MARKETING MANAGEMENT

Good marketing leadership is an essential component of success. Without a clear-cut strategy and plan, it can be not easy to execute initiatives properly and measure results. This is why industry research shows that those with documented strategies are four times more successful than their peers who lack one. As a professional marketer, having a well-thought-out approach to your work is key to achieving optimal outcomes. From determining objectives and goals to budgeting and scheduling resources, creating a detailed plan will go a long way in driving performance. By crafting a comprehensive marketing plan, you can ensure that your team is better equipped to handle the challenges ahead.

Marketing management involves developing and implementing strategic marketing programs, processes, and activities that align with wider business objectives, while utilizing customer insights, tracking metrics, and optimizing internal processes to achieve success.

Marketing management is centered on creating, planning, and implementing strategies that will help achieve wider business objectives. These business objectives can involve increasing brand awareness, boosting profits, or entering previously untapped markets. When we begin to consider the field of marketing management, it's important to look to marketing experts Philip Kotler and Kevin Lane Keller, who, in their book "Marketing Management," offer a standard marketing management definition as "the development, design, and implementation of marketing programs, processes, and activities that recognize the breadth and interdependencies of the business environment."

By AMA Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Philip Kotler defines marketing as "the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desiresMarketing is a comprehensive term and it includes all resources and a set of activities necessary to direct and facilitate the flow of goods and services from producer to consumer in the process of distribution.

_ Marketing is referred to a process of creating or directing an organization to be successful in selling a product or service that people not only desire, but are willing to buy.

_ The **traditional meaning of marketing** is clearly borne out by the definition given by ***Ralf S. Alexander and Others***, "Marketing is the performance of business activities that direct the flow of goods and services from the producer to consumer or user".

_ The **modern concept of marketing** was defined by ***E.F.L. Breach*** as, "Marketing is the process of determining consumer demand for a product or service, motivating its sales and distributing it into ultimate consumption at a profit".

By analyzing the above definition we can define the term marketing as a business process which creates and keep the customer.

What is marketing? Definition and meaning

Marketing is a business term that experts have defined in dozens of different ways. In fact, even at company level people may perceive the term differently. Basically, it is a management process through which products and services move from concept to the customer. It includes identification of a product, determining demand, deciding on its price, and selecting distribution channels. It also includes developing and implementing a promotional strategy.

Collins Dictionary has the following definition of the term:

“Marketing is the organization of the sale of a product, for example, deciding on its price, the areas it should be supplied to, and how it should be advertised.”

Below is the American Marketing Association’s definition:

“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”

Functions of Marketing

Marketing is the process that comprises of all the activities involved from the concept of the product all the way till it reaches the final consumer. So there are a lot of activities in this process, which we call the functions of marketing. Let us take a look.

1] Identify Consumer Needs

One of the first steps the company needs to take is to identify the needs and wants of the consumers in the market. To do so they must gather information and analyse this information. Once you understand your customer thoroughly you can base your product design on this information.

2] Planning

The next logical step would be to make a marketing plan. Firstly you must be very clear about the objectives of the company and what it wishes to achieve. Then you figure out a timeline to achieve these objectives. And finally, you plan the marketing strategy of your company accordingly. *3.Product Development*

As per your consumer research, we then develop the product that suits the needs of the consumer. The design of the product is also an important factor in many products. Like for example when buying a car, the design will play a huge factor. There are other factors to be considered like cost, durability etc

4] Standardisation and Grading

Standardisation means ensuring uniformity in the product. All customers must get the same product of the same design and quality. And these standards need to be maintained throughout.

Grading is the process of classification of products according to similar characteristics and/or quality. If the product does not have any predetermined quality or other specifications like say agricultural products. Grading will ensure the consumer knows your goods are of the highest quality.

5] Packing and Labeling

The package and the label are the first impressions your product makes on the consumer so they are of essential importance. They are not only to protect and identify the goods but are great marketing tools. There is proof that an attractive package and label can go a long way in making a product a success.

6] Branding

One important decision the company has to make is whether they want the product to have an individual identity in the market or they want it to be recognized by the brand name.

Certain brands enjoy incredible goodwill in the market and it can benefit the product. But you may also want the product to have a separate identity so it can flourish on its own attributes.

7] Setting up Customer Support Services

Depending on your product there may be a variety of customer services that the company has to set up. Pre-sales service, consumer helpline, maintenance services, technical support are just some of the services that your product may require. These are important functions of marketing.

8] Pricing

This may be one of the most important functions of marketing. The price of a product will largely determine its success or failure. Factors like demand, market conditions, competition prices etc will be considered to come up with the correct pricing strategy.

One other thing the company must remember that prices of the products should not be changed too frequently. This leads to confusion in the market.

9] Promotion

This is where you inform the customers of your product and persuade them to buy it. There are four major promotion methods – advertising, personal selling, sales promotion and publicity. The company must decide on its best promotion mix, a combination involving all or some of these four methods.

10] Distribution

Here the company must ensure the correct distribution channel for its product. It will depend on a variety of factors such as the concentration of the market, shelf life of the product, company's capital requirements etc. Inventory management is another important factor the company must look into.

11] Transportation

The physical movement of the goods from its place of production to its place of consumption is transportation. It is a very important function of marketing. The company must analyse the geographical boundaries of its market. This will help them choose the correct modes of transportation.

12] Warehousing

As we have seen there is always a lag time between the production and the consumption of most goods. Sometimes the products are seasonal or the supply is irregular or there are production difficulties. But companies like to maintain a smooth flow of goods. So storage and warehousing of goods are necessary.

scope of marketing :

The scope of marketing deals with the question, ‘what is marketed?’ According to Kotler, marketing people are involved with ten types of entities.

1. Goods:
Physical goods constitute the major part of a country’s production and marketing effort. Companies market billions of food products, and millions of cars, refrigerators, television and machines.

2. Services:
As economies advance, a large proportion of their activities is focused on the production of services. Services include the work of airlines, hotels, car rental firms, beauticians, software programmers, management consultants, and so on. Many market offerings consist of a mix of goods and services. For example, a restaurant offers both goods and services.

3. Events:
Marketers promote events. Events can be trade shows, company anniversaries, entertainment award shows, local festivals, health camps, and so on. For example, global sporting events such as the Olympics or Common Wealth Games are promoted aggressively to both companies and fans.

4. Experiences:
Marketers create experiences by offering a mix of both goods and services. A product is promoted not only by communicating features but also by giving unique and interesting experiences to customers. For example, Maruti Sx4 comes with Bluetooth technology to ensure connectivity while driving, similarly residential townships offer landscaped gardens and gaming zones.

5. Persons:
Due to a rise in testimonial advertising, celebrity marketing has become a business. All popular personalities such as film stars, TV artists, and sportspersons have agents and personal managers. They also tie up with PR agencies for better marketing of oneself

6. Places:
Cities, states, regions, and countries compete to attract tourists. Today, states and countries are also marketing places to factories, companies, new residents, real estate agents, banks and business associations. Place marketers are largely real estate agents and builders. They are using mega events and exhibitions to market places. The tourism ministry is also aggressively promoting tourist spots locally and globally.

7. Properties:
Properties can be categorized as real properties or financial properties. Real property is the ownership of real estates, whereas financial property relates to stocks and bonds. Properties are bought and sold through marketing.

Marketing enhances the need of ownership and creates possession utility. With improving income levels in the economy, people are seeking better ways of saving money. Financial and real property marketing need to build trust and confidence at higher levels.

8. Organizations:

Organizations actively work to build image in the minds of their target public. The PR department plays an active role in marketing an organization's image. Marketers of the services need to build the corporate image, as exchange of services does not result in the ownership of anything. The organization's goodwill promotes trust and reliability. The organization's image also helps the companies in the smooth introduction of new products.

9. Information:

10.Idea

Nature of Marketing

The Nature of Marketing (or Modern marketing) may be studied under the following points:

1. Human activity: Originally, the term marketing is a human activity under which human needs are satisfied by human efforts. It's a human action for human satisfaction.
2. Consumer-oriented: A business exist to satisfy human needs, hence business must find out what the desire of customer (or consumer) and thereby produce goods & services as per the needs of the customer. Thus, only those goods should be produce that satisfy consumer needs and at a reasonable profit to the manufacturer (or producer).
3. Art as well as science: In the technological arena, marketing is the art and science of choosing target markets and satisfying customers through creating, delivering, and communicating superior customer value. It is a technique of making the goods available at right time, right place, into right hands, right quality, in the right form and at right price.
4. Exchange Process: All marketing activities revolve around commercial exchange process. The exchange process implies transactions between buyer and seller. It also involves exchange of technology, exchange of information and exchange of ideas.
5. Starts and ends with customers: Marketing is consumer oriented and it is crucial to know what the actual demand of consumer is. This is possible only when required information related to the goods and services is collected from the customer. Thus, it is the starting of marketing and the marketing end as soon as those goods and services reach into the safe hands of the customer.
6. Creation of Utilities: Marketing creates four components of utilities viz. time, place, possession and form. The form utility refers to the product or service a company offers to their customers. The place utility refers to the availability of a product or service in a location i.e. Easier for customers. By time utility, a company can ensure that products and services are available when customers need them. The possession utility gives customers ownership of a product or service and enables them to derive benefits in their own business.
7. Goal oriented: Marketing seeks to achieve benefits for both buyers and sellers by satisfying human needs. The ultimate goal of marketing is to generate profits through the satisfaction of the customer.
8. Guiding element of business: Modern Marketing is the heart of industrial activity that tells what, when, how to produce. It is capable of guiding and controlling business.
9. System of Interacting Business Activities: Marketing is the system through which a business enterprise, institution or organization interacts with the customers with the objective to earn profit, satisfy customers and manage relationship. It is the performance of business activities that direct the flow of goods and services from producer to consumer or user.
10. Marketing is a dynamic processe. series of interrelated functions: Marketing is a complex, continuous and interrelated process. It involves continuous planning, implementation and control.

Role of marketing in making a product successful are as follows:

1. Meets consumer needs and wants:
Needs pre-exist in market. Marketers identify the needs of the consumer and adopt their marketing strategies accordingly. They influence wants, as these are shaped by cultural and individual personalities. Their needs are satisfied through the exchange process.

2. Ensures organization survival, growth and reputation:
A business survives because of customer retention and increase in the market share. Marketing helps companies achieve their objectives because it is customer-centric. Marketing helps in satisfying customers beyond their expectations.

3. Widens market:
Marketers use mass communication tools such as advertising, sales, promotion, event marketing and PR to promote their products far and wide. Moreover, PR programmes build and protect a company's image and product. Revolutions in media technology have made marketing more interactive.

4. Adapting the right price:
Price is a critical element in the marketing mix of a producer because it generates revenue. Marketing strategies help in setting fair prices, incorporating appropriate changes, and preparing a right approach. The exchange process move smoothly when prices are fixed in a favourable manner.

5. Better product offerings:
Most companies sell more than one product. Physical products, that is goods have to be well packed and labelled. In contrast, services are characterized by intangibility and inseparability. Thus, marketing plays an active role by designing and managing product offerings.

6. Creates utility:
Much of a product's utility is created through marketing. Utility is the ability of a product to satisfy wants. Marketing creates form, place, time, information and possession utility. For example, a car fulfills the need to possess a vehicle and ride it.

7. Management of demand:
Marketers are skilled professionals who play a key role in influencing level, timing and composition of demand. A demand can be a negative demand, no demand, latent demand, declining demand, irregular demand, full demand or overfull demand. Marketing helps in dealing with these varied levels of demand.

8. Face competition:
Competitive orientation is important in today's global markets. Marketing helps in maintaining balance of consumers' expectations and competitor's offerings by monitoring the market closely. Superior services, premium products and efficient dealership are used by marketers to retain their market share.

9. Discharge social responsibilities:
Rising customer expectations, government pressure and environmental degradation have forced companies to practice higher levels of social responsibilities. Here, social marketing plays an important role. Cause-related marketing is widely used by big corporate houses. For example, through the promotion of low-priced Lifebuoy, Hindustan Unilever Limited spreads hygiene awareness in rural areas.

10. Economic growth:
Marketing creates demand. Increased demand encourages production and distribution activities. As a result, industrial growth is boosted and income levels improve due to increased employment opportunities. This improves the standard of living by offering superior and improved products. Thus, the overall economic growth is boosted.

Core concepts of marketing: Marketing Management is a social and managerial process by which individuals or firms obtain what they need or want through creating, offering, exchanging products of value with each other. the total marketing can be fulfilled the core concepts of business.

