability of the seller to identify the buyer's needs and the product's potential to meet those needs.

For example supply of soap or detergent powder to the manufacturers of soaps or detergents. To HUL there are suppliers of the raw materials of soap, detergent raw materials to give the end product s like Rin Detergent Bar or Surf Excel.

Information Exchange Process

When one organization gives the technical knowledge, economic consultancy, or giving replies to organizational questions to another organization it is termed as information exchange.

It consists of technical, economic, and organizational questions pre and post-sale maintenance and servicing information that must be exchanged to the participants of business organizations.

For example we can cite the installation of sophisticated software's in an organization and operating system of that software can be termed as information exchange.

Financial Exchange Process

The yielding of credit or the need to exchange money from one currency to another at the time of dealing with foreign buyers is called as foreign exchange. Award of credit facilities to an organization is financial exchange. Exchange of currencies between two organizations in two different countries is financial exchange process.

For example we can say the functioning of Industrial Development Bank of India (IDBI), which grants loans to industries.

Societal Exchange Process

Social exchange is significant in areas of reducing ambiguity between buyer and seller. Avoiding short-term difficulties and thus maintaining a better relation over a long period of time. There are a number of factors in an agreement between buyers and sellers in the industrial market. They are based on arbitration and mutual trust, not completely official or based on legal criteria.

Types of Industrial Customers

Industrial customers are normally classified into four groups:

- Commercial Enterprises
- Governmental Agencies
- Institutions
- Co-operative Societies

Commercial Enterprises

Commercial enterprises are private sector, profit-seeking organisations such as IBM, General Motors, Computer Land, and Raven Company, purchase industrial goods and/or services for purposes other than selling directly to ultimate consumers.

However, since they purchase products for different uses, it is more useful from a marketing point of view to define them in such a way as to understand their purchasing needs at the time of examination of the varieties of products they purchase and how marketing strategy can be developed to meet their needs.

Industrial Distributors and Dealers

Industrial distributors and dealers take title to goods; thus, they are the industrial marketer‘s intermediaries; acting in a similar capacity to wholesalers or even retailers. the intermediaries not only serve the consumer market but also they serve other business enterprises, government agencies, or private and public institutions. They purchase industrial goods and resell them in the same form to other industrial customers.

Government Customers

In India, the largest purchasers of industrial products are Central and State Government departments, undertakings, and agencies, such as railways, department of telecommunication, defense, Director General of Supplies and Disposal (DGS&D), state transport undertakings, state electricity boards, and so on. These Government units purchase almost all kind of industrial products and services and they represent a huge market.

Institutions

Public and private institutions such as hospitals, schools, colleges, and universities are termed as institutional customers. Some of these institutions have rigid purchasing rules and others have more flexible rules. An industrial marketing person needs to understand the purchasing practice of each institute so as to be effective in marketing the products or services.

Cooperative Societies

An association of persons forms a cooperative society. It can be manufacturing units (e.g. Cooperative Sugar Mills) or non-manufacturing organizations (e.g. Cooperative Banks, Cooperative Housing Societies). They are also industrial customers.

SERVICE MARKETING

A **Service** is an economic activity, that is intangible or not be touched, not be stored, and not be owned. Postal service delivering mail is a Service, and the use of expertise like person visiting a doctor is also a service. A service is consumed at the point of sale and does not result ownership.

A product is material or tangible in nature, can be touched, can be stored, and a product can also be owned, but it is not so in case of a service.

Nature of Service

1. Lack of ownerships

One cannot own or store a service as it can be done in case of a product. Service is consumed at the point of sale and does not result ownership. Services are used or hired for a period of time. For example buying a movie ticket the service lasts for two or three hours, but customer want and expect complete entertainment and excellent service for that time period.

2. Intangible
Services are intangible in nature, you cannot touch it, cannot see it, cannot taste it. You cannot touch or hold a service as you can do with a product. For example one cannot touch or hold the services provided by his financial adviser. This makes it difficult to evaluate the quality of service prior to consuming it since there are fewer attributes of quality in comparison to a product.

3. Inseparable
Service is inseparable in nature means to say that it cannot be separated from the service provider. A product when produced can be taken away from its producer whereas a service is produced at or near the point of purchase. For example visiting a restaurant, you order your meal, wait for the meal, meal delivered to you and services provided by waiter/waitress are all part of service production process and is inseparable.

4. Perishable
Service last for specific time period, it cannot be stored as like a product for future use. Service production and utilization goes simultaneously. For example watching a movie in cinema hall, service will only last the duration of the show. Again because of this time constraint consumers demand more.

5. Heterogeneous
It is very difficult to make each service experience identical, for example you travelling by plane the service quality may differ from the first time you travelled by that airline to the second, because the air hostess is less or more experienced. Systems and procedures are followed in service production process to minimize this heterogeneity and to provide consistent services all the time.

Service Firms
Customer Service in a service firm is highly interactive in nature. Customer interacts with the firm physical facilities, personnel, tangible elements like the price of the service. The success of any service firm depends on how its performance is judged and perceived by the customer. Today, Service Firms are becoming highly competitive, so, it is essential for service firms to provide high quality services for their survival.

7 Ps of the Service Marketing Mix
1. Product/Service
Most services are intangible because they are performances rather than objects, precise manufacturing specifications concerning uniform quality can rarely be set. Because of this intangibility, the firm may find it difficult to understand how consumers perceive their services. For developing a good customer service, the service marketer should stress on tangible cues and also create a strong organizational image. This can be done by communicating clearly to the customers the features of the service being provided.

2. Price
Because of the intangible nature of the service–price becomes a pivotal quality indicator in situations where other information is not available. It is essential, therefore that the service firm engage in competitive pricing. Being an important tangible cue, price of the service is an area in which the service marketer can concentrate to get a competitive edge. In the case of pure services, as in the present context, like medical services or legal services price is an important factor because it is a basis for the customer to make a final choice among several competing service organizations.

3. Place

Because services are performances that cannot be stored, service businesses frequently find it difficult to synchronize supply and demand. Also, services cannot be inventoried for the same reason. Consequently the service firms must make simultaneous adjustments in demand and capacity to achieve a closer match between the two. Also, the firm could use multisite locations to make the service more accessible to the users. If the service is located in a remote area, regardless of the other advantages of the service, customers would not be motivated to use the service.

4. Promotion

The service marketer should constantly simulate word-of-mouth communications apart from using regular advertising. If customers in an existing market, for some reason or another have an image of the firm which does not correspond with reality, traditional marketing activities can be expected to be an effective way of communicating the real image to the market. Communication includes informing the customers in a language they can understand. Specially in services post-purchase communication is very important, because retaining existing customers is as important, or even more important than attracting potential customers.

5. Physical Evidence

Physical evidence, as already discussed under the services marketing mix, like the environmental decor and design significantly influence the customer's expectations of the service. Since services cannot be readily displayed, firms should create a conducive environment that help the customers to develop a positive perception of the service. For example, people would not like to wait for a medical service or a legal service, if the atmosphere of the place they are made to wait is unpleasant. Customers can be put off by a mere change in the layout of the service facility or even the absence of clear signboards.

6. Participants

Most services are highly labour intensive; the behaviour of the personnel providing the service and the customers involved in production (due to the inseparable nature of services), have an effect on providing efficient customer service. To achieve customer-oriented personnel, the organization needs to recruit and select the right people, and offer an appropriate package of employment, in order to enhance their skills and encourage them. Because of the constant interaction between the employees involved in the service, and the customers–there is a mutual dependence between the two. If the customers are dissatisfied, employees experience discomfort working with unhappy customers, and customers are unhappy because the employees were not trained in customer satisfaction. The extent of this mutual dependence influences the customer's perception of the service.

7. Process

In the 'how' of the service delivery is extremely important because the service and the seller are inseparable. The functional quality, or the 'how' of service delivery is especially important to service industries, as it is difficult to differentiate the technical quality, or the 'what' of service delivery. Previous experience with a service also influences the expectations of the customer. If the customer has had a bad experience with the service on any previous occasion, it will influence his or her future perceptions of the service. It is essential to train the front line employees, whose actions and behaviour influence the customer's opinions of the organization and the actual service provided.

INTERNATIONAL MARKETING

International Marketing refers to application of marketing principles in more than a nation. International marketing involves making one or more marketing mix decisions across national borders. International marketing involves establishing production facilities overseas and coordinating marketing strategies across the world.

In simple words, international marketing involves business activities that directs the flow of an organisation's goods or services to consumers or users in more than a nation for a profit.

Importance of International Marketing

Important to expand target market – The target market of a marketing organization will be limited if it just concentrates on the domestic market. When an organization thinks globally, it looks for overseas opportunities to increase its market share and customer base.

Important to boost brand reputation – International marketing may give a boost to a brand's reputation. The brand that sold internationally is perceived to be better than the brand that sold locally. People like to purchase products that are widely available. Hence, international marketing is important to boost brand reputation.