1.NEED/ WANT/ DEMAND: Need: It is state of deprivation of some basic satisfaction. eg.- food, clothing, safety, shelter.Want: Desire for specific satisfier of need. eg.- Indians needs food – wants paneer tikka/ tandoori chicken. Americans needs food- wants hamburger/ French fries.Demand: Want for a specific product backed up by ability and willingness to buy. eg.- Need – transportation. Want – Car (say, Mercedes)……but able to buy only Maruti. Therefore, Demand is for Maruti.

2. PRODUCTS- GOODS/ SERVICES/ PLACE. Product is anything that can satisfy need/ want. Product components are Physical Good., Service,Idea.eg. Fast food- burger/ pizza. Physical Good – material eaten. Service – purchase of raw material/ cooking, Idea – speed of computer/ processing power.

3.VALUE/ COST/ SATISFACTION: o Decision for purchase made based on value/ cost satisfaction delivered by product/ offering..Product fulfills/ satisfies Need/ Want. Value is products capacity to satisfy needs/ wants as per consumer's perception or estimation.Each product would have a cost/ price elements attached o Satisfaction – Estimated in terms of time lead & travel comfort. o VALUE– Products capacity to satisfy. o COST– Price of each products.

4.EXCHANGE/ TRANSACTION: EXCHANGE: – The act/ process of obtaining a desired product from someone by offering something in return. For exchange potential to exist, the following conditions must be fulfilled. There must be at least two parties. Each party has something of value for other party. Each party is capable of communication & delivery . Each party is free to accept/ reject the exchange offer. Each party believes it is appropriate to deal with the other. TRANSACTION: – Event that happens at the end of an exchange. Exchange is a process towards an agreement. When agreement is reached, we say a transaction has taken place. Barter transaction. Monetary Transaction. At least two things of value. Condition agreed upon. Time of agreement. Place of agreement. May have legal system for compliance.

5.RELATIONSHIP/ NETWORKING: Relationship marketing:- It's a pattern of building long term satisfying relationship with customers, suppliers, distributors in order to retain their long term performances and business. Achieved through promise and delivery of ,high quality, good service, fair pricing, over a period of time.

MARKETING NETWORK: It is made up of the company and its customers, employees, suppliers, distributors, advertisement agencies, retailers, research & development with whom it has built mutually profitable business relationship. Competition is between whole network for market share and NOT between companies alone.

MARKET: A market consists of all potential customers sharing particular need/ want who may be willing and able to engage in exchange to satisfy need/ want. Market Size = fn (Number of people who have need/ want; have resources that interest others, willing or able to offer these resources in exchange for what they want.

MARKETERS/ PROSPECTS: Working with markets to actualize potential exchanges for the purpose of satisfying needs and wants. One party seeks the exchange more actively, called as “ Marketer”, and the other party is called “Prospect”. Prospect is someone whom marketer identifies as potentially willing and able to engage in exchange. Marketer may be seller or buyer. Most of time, marketer is seller. A marketer is a company serving a market in the face of competition. Marketing Management takes place when at least one party to a potential exchange thinks about the means of achieving desired responses from other parties.

MARKETING CONCEPT: Studies reveal that different organizations have different perception of marketing and these different perception have led to the formation of different concept of marketing studies also reveal that at least five distinct concept of marketing have guided and still guiding business firms. 1. Production Concept 2. Product Concept 3. Selling Concept 4. Marketing Concept 5. Societal Marketing Concept

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

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

3.Selling Concept: Those companies who believe in this concept think that leaving alone the customers will not help. Instead there is a need to attract the customers towards them. They think that goods are not bought but they have to be sold. 4.Marketing Concept: Those companies who believe in this concept are of the opinion that success can be achieved only through consumer satisfaction. The basis of this thinking is that only those goods/service should be made available which the consumers want or desire and not the things which you can do.

Differences between selling and marketing:

Selling starts with seller ,Selling based on existing activities, Selling refers goods and services .What is offered? is enough, Packing is enough for product protection ,Cost determines price ,Customer is last

Marketing starts with buyer, Marketing based on all activities, Marketing refers customer satisfaction, What should be offered? will think ,Packing is for convenient to customers Consumer determines price ,Customer is first

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

Marketing Myopia, first expressed in an article by Theodore Levitt in Harvard Business Review, is a short-sighted and inward looking approach to marketing which focuses on fulfillment of immediate needs of the company rather than focusing on marketing from consumers’ point of view.

When a company focus more on sales than on marketing and knowing about the consumers' needs, that's when marketing myopia strikes in.

Marketing myopia strikes in when the short term marketing goals are given more importance than the long term goals. Some examples being –

- More focus on selling rather than building relationships with the customers
- Predicting growth without conducting proper research.
- Mass production without knowing the demand.
- Giving importance to just one aspect of the marketing attributes without focusing on what customer actually wants
- Not changing with the dynamic consumer environment

Business, according to Levitt, is actually a customer satisfying institution and hence should be based on customers' needs and desires.

Here are some companies that are suffering from or have suffered from marketing myopia

- Kodak lost much of its share to Sony cameras when digital cameras boomed and Kodak didn't plan for it.
- Nokia losing its marketing share to android and IOS.
- Hollywood didn't even tap the television market as it was focused just on movies.
- Yahoo (worth $100 billion dollars in 2000) lost to Google and was bought by Verizon at approx. $5 billion (2016).

80-20 rule, also known as the Pareto Principle, is an aphorism which asserts that 80% of outcomes (or outputs) result from 20% of all causes (or inputs) for any given event. In business, a goal of the 80-20 rule is to identify inputs that are potentially the most productive and make them the priority. The 80/20 rule has a few marketing-related applications. One application relates to how money is spent on advertising and other marketing campaigns. In general, 20 percent of marketing messages produce 80 percent of your campaign results. Understanding which of your investments produce the greatest results lets you eliminate some of the costs associated with less productive techniques. This improves your marketing efficiency and returns. The 80/20 rule has a few marketing-related applications. One application relates to how money is spent on advertising and other marketing campaigns. In general, 20 percent of marketing messages produce 80 percent of your campaign results. Understanding which of your investments produce the greatest results lets you eliminate some of the costs associated with less productive techniques. This improves your marketing efficiency and returns.

What is 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. The product will then be sold, according to marketing and promotional strategy. The components of the marketing mix consist of 4Ps Product, Price, Place, and Promotion. In the business sector, the marketing managers plan a marketing strategy taking into consideration all the 4Ps. However, nowadays, the marketing mix increasingly includes several other Ps for vital development.

What is 4 P of Marketing

Product in Marketing Mix:

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.

A product has a certain life cycle that includes the growth phase, the maturity phase, and the sales decline phase. It is important for marketers to reinvent their products to stimulate more demand once it reaches the sales decline phase. It should create an impact in the mind of the customers, which is exclusive and different from the competitor's product. There is an old saying stating for marketers, "what can I do to offer a better product to this group of people than my competitors". This strategy also helps the company to build brand value.

Price in Marketing Mix:

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 in Marketing Mix:

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 in Marketing Mix:

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.

What is 7 P of Marketing:

The 7Ps model is a marketing model that modifies the 4Ps model. As Marketing mix 4P is becoming an old trend, and nowadays, marketing business needs deep understanding of the rise in new technology and concept. So, 3 more new P's were added in the old 4Ps model to give a deep understanding of the concept of the marketing mix.

People in Marketing Mix:

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 in Marketing Mix:

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 Marketing Mix:

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 Mix Example:

This article will go through a marketing mix example of a popular cereals company. At first, the company targeted older individuals who need to keep their diet under control, this product was introduced. However, after intense research, they later discovered that even young people need to have a healthy diet. So, this led to the development of a cereals product catered to young people. In accordance with all the elements of the marketing mix strategy, the company identified the product, priced it correctly, did tremendous promotions and availed it to the customers. This marketing mix example belongs to Honeycomb, one of the most renowned companies in the cereal niche. Following these rules clearly has managed to make the company untouchable by all the other competitors in the market.

Marketing Environment, Introduction: Environmental analysis is a strategic tool. It is a process to identify all the external and internal elements, which can affect the organization's performance. The analysis entails assessing the level of threat or opportunity the factors might present. These evaluations are later translated into the decision-making process. The analysis helps align strategies with the firm's environment. Our market is facing changes every day. Many new things develop over time and the whole scenario can alter in only a few seconds. There are some factors that are beyond your control. But, you can control a lot of these things. Businesses are greatly influenced by their environment. All the situational factors which determine day to day circumstances impact firms. So, businesses must constantly analyze the trade environment and the market. There are many strategic analysis tools that a firm can use, but some are more common. The most used detailed analysis of the environment is the PESTLE analysis. This is a bird's eye view of the business conduct. Managers and strategy builders use this analysis to find where their market currently. It also helps foresee where the organization will be in the future.Political factors , Economic factors ,Social factors , Technological factors ,Legal factors , Environmental factor

P for Political factors: The political factors take the country's current political situation. It also reads the global political condition's effect on the country and business. When conducting this step, ask questions like "What kind of government leadership is impacting decisions of the firm?" Some political factors that you can study are: Government policies, Taxes laws ,and tariff ,Stability of government , Entry mode regulations

E for Economic factors: Economic factors involve all the determinants of the economy and its state. These are factors that can conclude the direction in which the economy might move. So, businesses analyze this factor based on the environment. It helps to set up strategies in line with changes. Here listed some determinants you can assess to know how economic factors are affecting your business below: The inflation rate, The interest rate , Disposable income of buyers , Credit accessibility , Unemployment rates , The monetary or fiscal policies , The foreign exchange rate

S for Social factors: Countries vary from each other. Every country has a distinctive mindset. These attitudes have an impact on the businesses. The social factors might ultimately affect the sales of products and services. Some of the social factors you should study are: The cultural implications , The gender and connected demographics ,The social lifestyles , The domestic structures , Educational levels , Distribution of Wealth

T for Technological factors: Technology is advancing continuously. The advancement is greatly influencing businesses. Performing environmental analysis on these factors will help you stay up to date with the changes. Technology alters every minute. This is why companies must stay connected all the time. Firms should integrate when needed. Technological factors will help you know how the consumers react to various trends. Firms can use these factors for their benefit: New discoveries , Rate of technological obsolescence , Rate of technological advances , Innovative technological platforms .

L for Legal factors: Legislative changes take place from time to time. Many of these changes affect the business environment. If a regulatory body sets up a regulation for industries, for example, that law would impact industries and business in that economy. So, businesses should also analyze the legal developments in respective environments. Here mentioned some legal factors you need to be aware of: Product regulations , Employment regulations , Competitive regulations ,Patent infringements , Health and safety regulations.

E for Environmental factors: The location influences business trades. Changes in climatic changes can affect the trade. The consumer reactions to particular offering can also be an issue. This most often affects agri-businesses. Some environmental factors you can study are: Geographical location, The climate and weather , Waste disposal laws , Energy consumption regulation , People's attitude towards the environment

Module 2: segmentation, targeting, positioning

- A market segment is a group of individuals, groups or organisations who may share the same interests, traits and characteristics. The consumer segments may have similar needs, wants and expectations. Therefore, businesses should ask themselves which segments should they serve? To answer this question, the businesses must determine the most appropriate ways to distinguish and to differentiate their segments. Once the segments have been identified they must customise their offerings to satisfy each and every one of them.
- Market segmentation is the actual process of identifying segments of the market and the process of dividing a broad customer base into sub-groups of consumers consisting of existing and prospective customers. Market segmentation is a consumer-oriented process and can be applied to almost any type of market. In dividing or segmenting markets, researchers typically look for shared characteristics such as common needs, common interests, similar lifestyles or even similar demographic profiles. So, market segmentation assumes that different segments require different marketing programmes, as diverse customers are usually targeted through different offers, prices, promotions, distributions or some combination of marketing variables

For example, Southwest Airlines' single-minded focus on the short-haul, point-to-point, major-city routes, allowed them to prosper as their competitors floundered. The airline's focus on specific segments allowed them to do a better job of deciding what their target segment really valued (for example, convenience, low price, on-time departures and arrivals, among other things). Bases of segmentation

a.Demographic segmentation involves dividing the market into groups that are identifiable in terms of physical and factual data. The demographic variables may include; age, gender, income, occupation, marital status, family size, race, religion and nationality.These segmentation methods are a popular way of segmenting the customer markets, as the demographic variables are relatively easy to measure

b.Psychographic segmentation could be used to segment markets according to personality traits, values, motives, interests and lifestyles. A psychographic dimension can be used by itself to segment a market, or it can be combined with other segmentation variables. The psychographic variables are used when purchasing behaviors correlate with the personality or lifestyles of consumers. Diverse consumers may respond differently to the businesses' marketing efforts. Behavioural segmentation is defined as the segmentation of the market according to individual purchase behaviours.

c.Behaviour-based segmentation is conspicuous with the benefits sought from the product, with the identification of specific buying behaviours, in terms of shopping frequency and volumes of purchase, et .For example, a customer relationship management system could include customer profiles of frequent-flyer travellers, and could reveal valuable information on their past transactions. The frequency with which individuals travel often depends on their occupation.

d.Psychographic Segmentation groups customers according to their life-style and buying psychology. Many businesses offer products based on the attitudes, beliefs and emotions of their target market The desire for status, enhanced appearance and more money are examples of psychographic variables. They are the factors that influence your customers' purchasing decision. In psychographic segmentation, elements like life style, attitude, self-concept and value system, form the base. A person's pattern of interests, opinions, and activities combine to represent his or her lifestyle.

Advantages of Segmentation Various advantages of market segmentation are:-

- Helps distinguish one customer group from another within a given market
- Facilitates proper choice of target market. Facilitates effective tapping of the market.
- Helps divide the markets and conquer them.
- Helps crystallize the needs of the target buyers
- Makes the marketing effort more efficient and economic Helps spot the less satisfied segment
- Brings benefits not only to the marketer but also to the customer as well.

Effective Market Segmentation

- Measurability (In terms of size and purchasing power)
- Accessibility (Reached and served through suitable means of distribution of promotion)
- Substantiality(Large and profitable)
- Differentiability (Clearly distinguishable)

. Actionalbility.(to be effective makers of segmentation should be compatible with the manpower, financial and managerial resources.

Targeting in marketing is a strategy that breaks a large market into smaller segments to concentrate on a specific group of customers within that audience. It defines a segment of customers based on their unique characteristics and focuses solely on serving them.

A target market is a group of customers within a business's serviceable available market at which a business aims its marketing efforts and resources. A target market is a subset of the total market for a product or service.

Target Market: It refers to that particular market in terms of customer group which is selected or identified by marketers to tap it. All marketing plans & strategies are made according to this target market to generate revenue which will help firm to increase market share & profitability

- Market targeting refers to picking a specific group or small set of groups to which a business will advertise.
- It is based on the idea that, because it's not really possible to make or do something that will please everyone, a business has to specialize.
- Companies select an advertising group to strengthen their brands, as well as to get an idea of potential sales for production or financing purposes.
- They can use three main approaches for this: universal, selective or concentrated.
- It is common for an organization to reevaluate its target groups and related campaigns over time because markets are always somewhat flexible
- Market targeting is a process of capturing the target market to cultivate profits and Targeting Process consist following steps:

I. Evaluating the Market Segments
II. Selecting the Market Segments
III. Additional Consideration Selecting the Marketing Segments

1.Evaluating the Market Segments

A. Segment overall attractiveness: In this step we analyze all the opportunities available in the market which could be tapped by providing appropriate product and the cultivation of profit.

B. Company's objectives and resources: Once the opportunity is identified in the market we need to match the available resources with the firm which is required to exploit the opportunity in desired manner.

11.Selecting the Market Segments

- Single Segment Concentration: Here company is having single product and focus is on single market. It is applicable for those sellers which has small market and limited demand in the market. e.g:Fish seller in village having single types of fish and sell in one village only.
- Selective Specialization: Here companies are dealing in multiple product and multiple market but they select some specific market for specific product. e.g: Apple • For Business class Laptop • For Music lovers ipod • For phone users iPhones
- Product Specialization : Here the firm specializes in marketing a certain product that it sells to several market. e.g: Nokia Cheaper Price class Nokia 1100 Business class Nokia E-Series Music lovers class Nokia X-Series

- Market Specialization: Here firm concentrate on serving many needsof a particular customer group or markets with focused strategy. eg: Johnson & Jonhson for babies only • Powder • Soap • Shampoo etc
- Full Marketing Coverage: Here firm serve all customer groups with multiple products focused towards capturing all markets with variety of products in product portfolio. e.g • Coca Cola • Kinley • Fanta .

  Full market coverage approach can be applied in 2 ways of Targeting •

  a. Differentiated Market: It makes same strategy for all markets.

  b. Undifferentiated Market: It means separate strategy for each segment but cover all segments. .

111.AdditionalConsideration

We should consider some more points while targeting market

(a)Ethical choice of market Targeting: It means customer decision should be taken after considering what is right and what is wrong for market or customers. We should be fair & honest in dealings with customers.

(b)Segment Interrelationship: All segments are interrelated and integrated that's why we should coordinate all segments to minimize the cost of and utilize all available resources.

Targeting Strategies Once the Segment or segments are selected and targeting process is being started then marketers adopt the appropriate strategy as per market and firm suitability. These strategies are:

- (1) Undifferentiated /Standardization:-In Undifferentiated strategy same product is offered to all market segments with common standardized features without keeping any difference even in the presence of difference among customers. Here marketers launch the product with same pricing, distribution & promotion strategies applicable to all segments. e.g.- coke & Pepsi
- 2. Differentiation:-It is just opposite of above explained. In this strategy firms differentiates its products for all segments according the needs& wants of that segments. Due to presence of difference of taste & preference, buying power etc. among consumers marketers alter its product features & other related strategy in all segments to fulfill the different needs of consumers. e.g:- Airlines • First Class • Business Class • Economy Class
- 3.Concentrated/Focused:- It is combination of both. Here the core product and its strategies remains the same but differentiation is made to take into account specific customers groups requirements. Here basic product is same but minor differences are created to offer variety in same product line. e.g:- Maruti • Zen Lxi • Zen Vxi • Zen Zxi

- Positioning means the activity of making position or image in the minds of customers. Positioning is the process of portraying a picture of company's product and its customer relation in the minds of customers. "Positioning is the act of designing the company's offering and image to occupy a distinct place in the target's mind." --Philip Kotler—

  Why Positioning?

- (1)To create a distinct place of product& service or corporate in the minds of customers.
- (2) To provide a competitive edge to a product or an attempt to convey attractiveness of the product to the target market.
- (3) To give the target market reason of buying our product/service and then formulation of all strategies according to the customer perception.

What is Image?

- Image is the picture of an organization and its products & services perceived by target group, Images are of following types: Types of Images
- Current Image: The way that a company is being seen by customer.
- Mirror Image: The way that a company think it is being seen by customers
- Wish Image: The way that a company would like to be seen by customers.

  There are some common errors of positioning which is committed by firms due to in effective marketing programmes.

These errors are as follows:

- (1) Under Positioning: This errors occurs when marketers take little steps for promotion of product due to which buyers are very less aware about the brand and its product's performance & popularity. This error is done by those company's either do not have capacity to promote their product or do not have marketing caliber of performing such roles. e.g: "ASUS Laptop" Errors in Positioning
- (2) Over Positioning: It refers to the error when firm position itself for some specific group but due to over positioning that particular groups believe that it is not for their class, it is for some higher class customer group. e.g: "Aquaguard introduced Aquasure, People start believing due to over positioning that it is made for upper class, where as the product was priced only at Rs 1600/-"
- (3) Confused Positioning: Some time buyers may have confused image of the brand. This may occur as a result of frequent changes in the positioning statement.
- (4.)Doubtful Positioning:This error occurs when doubt arises in the minds of buyer regarding the company's claims of benefits through the product. Customer have doubt whether firm can fulfill their promises or not. e.g: "Hair Gain Oil" & "Weight Loss medicines" Under Positioning Over Positioning Confused Positioning Doubtful Positioning Errors in Positioning

Positioning Strategies

- (1)Attribute Positioning: A company position itself on the basis of an attribute which creates their separate identity such as size, no. of years of existence etc. e.g: "Raymonds Since 1925"
- (2)Benefit Positioning: Corporate may position itself as a leader in a certain benefit which they provides to their customers. e.g: " Maruti---Service Station"

- (3)Use or Application Positioning: Positioning can be done on the basis of use or application of the product. Corporate position their product as best for some use like café coffee day position itself for discussion & meeting point. e.g: “Café Coffe Day—a lot can happen over a coffee”
- (4)User Positioning: When firm position itself and its products as best suited for a particular user class is called user positioning e.g: “Johnson & Johnson----for babies”
- (5)Competitor Positioning: In this category firm claims to be better in some product or service than a well-known competitor. e.g: “Thums up against Pepsi”
- (6)Value Positioning: This strategy focuses on company’s positioning as offering the best product at lower price or we can say best valued product. e.g: “McDonald Burger @ Rs 25 only/”

Consumer behaviour

- Consumer Behavior Consumer behavior is a study of how individuals make decision to spend their available resources (time, money and effort) or consumption related items. It is the study of individuals, or organizations and the processes consumers use to search, select, use and dispose of products, services, experience, or ideas to satisfy needs and its impact on the consumer and society .
- Consumer behavior involves the process and activities people engage in when searching for, selecting, purchasing, using, evaluating and disposing of products and services so as to satisfy their needs and desires. The activities directly involved in obtaining, consuming and disposing of products and services, including the decision processes that precede and follow these actions.
- The study of consumer behavior deals with basic questions related to buying such as: what we buy, why we buy and how we buy
- Consumer Behavior The American Marketing Association (AMA) defines consumer behavior as “The dynamic interaction of cognition, behavior and environmental events by which human beings conduct the exchange aspect of their lives.
- Consumer behavior is “The study of individuals, groups, or organizations and the processes they use to select, secure, use and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society.”
- Behavior occurs either for the individual, or in the context of a group (e.g., friends influence what kinds of clothes a person wears) or an organization (people on the job make decisions as to which services the firm should use).

Characteristics of consumer behaviour.

- It is a process where consumer decide what to buy, when to buy, how to buy, where to buy & how much to buy.
- It comprises of both mental and physical activities of consumer.

- Consumer behaviour is very complex and dynamic which keeps on changing constantly.
- Individual buying behaviour is affected by various internal factors like his needs, wants, attitudes & motives and also by external factors like social groups, culture , status, environmental factors etc.
- Consumer behaviour starts before buying and even after buying.

Importance/Need of study of consumerbehaviour

- To make better strategies for increasing profits.
- To take into consideration customer's health, hygiene & fitness.
- To know the buying decisions and how consumer make consumption.
- Consistent change in Consumer's tastes or preferences.
- Consumer behavior study is necessary to make pricing policies.
- To avoid future market failures.

Factors Influencing Consumer Behaviour

Social Factors :

• Reference Groups: Small group of people such as colleagues at work place, friends etc. influence values and choices of other members, expose them to new lifestyles and create pressure to choose certain products. E.g. Mobiles

• Family: Family members influence buying decision. Parents influence decision of children. However, nowadays, children are well informed about products and services through social media and therefore, they influence the buying decision of parents.

• Roles and Status: A person performs certain roles in a particular group in the organization. E.g. Person may perform the role of senior executive in a firm and therefore, enjoys higher status. People may purchase the products that conform to their status, especially in the case of branded clothes, cars, shoes etc.

Cultural Factors

• Religion: may influences consumer behavior to a certain extent. E.g. consumption of alcohol, tobacco or meat products is restricted in certain religions

• Sub-culture: Each culture consists of sub-cultures that provide specific identity to its members. Sub-culture includes nationalities, racial groups, language etc.

• Social Class: Human societies exhibit social stratification, that may sometimes take the form of a caste system where the members share similar values, interest and behaviour.

Personal Factors

• Age Factor: The age factor influence buying behavior. E.g. teenagers may prefer trendy watches, whereas, office executives may prefer formal ones

• Gender: The consumer behavior varies across gender. E.g. girls may prefer certain feminine colours such as pink, boys may prefer blue, brown

• Education: Highly educated persons may spend on books and personal care products than the people with low education. • Income Level: Normally, higher the income level, higher is the level of spending and vice-versa. • Status in Society: Persons enjoying higher status in society spend good amount on luxury items such as luxury cars, luxury watches, premium brands of clothing etc.

Psychological Factors

• Learning: takes place through information and experience. E.g. when customer buys a new brand of shampoo and is satisfied with it, he is likely to be brand loyal.

• Attitude: Tendency to respond in a given manner to a particular situation or object or idea. Consumers may develop a positive, or negative or neutral attitude towards certain products or brands.

• Motive: the inner drive that motivates a person to act or behave in a certain manner. Marketer must identify the buying motives of the target customers and influence them to respond positively.

• Perception: It is the impression, which one forms about a certain situation or object. E.g. a student may perceive Sports Day as an important event and therefore, he/she would make every possible effort including purchase of new shoes, jersey etc. whereas, another student may be casual about it and therefore, would not make any such extra efforts.

Buying Roles For making strategic decisions, marketers have to identify the buyers who make the final buying decisions.