Important to connect business with the world – Expanding business into an international market gives a business an advantage to connect with new customers and new business partners. Apple - the tech giant designs its iPhone in California; outsources its manufacturing jobs to different countries like - Mongolia, China, Korea, and Taiwan; and markets them across the world. Apple has not restricted its business to a nation, rather expanded it to throughout the world. The opportunities for networking internationally are limitless. The more "places" a business is, the more connections it can make with the world.

Important to open doors for future opportunities – International marketing can also open doors for future business opportunities. International marketing not only increases market share and customer base, but also helps the business to connect to new vendors, a larger workforce, and new technologies and ways of doing business. For example – American organizations investing in Japan have found programs like – Six Sigma and Theory Z which are helpful in shaping their business strategies.

Nature of International Marketing

1. Broader market is available – Unlike domestic marketing, the market is not restricted to the national population. The population of other countries can also be targeted in international marketing.

2. Involves at least two sets of uncontrollable variables – In domestic marketing the marketers have to interact with only one set of uncontrollable variables. In international marketing at least two sets of uncontrollable variables are involved or more if the marketing organization deals in more countries.

3. Requires broader competence – Special management skills and broader competence are required in international marketing/business.

4. Competition is intense – An international marketing organization has to compete with both domestic competitors and international competitors. Hence, the competition is intense in international marketing.

5. Involve high risk and challenges – International marketing is proving to various kinds of risk and challenge like – political risk, cultural differences, changes in fashion and style of foreign customers, sudden war, changes in government rules and regulations, communication challenges due to language and cultural barriers, etc,.

<u>Scope of International Marketing</u>

1. Export – It is a function of international business whereby goods produced in one country are shipped to another country for further sale or trade.

2. Import – Goods or services brought into one country from another for use or sale.

3. Re-export – Import of semi-finished goods, further processing, and export of finished goods.

4. Management of international operations

- Operating marketing and sales facilities abroad,
- Establishing production or assembly facilities in foreign countries, and
- Monitoring the operations and practices of other MNCs and agencies.

<u>Process of International Marketing</u>

International Marketing Process comprises of following five steps:-

1. Motivation for International Marketing – For an organisation the motivation for entering international market can be any or all of the following:

- ➢ Growth
- ➢ Profitability
- ➢ Economies of Scale, or
- ➢ Risk Spread

2. Research and Analysis – Market research is done to Analyse the organization's strength and weakness, opportunities available in international markets, and threats in international markets.

3. Decision to Enter International Markets – After identification of potential opportunities in international market decisions are taken to enter international market. Such decisions include – identification of potential buyers in international markets, demand measurement and forecasting, market segmentation, market targeting and market positioning.

4. International Marketing Mix – At this step international marketing mix is developed. Marketing mix identifies four key areas – Product, Price, Place, and Promotion for developing a well coordinated marketing strategy.

5. Consolidate Marketing Efforts - Developing a good marketing program is not enough a marketing organisation need to manage the international marketing effort properly. Marketing organisations also need proper analysis, planning, implementation and control of their marketing efforts.

RURAL MARKETING

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 urban to rural flow consists of agricultural inputs, fast-moving consumer goods (FMCG) such as soaps, detergents, cosmetics, textiles, and so on. The rural to urban flow consists of agricultural produce such as rice, wheat, sugar, and cotton. There is also a movement of rural products within rural areas for consumption.

Features of Rural Marketing:

1. Large and scattered population: According to the 2001 census, 740 million Indians forming 70 per cent of India's population live in rural areas. The rate of increase in rural population is also greater than that of urban population. The rural population is scattered in over 6 lakhs villages. The rural population is highly scattered, but holds a big promise for the marketers.
2. Higher purchasing capacity: Purchasing power of the rural people is on rise. Marketers have realized the potential of rural markets, and thus are expanding their operations in rural India. In recent years, rural markets have acquired significance in countries like China and India, as the overall growth of the economy has resulted into substantial increase in purchasing power of rural communities.
3. Market growth: The rural market is growing steadily over the years. Demand for traditional products such as bicycles, mopeds and agricultural inputs; branded products such as toothpaste, tea, soaps and other FMCGs; and consumer durables such as refrigerators, TV and washing machines has also grown over the years.
4. Development of infrastructure: There is development of infrastructure facilities such as construction of roads and transportation, communication network, rural electrification and public service projects in rural India, which has increased the scope of rural marketing.
5. Low standard of living: The standard of living of rural areas is low and rural consumers have diverse socio-economic backwardness. This is different in different parts of the country. A consumer in a village area has a low standard of living because of low literacy, low per capita income, social backwardness and low savings.
6. Traditional outlook: The rural consumer values old customs and traditions. They do not prefer changes. Gradually, the rural population is changing its demand pattern, and there is demand for branded products in villages.
7. Marketing mix: The urban products cannot be dumped on rural population; separate sets of products are designed for rural consumers to suit the rural demands. The marketing mix elements are to be adjusted according to the requirements of the rural consumers.