- 1. Influencer: Several people may be involved in a particular purchase decision, but all of them may not be consumers. A person who has influence, whose views or advice is given weightage while taking the final decision.
- 2. Gatekeepers: Family members who control the flow of information about a product or service into the family.
- 3. Initiator: The person who is the first to suggest or think of the idea of purchasing a product or service.
- 4. Decider: The person who finally takes the decisions of whether to buy, what to buy, how to buy and from where to buy.
- 5. Buyer: The person who actually buys the product/service after making payments. 6. User: The person who actually uses or consumes the product or service

FIVE STEPS BUYER DECISION PROCESS:
Identify the Problem
This is the first stage of the buying process. A consumer will not initiate a purchase without the recognition of the needs or wants. When a consumer feels the need to buy a particular product, he will go for a purchase decision. There is an unmet need or there is a problem which can be solved by buying a particular product.

Needs arise as there is a problem. For example, you broke your table that you were regular ling using for your business. And due to this problem, you now have to buy a new table.
Wants arise either because you have need a product or just because you are influenced by external factors. For example, you see your friends using a laptop for their project work. You might also have seen numerous advertisements about how a laptop can help you in your project work. Due to this influence, you feel you want to upgrade to a laptop though you may already have a desktop.
In this stage, the marketer should identify the needs of the consumers and offer the products based on the desire.
2. Information search
At this stage, the consumer is aware of his need or want. He also knows that he wants to buy a product that can relive his problem. Therefore, he wants to know more about the product that can relive of his problem. This leads to the information search stage.
The consumer will try to find out the options available and the best solution for his problem. The buyer will look for information in internal and external business environments. A consumer may look into advertisements, print, videos, online and even might ask his friends and family.
When consumers want to buy a laptop, they look for a laptop, its features, price, discounts, warranty, after sales service, insurance, and a lot of other important features.
Here, a marketer must offer a lot of information about the product in the form of informative videos, demos, blog, how-to-do videos, and celebrity interviews.
3. Evaluation of Alternatives
By now the consumer has done enough research about the kind of product that can solve his problem. The next step is to evaluate alternative products that can solve his problem. Various points of information gathered from different sources are used in evaluating alternatives.
Generally, consumers evaluate the alternatives based on a number of attributes of the product. Looks, durability, quality, price, service, popularity, brand, social media reviews are some to the factors that consumers consider.
The market offers many products that can solve the problem of a consumer. Hence the consumer has to make a choice after evaluating the various alternatives available.
At the end of this stage, the consumer will rank his choices and pick a product that best matches his needs and wants.
4. Purchase Decision/Purchase
At this point, customers have already explored multiple options. They are aware of the pricing and payment options available. Here, consumers are deciding whether to buy that product or not. Yes, even at this stage they can still drop the purchase and walk away.
Philip Kotler (2009) says, the final purchase decision may be 'interrupted' by two factors. Customer may get a negative feedback from friends or other customers who bought it. For example, a customer shortlisted a laptop, but his friend gave a negative feedback. This will make him to change his decision. Furthermore, the decision might also change. Sudden change in business plans, financial crunch, unexpected higher prices, etc. might lead the consumer to drop the idea of buying the laptop.
The Consumer, chooses the product that he wants to buy, but many times, he may not actually buy it for various reasons. At this stage, a marketer should find out the various reasons due to which the consumer is hesitating to buy. The reasons could be price, value, and change in the needs of the consumer.
Marketer needs to step up the game. Start by reminding the customers of the reason behind their decision to buy the product. Furthermore give as much information regarding your brand reiterating that you are the best provider of the product that can fulfill his needs.
Retargeting by simple email reminders can enforce the purchase decision.
5. Post-Purchase Evaluation
This is the last stage and most often ignored by marketers.

After buying the product, customers compare products with their expectations. There can be two outcomes: Either satisfied or dissatisfied. Consumers will be happy after buying the product if it has satisfied their needs. But in case the product was not up to his expectations, the consumer will be dissatisfied. A consumer can be lost even at this stage.

A dissatisfied customer might feel as though he took an incorrect decision. This will result in returns! Offering an exchange will be a straightforward action. However, even when a customer is satisfied, there is no guarantee that the customer might be a repeat customer.

Customers, either satisfied or dissatisfied, can take actions tot distribute their experience in the form of customer reviews. This may be done through reviews on customer forums, website, social media conversations or word of mouth.

A marketer has to make sure that the consumer will be satisfied with the product so that his experience will lead to repeat customers. Brands need to careful to create positive post-purchase experience.

Consumer Buying Behavior AND Organizational Buying Behavior

Purpose of Buying

The individual consumers buy goods and services for ultimate use or satisfy their needs. The buying purpose of such consumers is not to earn profit by reselling the goods and services.

The organizations buy goods and services for their business needs. The buying purpose of them is to earn profit by using and reselling the goods and services.

Quantity

Although consumers buy various kinds of goods, the quantity of goods remains small. They buy only the necessary quantity of goods, which they need for regular use.

Organizational buying is done in large quantities. There are several reasons why organizations must buy the goods they need in bulk. In the first place, they use large quantities of each item and must maintain inventories at a level high enough that they will not run out of stock. Secondly, it is cheaper and more efficient to make large-volume purchases.

Purchase Decision

Consumer buying takes decision by consumers themselves. Sometimes they can consult with family members and friends. They need not fulfill any formality like organizational buying.

Organizational purchasing is a rational process because the purchasing behavior of organizations is guided by objective factors having to do with production and distribution. It takes long time than consumer buying.

Market Knowledge

Most of the consumers may not have adequate knowledge and information about market situation, available goods and services, etc. The educated customers may be aware and have knowledge about market and goods.

Organizational purchase criteria are specifically defined. Organizational buyers usually have fewer brands to choose from than do individuals, and their purchases must be evaluated on the basis of criteria that are specific to the overall needs of the organization. The organizational buyers have full knowledge of market and suppliers.

Types of Goods

Consumers buy many goods to use to satisfy personal or family needs.

Organizational buyers buy limited goods to use to conduct business.

Effect

Consumer buying behavior is effected by age, occupation, income level, education, gender etc. of consumers.

Many individuals are involved in the buying process. Within large organizations, rarely is one individual solely responsible for the purchase of products for the purchase of products or services. Instead, many individuals and departments may be involved and departments may be involved in the buying process.

Buying Process

The consumer buying process is very simple. No need to fulfill any formality. There is also no need to maintain extensive contact with sellers.
Buyers and sellers in the organizational market must maintain extensive contact.

Contemporary Topics

- Viral marketing or viral advertising is a business strategy that uses existing social networks to promote a product. Its name refers to how consumers spread information about a product with other people, much in the same way that a virus spreads from one person to another.
- Viral marketing is a sales technique that involves organic or word-of-mouth information about a product or service to spread at an ever-increasing rate. The internet and the advent of social media has greatly increased the amount of viral messages in the form of memes, shares, likes, and forwards.

Why is viral marketing important?

- Viral marketing is exactly what it sounds like marketing that spreads like a virus. This simple approach can help in creating a lot of positive impact during promotional product launches or campaigns. It helps to get tremendous visibility, exposure, and better traffic which results in increased sales revenue.

Viral Marketing Advantages

- Low cost: It doesn't need to cost much to produce something that people will want to share. Sometimes it's the simplest ideas that resonate the most. And when done right, it can give you excellent ROI.
- Reach: Going viral spreads your message and your brand much further than you might expect.
  - Credibility: Suddenly, your brand is on everyone's feed. Or becomes the topic everyone brings up at a party. If done well, this is your ticket to instant (and hopefully lasting) brand awareness.

Disadvantages of Viral Marketing

A.Dilute your brand.

B.Negativity can be Disastrous

Viral marketing is a double-edged sword, if this marketing is about good product or service than it can take the company to new heights but if its negative then it can create a big dent on company's sales as well as the brand image of the company. Hence for example if some customer has tried your product and he or she finds some defect in the product and he or she makes a video of it and makes it viral than it will lead to problems for the company even when other units are good.

- False News

Viral marketing can be used against company when competitors resort to unfair means by circulating wrong news about company's product or service because majority of people consider news on social media platforms like Whatsapp and Facebook to be true and if competitors are successful in creating false viral marketing campaign against the company than it can prove to be disaster for the company.

- No Guarantee of Increased Sales

A successful viral marketing campaign does not guarantee that it will lead to increase in sales because a successful viral marketing campaign can create product or brand awareness among customers but in order to translate that success into increased sales company requires sustained marketing effort. In simple words, a successful viral marketing campaign is only half job done and company cannot afford to be complacent if it wants to achieve higher sales and higher profits.

- Build negative buzz

Guerrilla marketing is an advertisement strategy in which a company uses surprise and/or unconventional interactions in order to promote a product or service. It is a type of publicity. The term was popularized by Jay Conrad Levinson's 1984 book Guerrilla Marketing. Guerrilla marketing refers to a collection of low-cost, high-impact marketing strategies resembling the ambush-and-run tactics of guerrilla warfare. Rather than spending large sums of money to create one-way messages, guerrilla marketers develop creative ways to put their marketing messages and collateral right in front of consumers in the real world. Popular guerrilla strategies include discreetly leaving marketing collateral all around large events, putting on public displays that arouse people's curiosity, displaying temporary, unauthorized banners and signs in high-traffic areas, and doing anything newsworthy that will gain free media coverage for a brand. The tactics are always evolving, but there are certain underlying elements that remain constant to make guerrilla marketing successful for small businesses.

Cost Advantages

Guerrilla marketing tactics cost a fraction of the amount required for traditional marketing strategies such as television and radio advertising. The cost-efficiency of guerrilla tactics allows small businesses with small marketing budgets to achieve larger impacts than they could going head-to-head via traditional media. Although the total reach of these tactics may not compare to high-budget campaigns, their proven effectiveness can help a small business to maximize the productivity of every dollar spent on marketing.

Standing Out

By definition, guerrilla tactics are fundamentally different than traditional marketing messages. Thus, guerrilla marketing messages have the ability to stand out among the endless barrage of marketing that consumers see on a daily basis. The ability to do something unique that truly catches people's attention can be more effective than the ability to fund a multi-million dollar campaign that people will subconsciously ignore. A guerrilla marketer for a small snack brand may walk around large events wearing a costume made entirely of free samples, for example, whereas a major brand might simply run a television advertisement. The costume would be almost guaranteed to attract attention and get products in people's hands, whereas only a fraction of the ad viewers would even pay attention.

Brand Building

Guerrilla marketing strategies themselves can help to develop an edgy or "hip" brand image. The very act of going against tradition and the sheer creativity of guerrilla tactics can label a company as "cool" in consumers' minds. This can be especially advantageous when marketing to young people trying to establish a unique identify for themselves. Anything that makes people want to share their experiences with others can also lead to free word-of-mouth advertising within your target market.

Lasting Impressions

Much of guerrilla marketing relies on face-to-face interaction with potential customers. The personal nature of these interactions -- whether it be handing out free samples, giving away branded collateral or simply talking to people whose curiosity is aroused by what you are doing -- can leave greater impressions on people than the inorganic experiences of watching or listening to advertisements. When guerrilla marketing tactics on the street are tied with social-media-driven promotions, the bond between a company and its new customers can grow even stronger.

Societal Marketing

- The Societal Marketing Concept puts Human welfare on top before profits and satisfying the wants.
- Societal Marketing emphasizes on social responsibilities and suggests that to sustain long-term success, the company should develop a marketing strategy to provide value to the customers to maintain and improve both the customers and society's well being better than the competitors.
- The societal marketing concept has developed out of the conflict between individual consumers' short-term needs and society's long-run well-being.
- "the societal marketing concept holds that the organization's task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's well-being."
- Societal Marketing creates a favorable image for the company increases sales. It is not the same as the terms of social marketing and social media marketing. It is a term closely related to CSR and sustainable development.
- It emphasizes social responsibilities and suggests that to sustain.
- It calls for sustainable marketing, socially and environmentally responsible marketing that meets consumers and businesses' present needs while also preserving or enhancing future generations' ability to meet their needs.

  Relationship Marketing

- Relationship Marketing is an integrated effort to identity, maintain and build a network with individual customers and to continuously strengthen the network for the benefit of both the sides.
- DEFINITIONS: Relationship marketing is defined as the process of attracting, maintaining and ,in multi-service organizations, enhancing customer relationships. (BERRY,1983). VAVRA(1992) defines it as a customer retention program in which a variety of after marketing tactics are used for customer bonding or staying in touch after the sale is

Key Elements in Relationship Marketing

•To identify and build a database of the current and potential customers ,which incorporates the information regarding the demographic ,lifestyle and purchase behavior of the customers.

•To deliver the right messages to the right target customers at the right time through proper communication channels.

•To keep track of each and every relationship and monitoring the cost of acquiring the consumers and their lifetime value.

•The emphasis on the interaction between suppliers and customers is shifting from a transaction to a relationship focus.

Green or Environmental Marketing

- "Green or Environmental Marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment.
- WHY GREEN MARKETING• Opportunities or competitive advantage.• Corporate social responsibilities (CSR).• Government pressure.• Competitive pressure.• Cost or profit issues.
- Marketing of products /or services based on their environmental benefits.

• Incorporates a broad range of activities

• product modification

• changes to the production process

• packaging changes

• modifying advertising

. Use of electronic printing media

• Use of technology to cut short the usage of paper

• High accessibility rate to reduce the mile coverage by the users and the executives

• Use of air conditioners with high star-rating and CFL lighting to reduce power consumption

• Green planting spread within the working space

- Digital marketing refers to advertising delivered through digital channels such as search engines, websites, social media, email, and mobile apps. Using these online media channels, digital marketing is the method by which companies endorse goods, services, and brands.
- It is a broad term that describes a set of marketing strategies that use digital channels to promote your products or services. This term is an umbrella term that describes anything that uses a digital platform for marketing your business, from social media platforms to TV ads. Digital marketing ads aren’t limited to the web.

Network marketing is a business model that relies on a network of distributors to grow a business. It typically involves using three basic types of systematic strategies to make money: lead generation, recruiting, and building and management.

Network marketing is a business model that depends on person-to-person sales by independent representatives, often working from home. A network marketing business may require you to build a network of business partners or salespeople to assist with lead generation and closing sales.

Module 3:

• A product can be anything that can be offered to the market to satisfy a want or a need.

• A bundle of attributes, offering for use/consumption by the final customer.

Products that are marketed include • Physical goods • Services • Experiences • Events • Persons • Places • Properties • Organizations • Information • Ideas

- 5 basic levels
- Each level adds more customer value
- CORE BENEFIT
- BASIC PRODUCT
- EXPECTED PRODUCT
- AUGUMENTED PRODUCT
- POTENTIAL PRODUCT

a.Core product

- Indicate core benefit or service
- Explains what the buyer really buys
- Basic step in designing products
- Defines problem solving benefits/ services that consumers seek
- Standardization of technology does not lead to much of difference from competing firms

b.Basic Product •

- At this level, the core benefit is turned into a basic product.

• Basic step in designing products

• Unbranded, plainly packaged, less expensive.

c.Expected product

Expected/ formal/ tangible product - Represents basic requirements, a customer finds essential to buy a product

- Attributes & conditions required by the customers

identified-built into products

- Includes brand name, features, design, packaging, quality level, styling, styling, attributes, instructions manual
- As interfere rivalry intensifies, differentiation on basis of formal product ceases (ceiling fans)
- Marketer searches for a possible differentiation e.g. Sony camcorder (name, parts, styling, features, packaging – deliver core benefit
- convenient, high quality way to capture

d.Augmented product

- • Marketer prepares an augmented product that exceeds customer expectations.
- • Intangible component of the product along with formal & core components
- • Product built by adding consumer services & benefits
- Augmented product • Product augmentation leads the marketer to look at the user's total consumption system. • Attributes extended beyond customer expectations, includes 1. After sales services 2. Delivery points & systems 3. Installation (bulky products) 4. Customer education & training 5. Customer complaint management 6. Payment options (high end products) 7. Replacement/return policy 8. Guarantees/ warranties 9. Toll free number, etc

⦿ These are added intangibles looked for when technology fails to differentiate - Future competition will be in the "Augmented Products" - Service component is expanded that enhances the product value - No fixed range of services, based on customer needs - Some may not be able to use extra services Augmented product is a condition of mkt maturity/of relatively experienced/ sophisticated customersPotential

e. Potential/Future product

- Includes all possible improvements under given technological, economical, competitive conditions - Helps to attract & retain customers - These offerings differ from 1 market to another because of varying competitive conditions - Driving force- to retain competitive advantage.

_Types of Products

1. Consumer Products: - Bought by final consumers for personal consumption - Categorized as…

a. Convenience products ; - Bought frequently, immediately with minimum comparison and buying effort. - Are low priced - Available in many locations e.g. Soap, candy, newspapers, fast food

b Shopping Product; - Characteristically compared on the basis of suitability, quality, price and style while selection and purchase.

Distributed through fewer outlets e.g. Furniture, clothing, used cars, major appliances, hotel and airline services.

c. Specialty Product; - Has unique characteristics or brand identification for which a significant group of buyer is willing to make a special purchase effort - People travel even long distances to buy them (Lamborghini)

- No comparison is involved in buying. e.g. Specific brands, types of cars, high priced photographic equipments, designer clothes, services of medical/ legal specialists

d. Unsought Product; - Consumer either does not know about/ knows about but does not normally think of buying it. - Require a lot of advertising, personal selling and marketing efforts. e.g. Life insurance, pre planned funeral services and blood donations.

. Industrial Products: - Distinguished from consumer products on the basis of usage e.g. A lawn mower.

i. Raw materials & parts: - Farm products, (wheat, cotton, livestock, fruits, vegetables) - Natural products (fish, lumber, crude oils, iron ore)

ii. Manufactured materials & parts: - component materials (iron yarn, cement, wires) - Component parts (small motors, tires, castings)

iiiCapital items - Aid in buyer's production or operations i. Installations: - Major purchases (factories, offices) - fixed equipment (generators, elevators, computer systems) ii. Accessory equipments: - Portable factory equipments and tools (hand tools, lift trucks) - Office equipments (computers, fax machines, desks)

iv Supplies and Services: - Are convenience products i. Supplies - Operating supplies (Lubricants, coal, paper, pencil) - Repair and maintenance (paint, nails, brooms) ii. Services - Maintenance and repair services (window clearing, computer repair) - Business advisory services (legal, management, consulting, advertising) .

Product Life Cycle

- Businesses should manage their products carefully over time to ensure that they deliver products that continue to meet customer wants.
- The process of managing groups of brands and product lines is called portfolio planning.
- The stages through which individual products develop over time are called commonly known as the" Product Life Cycle".
- The PLC reflects sales and profits of a product over a period of time, and generally they follow an established S-shaped curve.
- The classic product life cycle has four stages (illustrated in the diagram below): introduction; growth; maturity and decline.

Introduction Stage:

Characteristics

- New product introduced to the customer.
- Profits are negative or low.
- Market objective is creating product awareness and demand for the product.
- Promotional expenditure is high because (1) to inform potential consumers (2) induce product trial (3) secure distribution in retail outlet.
- Risk of new product failure is quite high.
- Sales growth is slow.
- Distribution is selective.
- Little or no competition.
- Costs are high.

Growth stage:

Characteristics

- 95% of the products fail at the growth phase, the successful 5%, meet with a more strengthened and increased competition.
- Rapid climb of sales.
- Profits are rising.
- Number of competitor is growing up.
- Market objective is maximizing market share.
- Now product became popular due to increased public awareness.
- Distribution is intensive.
- costs reduced due to economies of scale

Strategies for growth stage

- Introduce new distribution channel.
- Enter new market.
- Focused on marketing strategies like niche marketing and mass marketing.
- Product modification include improve product quality, and add new feature and model.
- New packaging alternatives may attract more and more customers.
- Maintaining competitive price level.

Maturity stage

Characteristics

- Maturity stage is marked by slowing of growth rates in sales and profits and cut throat competition.
- Many rivals competing for a small price.
- Firm has established its product and generated customer preferences for its brand.
- Market demand is more and more customers are willing to accept the product.
- Distribution is intensive.

Strategies for maturity stage

- Product modification is required as customer preference. Diversify brands and items models.
- Invest more in R & D to bring about improvements in the product and product line extension.
- Distribution is intensive.
- Encourage customer for brand switching due to slow sale.

- Increase advertising and sales promotion.

Decline stage

Characteristics

- Sales and profit are declining.
- Emergence of substitute product.
- Customer preferences have changed in favor of more efficient and better products.
- Competition is increasing.

  Strategies for decline stage.

- Reducing the number of products in a product line offered to the market-especially those products that are not earning any profit.
- Cutting promotional bugets and prices.
- Cutting down the distribution channels and distributors with poor sales.

Limitations

1. It is a purely a theoretical concept.

2. Product lifecycle concept is that it in no way predicts the length of each phase, and nor can it be used to forecast sales with any accuracy.

3. A rise in sales *per se* is not necessarily evidence of growth. A fall in sales *per se* does not typify decline. Furthermore, some products do not (or to date, at the least, have not) experienced a decline. Coca cola and Pepsi are examples of two products that have existed for many decades, but are still popular products all over the world. Both modes of cola have been in maturity for some years.

New product development:

- A product is anything that can be offered to a market to satisfy needs and wants.
- A New product is any product which is perceived by the customer as being new. New product Categories…….
- 1:New to the world.
- 2:New to the product lines.
- 3:Additions to the existing product line.
- 4:Improvements & revisions of existing products.
- 5:Repositioning.
- 6:Cost reductions

- New Product Development is the development of original products, product improvements, product modifications, and new brands through the firm's own R & D efforts. This process consist of following steps.
- 1. Idea Generation.
- 2. Idea Screening.
- 3. Concept Development & Testing.
- 4. Marketing Strategy Development.
- 5. Business Analysis.
- 6. Product Development.
- 7. Market Testing.
- 8. Commercialization
- Idea Generation . Idea generation is continuous, systematic search for new product opportunities. Ideas form using creativity generating techniques and generated through firm's Internal Sources & external Sources.
- Idea Screening. Filtering the ideas to pick out good ones & dropping the poor ones. It involves a preliminary elimination process in which a large number of product ideas are screened in terms of the organization's objectives, policies, technical feasibility, and financial viability. Total ideas are categories into three group. They are, promising ideas, marginal ideas and rejected ideas.

In screening ideas, the companies normally face 2 serious errors & they must try to avoid these mistakes.

- 1. DROP ERROR 2. GO ERROR
- Concept Development & Testing. Here, the Product Idea is converted into product concept. Product Ideas means Possible product that company may offer to the market. A product concept is a detailed version of the idea stated in meaningful consumer terms . When developing product concept following criteria should be consider. Who will use the product. What primary benefit should this product provide. When will this product be consumed. Concept Testing means presenting the product concept to target consumers, physically or symbolically, and getting their reactions
- Marketing Strategy Development. After concept testing, for concepts that qualify a preliminary marketing strategy is created to introduce new product into market
- Understanding customer.
- Analyze market

Analyze competition

- Business Analysis. This stage will decide whether from financial as well as marketing point of view, the project is beneficial or not. In Business Analysis , Estimate likely selling price based upon competition and customer feedback. Estimate sales volume based upon size of market. Estimate profitability and break-even point. If above are match with the company's objectives, then the new product concept moves to product development stage.

3) Concept development and Testing

At this stage, marketer incorporate consumer meaning into product ideas. Concept testing helps the company to choose the best among the alternative product concepts. Consumers are called upon to offer their comments on the precise written description of the product concept viz., the attributes and expected benefits.

- ***Standard Testing:*** here testing done on small number of representative cities.
- ***Controlled Testing:*** testing done on few stores that have agreed to carry new products for a fee.
- ***Stimulated Testing:*** testing done on shopping environment by providing a sample to consumers.

4) Business Analysis

Once the management has decided on the marketing strategy it can evaluate the attractiveness of the business proposal.

Business analysis involves the review of projected sales, costs and profits to find out whether they satisfy a company's objectives. If they do, the product can move to the product development stage.

5) Product development programme

This stage includes 3types, when a paper idea is duly converted into a physical product. It includes:-

- Prototype development giving visual image of the product
- Consumer testing of the model or prototype
- Branding, packaging and labelling

.Consumer testing of the model products will provide the ground for final selection of the most promising model for mass production and mass distribution.

6) Test Marketing

At this stage the product and the marketing program are introduced to more realistic market settings.

Test marketing gives the marketer an opportunity to tweak the marketing mix before going into the expense of a product launch. Cost of test marketing can be enormous and it can also allow competitors to launch a "me-too" product or even sabotage the testing so that the marketer gets skewed results.

7) Commercialization

At this stage new product development has gone main stream, consumers are purchasing the goods and technical support is consistently monitoring progress. Keeping distribution pipelines loaded with products is an integral part of this process too. Refreshing advertisements during this stage will keep products name firmly supplanted into the minds of customers who induces to make purchases.

BRANDING

Branding is the process of identifying the name of a producer with his product by affixing to the product or its container the trade name or brand represented by wordsor designs. Brand includes:-

Brand Name: It is the part of a brand which can be vocalized. It consists of words,letters and or numbers. For example: 555 Maruthi etc.

Brand Mark: It is that part of a brand which can recognized but is not utterable, suchas a symbol, design or distinctive colouring or lettering. For example: SBI's Key etc.

According to Prof. Myers & **Batra**, "Branding is the process of transforming the product, adding value for enhanced consumer satisfaction."

Features of Branding

1) Simple and easy to pronounce

Brand name should be understood and pronounced by all kinds of customers. Brand name is easily pronounceable by any person speaking any language.