Scope of Rural Marketing

1. Population According to 2011 Census rural population is 72% of total population and it is scattered over a wide range of geographic area. That is 12% of the world population which is not yet fully utilized.

2. Rising Rural Prosperity Average income level has unproved due to modern farming practices, contract farming industrialization, migration to urban areas etc. There has been an overall increase in economic activities because during the planned rural development heavy outlay of resources on irrigation, fertilizers, agricultural equipment's and agro processing industry has been made. Saving habits in rural people also has increased. This too contributes in higher purchasing power

3. Growth in consumption There is a growth in purchasing power of rural consumers. But, the average per capita house hold expenditure is still low compared to urban spending

4. Change in life style and Demands Life style of rural consumer changed considerably. There has been increase in demand for durables and non-durables like table fans, radios, mopeds, soaps, etc. by rural consumers. This provides a ready market for the producers. Rural market is expanding day after day.

5. Market growth rate higher than urban: The growth rate of fast moving consumer goods [FMCG] market and durable market is high in rural areas. The rural market share is more than 50% for products like cooking oil, hair oil etc.

6. Life cycle advantage: The products which have attained the maturity stage in urban market is still in growth stage in rural market.

7. Decision-making Units Women in rural areas are beginning to make fast decisions for purchases. Studies reveal that 72.3% decisions are taken jointly in a family. With education and mass media, role of children in decision making is also changing.

Importance of rural marketing

1. Reduced Burden on Urban Population: Rural marketing can contribute to rural infrastructure and prosperity. People can also live comfortably in villages due to availability of all goods and services in villages, even comparatively at low price. People, due to growth of marketing activities, can earn their livelihood in rural places. Population pressure on urban can be reduced.

2. Rapid Economic Growth: Naturally, marketing acts as catalyst agent for economic growth. There exists more attractive business opportunities in rural than urban. Rural market is more potential for consumer durables and services. Rural population largely depends on agriculture and it can contribute nearly 50% to total national income. Agriculture enjoys significant portion in export business, too. Rural marketing improves agricultural sector and improved agricultural sector can boost whole economy of the country.

3. Employment Generation: At present, nearly 70% of total Indian population feeds on agricultural activities in rural areas. Rural marketing can generate more attractive employment opportunities to rural and urban people. Growth of rural marketing leads to increased business operations, professional activities, and services that can generate a lot of employment opportunities.

4. Improved Living Standard: Due to rural marketing system, rural buyers can easily access needed standard goods and services at fair prices. In the same way, rural marketing improves rural infrastructure. Additionally, rural marketing can also improve their income. These all aspects can directly improve living standard.

5. Development of Agro-based Industries: Rural marketing leads to set up agro-based processing industries. Fruits, vegetables, cereals, pulses, etc., are used as raw-materials. Such industries can improve farmers' profit margin and employment opportunities.

6. Optimum Utilization of Rural Untapped Resources: There are unlimited businesses opportunities exist in rural areas. Untapped and underutilized resources can be utilized at optimum level and that can further accelerate overall economic growth.

7. Easy Marketability of Agricultural Produces: Growth of rural marketing improves whole marketing system. Multiple options are available to farmers and local producers to market their products. Big domestic corporate houses and multinational companies prefer to buy agricultural products directly from villages by their own or through agents and small firms. Rural producers can sell their produces easily at satisfactory prices. Their improved income level can improve their purchasing power that can further fuel to industrial demand.

8. Improved Rural Infrastructures: Rural marketing and basic infrastructures go hand to hand. Growth of rural marketing leads to improved transportation, insurance, banking, communication, entertainment, and other facilities. Due to availability of basic infrastructural facilities, business units can easily reach the target rural buyers.

9. Price Stability: Marketing results into better transportation, warehouses, and communication facilities. Agricultural products can be systematically marketed throughout the year. Huge gap between demand and supply can be avoided and, as a result, prices of most of commodities remain more or less stable.