2) Easy to recognize and remember
Brand name or symbol should be easy to remember and recognize. Short and simple brand name can be easily recognized when seen and remember for long.
3) New and attractive
The selected brand name should be new and unique and has not been used by any other companies. It should be attractive so that a large number of customers are attracted. Such brand names should be also memorable.
4) Legally Safe
Before selecting and using any brand name, it should be confirmed whether or not any other companies have already used the selected brand name. If the selected brand name has been already registered and is being used by any other firm or company, such brand name cannot get registered in the company's register's office. As a result it cannot be legally safe.
5) Should reflect the nature of product
A good brand name should be able to reflect the nature of product. Such brand name can make the consumers remember the use of the products. "Quick","Nescafe" etc.
6) Suggestive
Brand name should be suggestive. It should be such that when heard the name of theproduct the consumers can understand its utility
Classification of Brands
1) Manufacturer's Brand
A brand which is owned by a manufacturer and/or registered as a trademark under the manufacturer's name is referred to as manufacturer's brand.
For example, Colgate is the brand name for tooth paste given by Palmolive India Ltd.
2) Distributor's Brand
A brand owned by a distributor is referred to as distributor's or private brand. It is private because the manufacturer is not identified. The manufacturer simply manufacturers and brands it as per specifications of the distributor.
For example, 'Johnson' is the brand name adopted for home appliances by its distributor Blumac electricals.
3) Individual Brand
Where each item or product in a product line carries an independent brand name, it is called individual brand. For example, HUL are given different names Rin, Surf etc.
4) Family Brand
If all the products manufactured by a company are sold under a single brand name, it is called family branding. For example, Tata Group, Bajaj etc. This brand is also known as "Blanked Brand".
5) National Brand
In case the same brand name is used throughout the country to market the products, it is a national brand. For example, Parle Products Pvt. Ltd. ; Cadbury's India Ltd etc.
6) Regional Brand
Where a brand name is used and the product is promoted in a particular geographical area, it is regional brand. For example, Nandini, the brand name for milk supplied by Karnataka Milk Federation is popular only in the state Karnataka.

PACKAGING
A package is a wrapper or container in which a product is enclosed, encased or sealed.
According to Philip Kotler, packaging is the activity of designing and producing the container or wrapper for a product.
In short, packaging is the art of designing and producing the package for a product.

• Kinds/Strategies of Packaging
1) Family Packaging
It is a kind of packaging strategy in which packages of the entire product-line of a company closely resemble one another or alternatively, major features of the packages in respect of the entire product-line closely resemble are another.
2) Re-Use Packaging
In this strategy a company's offer products in such a package which may be re-used for other purposes. For example: Nescafe coffee packaged in jar.
3) Multiple Packaging
In this packaging a number of products to be used by one consumer are placed in a single package. For example: Zodiac people offer a shirt, necktie, and kerchief in one package box.
4) Ecological Packaging
In order to preserve the physical environment, a company may formulate a compatible packaging strategy. For example: Cloth bags instead of plastic bags.

Pricing…….

Pricing is a process of fixing the value that a manufacturer will receive in the exchange of services and goods. Pricing method is exercised to adjust the cost of the producer's offerings suitable to both the manufacturer and the customer. 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.

Every businessperson starts a business with a motive and intention of earning profits. This ambition can be acquired by the pricing method of a firm. While fixing the cost of a product and services the following point should be considered:

- The identity of the goods and services
- The cost of similar goods and services in the market
- The target audience for whom the goods and services are produces
- The total cost of production (raw material, labour cost, machinery cost, transit, inventory cost etc).
- External elements like government rules and regulations, policies, economy, etc.,

Objectives of Pricing:

- **Survival-** The objective of pricing for any company is to fix a price that is reasonable for the consumers and also for the producer to survive in the market. Every company is in danger of getting ruled out from the market because of rigorous competition, change in customer's preferences and taste. Therefore, while determining the cost of a product all the variables and fixed cost should be taken into consideration. Once the survival phase is over the company can strive for extra profits.
- **Expansion of current profits-**Most of the company tries to enlarge their profit margin by evaluating the demand and supply of services and goods in the market. So the pricing is fixed according to the product's demand and the substitute for that product. If the demand is high, the price will also be high.
- **Ruling the market-** Firm's impose low figure for the goods and services to get hold of large market size. The technique helps to increase the sale by increasing the demand and leading to low production cost.
- **A market for an innovative idea-** Here, the company charge a high price for their product and services that are highly innovative and use cutting-edge technology. The price is high because of high production cost. Mobile phone, electronic gadgets are a few examples.

What is 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/approach

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 company 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.

A pricing strategy is an approach taken by businesses to decide how much to charge for their goods and services. The interaction between margin, price, and selling level is given specific consideration while pricing products. Therefore, it's important and complicated to design a proper pricing plan that ensures business success.

The price is a component that affects a company's revenue significantly. It forms the key variable in the company's financial modeling and affects its income, profits, and investments in the long term. Price reflects the idea of a business and shows its behavior towards competitors and the value it gives customers.

Types

The following are a few pricing strategies that businesses adopt:-

#1 – Price Skimming:

A skimming pricing strategy is a pricing technique in which a business sets its initial price high and gradually lowers it when more competitors enter the market. This is ideal for businesses that are entering an emerging market. Here, businesses maximizes profit utilizing the price demand of certain markets. They possess the first-mover advantage, where they are the first to introduce or market the product or service. The skimming pricing strategy makes a profit in the early stages of the product or service's market until other competitors enter and supply increases.

#2 – Pricing for market penetration:

It is the opposite of **price skimming**. Skimming starts with huge prices, and the penetration pricing strategy uses low prices to enter the market. This is done to attract the existing consumer base of the competitors. Once there is establishment of a reliable pool of consumers, the costs slowly increase. **Penetration pricing** strategy depends mostly on the ability of the business to bear the losses made in the initial years. Big MNCs especially employ this to get a strong footing in developing countries' markets.

#3 – Premium pricing:

Premium pricing strategy involves businesses that create high-quality products and market them to high-income or net-worth individuals. The key here is to manufacture unique, high-quality designs and products that convince the users to pay such huge amounts. The premium pricing strategy targets the luxury goods market.

#4 – Economy pricing:

The strategy targets customers who prefer to save money. Big companies employ the strategy to make customers feel they are in control. Walmart in the U.S. is an example where they offer deals that please customers. This does depend on the **overhead costs** and the value of the products.

#5 – Bundle pricing:

As the name suggests, it is a strategy where a business sells a bundle of goods together. Typically, the total of the goods is lower than the individual products sold separately. This helps in moving the inventory and selling the stocks that are left over. The strategy has the potential to make profits (or save from losses) on low-value items.

#6 – Value-based Pricing:

A concept is similar to premium-based pricing. Here, the business decides the price based on the customer's valuation of the product's worth. This is best suited for unique products.

#7 – Dynamic Pricing:

A dynamic pricing strategy in marketing involves changing the price of the items based on the present market demand.

Examples

Take a look at these examples to get a better idea:

Example – #1

Starbucks, a big American multinational chain of coffeehouses and roaster reserves, employs Value-based Pricing. It has been increasing prices despite Dunkin' Donuts and Folgers (its competitors in the market) lowering their costs due to the declining price of Arabica beans in 2015. Starbucks' customers buy coffee for convenience, brand loyalty, flavor, and caffeine addiction. In addition, the brand value it has created for itself is huge. It does not sell coffee as small or large. They have rebranded the sizes as "Grande and Venti," making them popular. For the loyal base, it has hardly ever noticed the **price change**. Therefore, they would buy the coffee for the value they have as a perceived-an elite brand.

Example – #2

Uber's American mobility service provider is a good example of a dynamic pricing system. The pricing system employed by Uber modifies charges depending on a number of factors, including traffic, the prevailing rider-to-driver demand, the time and distance of the route, etc. Occasionally, this may entail a brief price increase at very busy times. As a result, there will be consumer demand for travel for the purposes in the above situations. Accordingly, they use this customer urgency to make money.

Approaches to Pricing

General approaches to pricing are of three types;

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).

Cost-Plus Pricing

Cost-plus pricing is the simplest of all the pricing methods in which a standard markup is added to the cost of the product.

For example, construction firms submit job bids by estimating the total project cost and adding a standard markup for profit. Some sellers charge cost plus a specified markup.

To illustrate markup pricing, suppose a toothpaste producer had the following costs and expected sales;

Variable cost = $10, Fixed cost = $300,000, Expected unit sales= 50,000

Then the producer's cost per toothpaste is given by :

Unit Cost = Variable Cost + (Fixed Costs / Unit Sales) = $10 + ($300,000 / 50,000) = $16

Now, suppose the producer wants to earn a 20 percent markup on sales. The producers' markup price is given by:

Markup Price = Unit Cost / (1 – Desired Return on Sales) = $16 / (1 – 0.20) = $20

The producer would charge distributors $20 a toothpaste and make a profit of $4 per unit. If distributors want to earn a 50 percent profit on sales price, they will fix the price to $40 ($20+50% of $40). This is equivalent to a markup of 100 percent on cost ($20/$20) for the distributor.

Using standard markups to set prices does not always prove to be wise. Any pricing method that does not consider demand and competitor prices is not likely to lead to the best price.

Suppose the toothpaste producer charged $20 but only sold 30,000 kinds of toothpaste instead of 50,000.

The unit cost would have been higher since the fixed costs are spread over fewer units, and the realized percentage of markup on sales would have been lower. Mark-up pricing is only effective if that price brings in the expected level of sales.

Still, mark-up pricing is widely followed for many reasons.

First, sellers are more certain about costs than about demand. By linking the price to cost, sellers simplify pricing and not require frequent adjustments as demand changes.

Second, when all firms in the industry follow this pricing method, prices tend to be similar, and price competition is minimized.

Third, many people think that cost-plus pricing is fairer to both buyers and sellers. Sellers get a fair return on their investment but do not exploit the buyers when demand is high.

Breakeven Analysis and Target Profit Pricing

Another cost-oriented pricing approach is break-even pricing. A variation of this approach is called target profit pricing.

In break-even pricing, the firm tries to determine the price at which it will break-even or make the target profit it wants to earn.

Target pricing is used by General Motors, which price its automobiles to achieve a 15 to 20 percent profit on its investment. This pricing method is also used by public utilities, constrained to make a fair return on their investment.

Target pricing uses the concept of break-even chart, which shows the total cost and total revenue expected at different sales volume levels.

The figure below shows a break-even chart for the toothpaste producer discussed here. Fixed costs are \$3,00,000, regardless of sales volume.

Variable costs are added to fixed costs to form total costs, which rise with volume. The total revenue curve starts at zero and rises with each unit sold. The slope of the total revenue reflects the price of \$20 per unit.

The total revenue and total cost curves cross at 30,000 units. This is the break-even volume. At \$20, the firm must sell at least 30,000 units to break-even; that is, for total revenue to cover total costs.

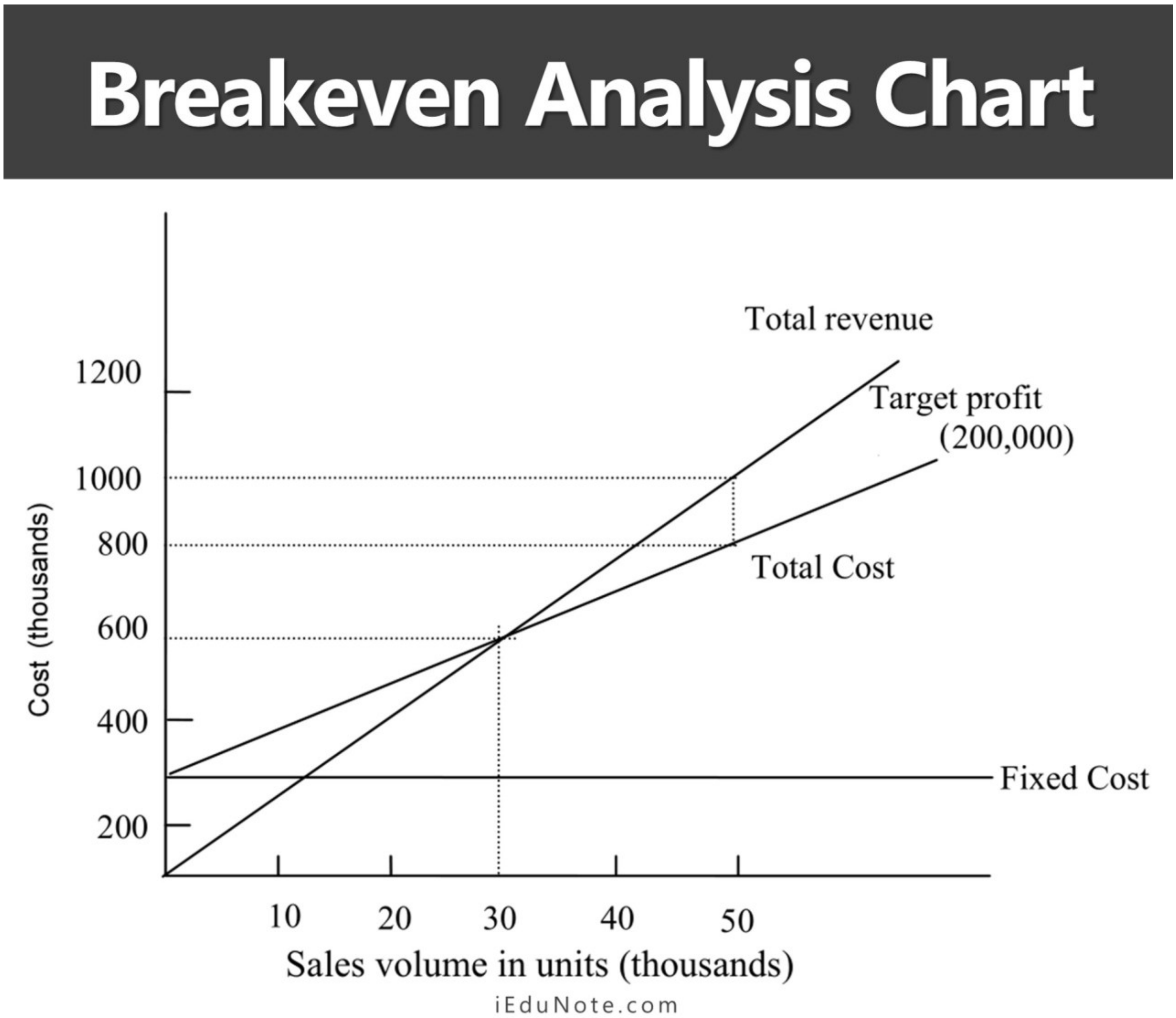
Break-even volume can be calculated using the following formula;

$$\text{Break-even volume} = \frac{\text{Fixed Costs}}{\text{Price} - \text{Variable Cost}}$$

If the firm wants to make a target profit, it must sell more than 30,000 units at \$20 each.

Suppose the toothpaste producer has invested \$800,000 in the business and wants to set the price to earning a 20 percent return on sales, or \$200,000. In that case, it must sell at least 50,000 units at \$20 each.

If the firm charges a higher price, it will not need to sell as many toothpastes to achieve its target return. But the market may not buy even this lower volume at a higher price. It depends on the price elasticity and competitor's price



Buyer-Based Pricing Approach

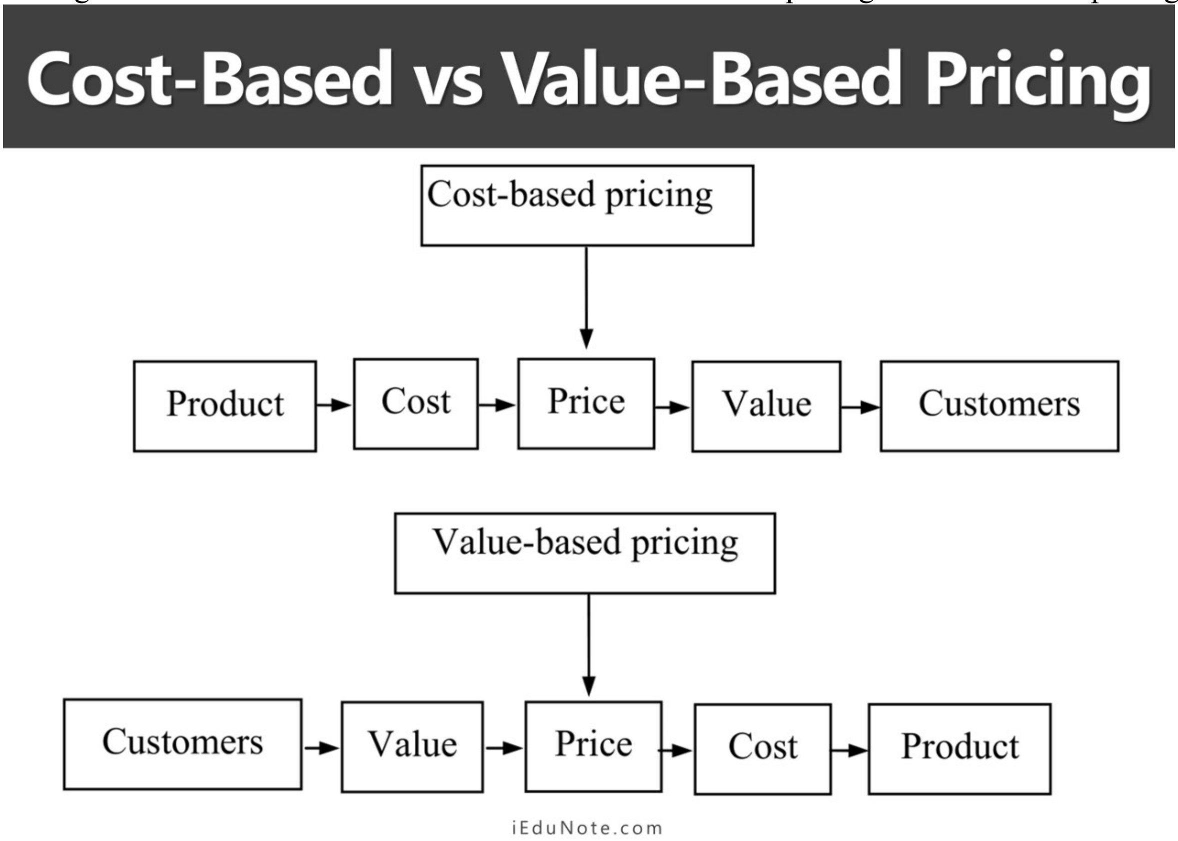
Under this approach of pricing, the following techniques can be applied in pricing the product:

Value-Based Pricing

The product's perceived value is getting increasing acceptance as the base for pricing by many firms. Instead of the seller's cost, value-based pricing uses buyers' perceptions of value as the key to pricing.

Value-based pricing suggests that the marketer can not design a product and marketing program and then set the price. Price is considered along with the other elements of marketing-mix before formulating the marketing program.

The figure below illustrates the distinction between cost-based pricing and value-based pricing.



Cost-based pricing is guided by the product. The firm starts with what it considers to be a good product, estimates the costs of making the product, and sets a price that covers costs plus a target profit.

The firm must then convince buyers that the product's value at that pricing justifies its buying. If the price turns out to be too high, the firm must settle for lower markups or lower sales, resulting in low profits.

Value-based pricing operates oppositely. The firm sets its target price based on customer perceptions of the product value.

They targeted value and price, then guide decisions regarding product design and probable costs. Thus, pricing begins with analyzing consumer needs and value perceptions. Price is set to match consumers' perceived value.

A firm adopting value-based pricing must assess what value buyers assign to different competitive offers.

However, it may be not easy to measure the perceived value.

Consumers may be asked how much they are ready to pay for a basic product and benefit added to the offer.

A firm might conduct experiments to test the perceived value of different product offers. If the sellers' price is more than the buyer's perceived value, the firm's sales will be affected adversely.

Many firms overprice their products leading to poor sales.

Other firms under the price which bring higher sales, but they produce less revenue than they would if the price were raised to the perceived-value level.

Competition-Based Pricing Approach

Competition prevailing in the market is also an important consideration factor in pricing products. In a competitive environment, a firm needs to analyze the competitor's price and offer and then set price for its product. According to this approach, the following techniques are used:

Going-Rate Pricing

In going-rate pricing, the firm bases its price mainly on competitors' prices. The firm's costs or demands are given less importance.

The firm might set prices near to its major competitors. In a situation of oligopoly, firms normally charge the same price. The smaller firms follow the market leader. They change their prices when the market leader does so rather than when their demand or costs change.

Going-rate pricing is quite popular. When demand elasticity is difficult to measure, firms feel that the going price represents collective prudence of the industry regarding the price that will fetch a reasonable return.

They also think that following the going rate pricing will prevent harmful price competition.

Sealed-Bid Pricing

In sealed-bid pricing, the price set by a firm is based on competitors' price rather than its costs or the demand. The firm is serious in getting a contract that requires pricing less than other firms.

Still, the firm can not set its price below a certain level.

Because pricing below cost will be damaging for the firm. In contrast, the chance of getting a contract decreases with the increase in the price set by a firm.

The pricing decisions for a product are affected by internal and external factors.

A. Internal Factors:

1. Cost:

While fixing the prices of a product, the firm should consider the cost involved in producing the product. This cost includes both the variable and fixed costs. Thus, while fixing the prices, the firm must be able to recover both the variable and fixed costs.

2. The predetermined objectives:

While fixing the prices of the product, the marketer should consider the objectives of the firm. For instance, if the objective of a firm is to increase return on investment, then it may charge a higher price, and if the objective is to capture a large market share, then it may charge a lower price.

3. Image of the firm:

The price of the product may also be determined on the basis of the image of the firm in the market. For instance, HUL and Procter & Gamble can demand a higher price for their brands, as they enjoy goodwill in the market.

4. Product life cycle:

The stage at which the product is in its product life cycle also affects its price. For instance, during the introductory stage the firm may charge lower price to attract the customers, and during the growth stage, a firm may increase the price.

5. Credit period offered:

The pricing of the product is also affected by the credit period offered by the company. Longer the credit period, higher may be the price, and shorter the credit period, lower may be the price of the product.

6. Promotional activity:

The promotional activity undertaken by the firm also determines the price. If the firm incurs heavy advertising and sales promotion costs, then the pricing of the product shall be kept high in order to recover the cost.

B. External Factors:

1. Competition:

While fixing the price of the product, the firm needs to study the degree of competition in the market. If there is high competition, the prices may be kept low to effectively face the competition, and if competition is low, the prices may be kept high.

2. Consumers:

The marketer should consider various consumer factors while fixing the prices. The consumer factors that must be considered includes the price sensitivity of the buyer, purchasing power, and so on.

3. Government control:

Government rules and regulation must be considered while fixing the prices. In certain products, government may announce administered prices, and therefore the marketer has to consider such regulation while fixing the prices.

4. Economic conditions:

The marketer may also have to consider the economic condition prevailing in the market while fixing the prices. At the time of recession, the consumer may have less money to spend, so the marketer may reduce the prices in order to influence the buying decision of the consumers.

5. Channel intermediaries:

The marketer must consider a number of channel intermediaries and their expectations. The longer the chain of intermediaries, the higher would be the prices of the goods.

Importance of Pricing in Marketing Strategy

1. Price is the Pivot of an Economy:

In the economic system, price is the mechanism for allocating resources and reflecting the degrees of both risk and competition. In an economy particularly free market economy and to a less extent in controlled economy, the resources can be allocated and reallocated by the process of price reduction and price increase.

Price policy is a weapon to realize the goals of planned economy where resources can be allocated as per planned priorities.

Price is the prime mover of the wheels of the economy namely, production, consumption, distribution and exchange. As price is a sacrifice of purchasing power, it affects the living standards of the society; it regulates business profits and, hence, allocates the resources for the optimum output and distribution. Thus, it acts as powerful agent of sustained economic development.

2. Price regulates demand:

The power of price to produce results in the market place is not equalled by any other component in the product-mix.

It is the greatest and the strongest 'P' of the four 'Ps' of the mix. Marketing manager can regulate the product demand through this powerful instrument. Price increases or decreases the demand for the products. To increase the demand, reduce the price and increase the price to reduce the demand.

Price has a special role to play in developing countries where the marginal value of money is high than those of advanced nations. De-marketing strategy can be easily implemented to meet the rising demand for goods and services.

As an instrument, it is a big gun and it should be triggered exclusively by those who are familiar with its possibilities and the dangers involved.

It is so because; the damage done by improper pricing may completely sap the effectiveness of the well-conceived marketing programme. It may defame even a good product and fame well a bad product too.

3. Price is competitive weapon:

Price as a competitive weapon is of paramount importance. Any company whether it is selling high or medium or low priced merchandise will have to decide as to whether its prices will be above or equal to or below its competitors. This is a basic policy issue that affects the entire marketing planning process. Secondly, price does not stand alone as a device for achieving a competitive advantage.

In fact, indirect and non-price competitive techniques often are more desirable because, they are more difficult for the competitors to copy. Better results are the outcome of a fine blend of price and non-price strategies. Thirdly, there is close relationship between the product life-cycle and such pricing for competition.

There are notable differences in the kinds of pricing strategies that should be used in different stages. Since the product life span is directly related to the product's competitiveness, pricing at any point in the life-cycle should reflect prevailing competitive conditions.