10. Quality of Life and Reduced Crime: Marketing can refine entire living style and system. Better quality products at reasonable price, improved income level, availability of facilities, etc., have direct positive impacts on quality of life. Quality of life improves and level crime reduces.

11. Balanced Industrial Growth: The gap between rural and urban development can be reduced gradually. Rural development improves rural life and reduces pressure on urban life

Rural Market Research

The systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situation facing by the company in rural market.

Rural Market Research Process

- Step-I Defining a research problem
- Step-II Finalizing a research design
- Step-III Developing a research hypothesis
- Step-IV Planning the research methodology
- Step-V Data collection
- Step-V Data analysis
- Step-VI Conclusion and Recommendations

Research Tools for Rural Market

• Semiotic Analysis -appropriate colors, signs and symbols to avoid inappropriate ones. Helps advertising agencies in promotion mix

• Customer I.Q -quality, satisfaction and loyalty which provides information about brand equity

• Advanced Tracking Program (ATP) -tracking brand health and brand equity to analyze different brands performance

Classification of rural consumers

The rural consumers are classified into the following groups based on their economic status: ·

- **The Affluent Group:** They are cash rich farmers and a very few in number. They have affordability but not form a demand base large enough for marketing firms to depend on. Wheat farmers in Punjab and rice merchants of Andhra Pradesh fall in this group.
- **The Middle Class**: This is one of the largest segments for manufactured goods and is fast expanding. Farmers cultivating sugar cane in UP and Karnataka fall in this category.
- **The Poor:** This constitutes a huge segment. Purchasing power is less, but strength is more. They receive the grants from government and reap the benefits of many such schemes and may move towards the middle class. The farmers of Bihar and Orissa fall under this category.

NON PROFIT MARKETING

Marketing is critical to the success of nonprofits in advancing their missions. Marketing for nonprofits is a way to identify potential supporters, make sure supporters know about all the great work a nonprofit is doing, and give them opportunities to be involved, like volunteering or donating.

Supporters expect their online interactions with nonprofits to be intuitive and highly personalized, on par with the best experiences they might have with any other brand online. Nonprofits are aware of this and are now beginning to build web destinations, data tools, and fundraising strategies to create compelling online experiences to find and connect with supporters.

Benefits of Marketing for Nonprofits

Awareness

Marketing ensures like-minded individuals are aware of your organization so they can become supporters. Some marketing tools also create opportunities for you to become more aware of your community and, to hear what like-minded individuals are saying. Maybe your community has new, innovative ideas to support your mission or can help you spread the message of your organization within their own networks.

Fundraising

A marketing plan with well-built, highly-engaging channels creates opportunities to raise more money. You now have a way to communicate your needs as they arise to people who want to help meet those needs. You are able to set up tools to allow online donations easily and quickly. It can lead to more supporters and more resources to fund your mission.

Volunteer Support

Communicating your need for volunteers through marketing tools and strategies helps those eager to support your mission to get in touch with you. It also shows your community that you're making an impact and that you want them involved.

Services & Impact

Many organizations provide several different types of services to their community. Maybe you offer tutoring services *and* have resources to provide meals to those who need them. Marketing allows you to share the message of any services you offer to the people who need them most. In this case, you could customize a message about your tutoring services to families who've indicated they have school aged children, creating a personalized offer. Even if your nonprofit is highly specialized, making your services known helps you to connect with individuals and entities who could benefit from what your organization provides.

Supporter Experience

There are many ways for supporters to get involved with nonprofits, whether donating, volunteering, or so much in between. But, chances are they're not involved with your day-to-day. While they're passionate about your mission, their participation may happen one or two days per month.

With a marketing plan built to keep supporters engaged, you're able to keep them updated on your progress toward shared goals, what's going on at your organization, new events, and so much more. Supporters remain engaged and aware of your organization, even if they can't be there every day.

Six Steps for a Successful Nonprofit Marketing Plan

- Define Your Marketing Goals
- Understand the Audience
- Create your Message
- Build and Send
- Seek Insights
- Repeat!

1. Define your marketing goals.

Your nonprofit marketing plan exists to transform your organization's mission and big-picture objectives into strategic, actionable goals.

For example, let's say one of your objectives was to protect the welfare of animals in your community (like one of my favorite local rescues, ALIVE Rescue).

- **Creating and publishing content** that educates your community on the state of animal welfare.
- **Posting on social media** about your organization and the animals you have for adoption.
- **Sending a weekly email newsletter** sharing your content, adoptable animals, and volunteer needs.
- **Hosting a quarterly event** with educational resources, foster training, and adoption opportunities.

2. Understand your audiences.

Nonprofit marketing is different from other types of marketing because your organization is likely targeting multiple groups: constituents, customers, volunteers, and donors.

It's imperative to define and understand each of these audiences because your marketing will differ based on who you're talking to. For example, following our animal shelter example from above, an email targeting donors will have different messaging than an email calling for volunteers.

One easy way to organize your different audiences is using a CRM to segment the different groups. By separating contacts with tags and lists, you can easily send marketing messages to the appropriate groups.

3. Craft Your Key Messages

Key messages encompass the information you want your audiences to hear, remember, and share about your nonprofit organization.

- Key messages keep your organization aligned**.**
- Key messages simplify your marketing**.**
- Key messages help organize your different audiences

4. Choose, plan, and create your marketing strategies.

Marketing tactics refer to channels like email marketing, social media, events, and more. We've dedicated an entire section to these marketing strategies
Tactical planning is an integral part of your overall nonprofit marketing plan. How you approach your marketing strategies and how they impact your organization is just as important as how you execute them.

5. Analyze your marketing performance.

As you choose and establish your marketing channels, pay attention to their measurable performance indicators.

MARKETING STRATEGY	PERFORMANCE INDICATOR
Email marketing	Email opens
Event marketing	Ticket sales
Video marketing	Video views
Social media	Shares and comments
Website	Page views
Public speaking	Referrals
Content marketing	Subscriptions

3 KEY NONPROFIT DIGITAL MARKETING STRATEGIES

Email: Email is often seen as a primary form of digital marketing. While sometimes compared to direct mail (or offline, snail mail) email offers much more to marketers, including:

- Automations and Journeys: Consider automating and scheduling weekly, monthly, and quarterly emails to save your team time and energy.

- Real-Time Data: A good email platform will enable you to pull data, reports, and insights in real-time.

- Personalization: Use all the data you collect to target your audience with messages you know they want

- Direct Links to Action (for fundraising and volunteer sign-up): Email is a great way to send someone directly to a destination, like a donation page.

All content types (text, images, and video) can be used in this channel.

- Text should be direct, concise, and focused.
- Imagery creates a depth of experience and gives supporters a visual of your work.

SOCIAL MEDIA: It seems like there's always a new social media platform to be involved in! Social platforms are great for engaging with your audiences, sharing what you're up to, and listening to and interacting with your supporters. Some platforms are:

- Twitter
- Facebook
- Instagram
- Tik Tok
- And many more!

It is essential to publish social content based on your goals, audience, and brand identity. These platforms are meant for quick, engaging pieces of content – some platforms even limit the amount of text you can share. Lean into images and video on these platforms for the greatest effect.

WEBSITE:

- Be concise in your text.
- Be thoughtful about your visuals (this is a great opportunity for video).
- Make sure your website is mobile-friendly and accessible so it can be viewed by anyone, on any device.
- Provide clear calls-to-action on each page. What action do you want your reader to be taking?
- Build your website for search engine optimization (SEO) to increase discoverability by potential supporters.
- Make it easy for supporters to donate and contact your organization.

MARKETING IN THE CONNECTING WORLD

- Content
- Connectivity
- Connections
- Customer experience

1. Content

Create useful content, which helps first then sells, for every channel your audience participates in. Everyone knows this, right? We believe that most marketers are just creating content based on assumption and anecdote. When you're actually creating valuable content (with metrics to prove it) targeted to the viewer you want, they will exchange their attention and consideration of your brand in return for your education.

2. Connectivity

Smart phones, cars, wearables and other devices mean instant access to your brand at any time. Your customer now picks up the phone not to call you when they have a question, but to Google or search YouTube for answers. Connectivity has driven instant answers to consumers' questions and winning brands commit to providing this information quickly and thoroughly in a connected world.

3. Connections

Connections are all about building useful CRM/social/email & other opt-in audience connections. How much do you know about your target audience that is useful in serving them? This is not about data collection, it's about knowing enough about what your customer wants and needs so your connection to them is meaningful. The data part is easy. The intelligent and proactive use of it is the hard part.

4. Customer Experience (CX)

A connected world for marketers means the ability to target and communicate with audiences better every day. It means using all of your marketing resources to make a connection, just not just a brand impression. For your brand to lead, your marketing not only needs to be integrated but it needs to be useful, easy to access, and function efficiently within the connected world in which we live.