4. Price is the determinant of profitability:

Price of a product or products determines the profitability of a firm, in the final analysis by influencing the sales revenue. In the firm, price is the basis for generating profits. Price reflects corporate objectives and policies and it is an important ingredient of marketing mix. Price is often used to off-set the weaknesses in other elements of the marketing-mix.

Price changes can be made more quickly than any other changes in the product, channel, and personal selling and sales-promotion includes advertising. It is because; price change is easily understood and communicating to the buyer in a precise way. That is why, price changes are used frequently for defensive and offensive strategies. The impact of price rise or fall is reflected instantly in the rise or fall of the product profitability, thinking that other variables are unaffected.

5. Price is a decision input:

In the areas of marketing management, countless and crucial decisions are to be made. Comparatively marketing decisions are more crucial because, they have bearing on the other branches of business and more difficult as the decision-maker is to shoot the flying game in the changing marketing environment.

Normally, profit or contribution is taken as a base for pay-off conditions. Price can be a better criterion for arriving at cut-off point because; price is the determinant of profit or contribution.

PLACE

MEANING AND DEFINTION

_ Channel of distribution is the pathway or course or route through which the product delivered or spread out.
_ ***According to American Marketing Association*** defines distribution channel as, “structure of intra-company organization units and extra-company agents and dealers, wholesale and retail, through which a commodity, product or service is marketed.”
_ ***According to Philip Kotler***, “distribution channel is the set of firms and individuals that take title, or assist in transferring title, to the particular good or service as it moves from the producer to the consumer.”
_ By analyzing the above definition we can refer the distribution channel as a independent organization involved in the process of making a product or service available for use or consumption.”

MARKETING CHANNEL FUNCTIONS
Distributors are concerned with number of key functions and are:-
1) Research: It is concerned with gathering of information necessary for planning and facilitating exchange.
2) Promotion: It is concerned with development and dissemination of persuasive communications about the offer.
3) Contact: It is concerned with searching out and communicating with theprospective buyers.
4) Matching: It is concerned with shaping and fitting the offer to the buyer’srequirements like grading, assembling and packaging.
5) Negotiation: Here the attempt is to reach final agreement on price and otherterms of the offer so that transfer of ownership or possession can be effected.
6) Physical Distribution: It is concerned with transporting and storing of thegoods.
7) Financing: It is concerned with acquisition and dispersal of funds to cover thecosts of the channel work.
8) Risk-taking: It is concerned with making assumption of risks in connection with carrying out the channel work.

CLASSIFICATION OF DISTRIBUTION INETERMEIARIES/ CHANNELS (5marks)
1) Zero-level channel
It is also known as direct channel. It consists of manufacturer selling directly to consumers. The major direct channel selling are door-to-door selling, mail order selling and manufacturer-owned stores.
Manufacturer Consumer
2) One-level channel
It contains only one selling intermediary in the form of retailer. In this channel, manufacturer depends on retailer for selling his product. In India, Bata India Ltd. has its own retail shops’, to sell its products.
Manufacturer Retailer Consumer
3) Two-level channel
It contains two intermediaries in the form of wholesalers and retailers through whom the manufacturer channelizes his products to consumers. In India many companies opt for this channel as it is very convenient in the movement of goods.
Manufacturer Wholesaler Retailer Consumer
4) Three-level channel
It contains three intermediaries, the jobber is the new entry here. The task of jobber is to intervenes between the wholesalers and retailers, that is jobber buys from wholesalers and sells to the retailers of small scale who are not serviced by the large wholesalers. The jobber is known as “***Semi-Wholesaler***.”Manufacturer Wholesaler Jobber Retailer Consumer
Channel flows in marketing are the movement, or flows of physical items and services, title, promotion, information, and payment along a channel of distribution.

Channel flows in marketing are the various types of activities that take place in order to promote and distribute a product or service using different channels. Some of the most common types of channel flows are promotion flow, negotiation flow, product flow, information flow, and ownership flow.

The idea of flow is one of the most common ways to explain the channel mechanism. These flows represent the numerous connections that bind channel members and other agencies together in the distribution of products and services.

The channel of distribution is the path that goods and services take from manufacturer to customer; this includes all stages of a company's supply chain, as well as intermediate sales

Types of Channel Flows

There are four important flows in marketing channels, let us go through them right away-

1. Product Flow

The product flow refers to the actual movement of the product or service through the distribution channel. This flow begins at the point of production and ends at the point of sale. A few steps involved in product flows are warehousing, inventory management, order processing, and transportation.

2. Information Flow

The information flow refers to the movement of information about the product or service through the distribution channel. This information is used to promote and sell the product or service. Some of the steps involved in information flows are market research, product development, advertising, and sales.

Information flow is important because it helps businesses to understand the needs and wants of their target market. It also helps businesses to develop new products and services that meet the needs of their target market.

3. Ownership Flow

The ownership flow refers to the movement of ownership of the product or service through the distribution channel. This flow begins at the point of sale and ends when the product or service is delivered to the customer. Some of the steps involved in ownership flows are order processing, transportation, and delivery.

Ownership flow is important because it ensures that the product or service is delivered to the customer in a timely and efficient manner. It is also responsible for ensuring that the product or service is delivered in good condition and that it meets the customer's expectations.

4. Negotiation Flow

The negotiation flow refers to the movement of money and other forms of compensation through the distribution channel. This flow begins at the point of sale and ends when the product or service is delivered to the customer. Some of the steps involved in negotiation flows are pricing, financing, persuasive communication, etc.

It revolves around the interplay of the buying and the selling functions associated with the transfer of title of the products or services.

5.The promotion flow refers to the movement of promotional materials and information about the product or service through the distribution channel. These materials are used to generate interest in the product or service and to persuade potential customers to purchase it. Some of the steps involved in promotion flows are public relations, advertising, and sales promotion

Types of Distribution within Channels

When a channel is chosen, the distribution approach can take three different forms-

1. Intensive Distribution

This is a distribution strategy that involves making the product available in as many outlets as possible. This strategy is often used for products that are low in cost and high in demand.

2. Selective Distribution

This is a distribution strategy that involves making the product available in a limited number of outlets. This strategy is often used for products that are high in cost and low in demand.

3. Exclusive Distribution

This is a distribution strategy that involves making the product available in only one outlet. This strategy is often used for products that are high in cost and low in demand.

Channel Mechanism

The channel mechanism is the concept that refers to the way in which the distribution channel is organized. There are three main types of channel mechanisms

1. Direct Channel

A direct channel is a type of channel mechanism that involves a direct relationship between the business and the customer. This type of channel is often used for products that are low in cost and high in demand.

2. Indirect Channel

An indirect channel is a type of channel mechanism that involves an indirect relationship between the business and the customer. This type of channel is often used for products that are high in cost and low in demand.

3. Combined Channel

A combined channel is a type of channel mechanism that involves both a direct and an indirect relationship between the business and the customer. This type of channel is often used for products that are high in cost and low in demand.

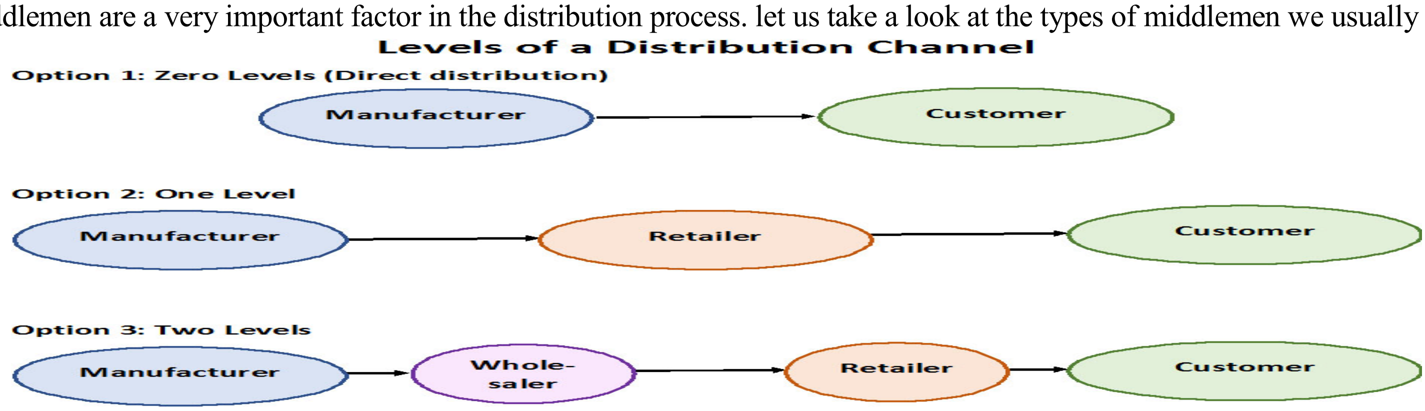
Channel members

Channel members are the individuals and organizations that are involved in the distribution of a product or service. A channel manager is responsible to tie channel members, so all the parties work efficiently. There are four main types of channel members-

Channel intermediaries are the external businesses, groups and individuals that help a company deliver its products to its customers. These intermediaries serve as agents between the merchandise's original creator and the consumer who makes the final purchase. Intermediaries are necessary for companies to fulfil the delivery of customers' orders.

Types of Intermediaries

These are the middlemen that ensure smooth and effective distribution of goods over your chosen geographical market. Middlemen are a very important factor in the distribution process. let us take a look at the types of middlemen we usually



find.

1] Agents

Agents are middlemen who represent the produces to the customer. They are merely an extension of the company but the company is generally bound by the actions of its agents. One thing to keep in mind, the ownership of the goods do not pass to the agent. They only work on fees and commissions.

2] Wholesalers

Wholesalers buy the goods from the producers directly. One important characteristic of wholesalers is that they buy in bulk at a lower rate than retail price. They store and warehouse huge quantities of the products and sell them to other intermediaries in smaller quantities for a profit.

Wholesalers generally do not sell to the end consumer directly. They sell to other middlemen like retailers or distributors.

3] Distributors

Distributors are similar to wholesalers in their function. Except they have a contract to carry goods from only one producer or company. They do not stock a variety of products from various brands. They are under contract to deal in particular products of only one parent company

4] Retailers

Retailers are basically shop owners. Whether it is your local grocery store or the mall in your area they are all retailers. The only difference is in their sizes. Retailers will procure the goods from wholesaler or distributors and sell it to the final consumers. They will sell these products at a profit margin to their customers.

In the reality of the market, all producers rely on the distribution to channel to some extent. Even those who sell directly may rely on at least one of the above intermediary for any purpose. Hence the distribution channel is of paramount importance in our economy.

Franchising is one of the key concepts and emerging trends in the business sector. If you are into business or want to get into it, you must understand the franchise business meaning and features of franchising. It has been around for a while now and can help your business achieve heights. To put it simply, It is an arrangement between two parties where one party, called the franchisor, provides the rights or licenses to the other party, called a franchisee. It is also a widely known marketing strategy amongst successful businessmen. Businesses or manufacturers provide these rights to a third party. The party providing the rights is called the franchisor, and the party receiving the rights is called a franchisee. These rights can authorize the other party to sell the franchisor's goods, products and services by paying a one-time fee. The franchisee will be able to use the brand name and trademark of the franchisor. Franchisor gets to benefit in the form of commission or a one-time fee paid by the franchisee. They also benefit from the marketing of their brand name that helps in their business expansion. To start with, two parties enter into a franchise agreement or contract. This contract enables the franchisee to use the franchisor's trademark or brand name and also enable them to sell their products and services. The franchisor gets a commission or a fee from the franchisee in return. The franchisee can also operate their company as a subsidiary or a branch of the parent company and sell their products. They can also use the parent company's rights and sell their products as its branch in their own business. Furthermore, the franchisor can choose to grant these rights to one or more companies or people. So, if only one person holds the rights, they can be the exclusive seller of their products. The parent company provides all trade secrets, products, services, technical workings, etc. They will also offer any form of assistance and training to the franchisee.
Franchise ExamplesYou can see several food chains around your location. Not all of them are directly operated by the main company branch, in fact, most of them are operated by a franchise. Some of the best Franchise examples of food co.mpanies are listed below:-Domino'sKFCMcDonald'sSubwayPizza Hut

Direct marketing is a type of marketing that involves communicating directly with customers and potential customers in order to promote products and services. Direct marketing can be **Types of Direct Marketing**

There is a range of types of direct marketing techniques that you can implement in order to reach your target audience. Here are some types of direct marketing listed:

1. **Face-to-Face Marketing –** This is one of the oldest forms of direct marketing. Authorised sales representatives are employed to meet prospects directly. The goal of each representative is to reach out to these prospects, convert them into profitable consumers and thus promote the business of your organization.
2. **Door-to-Door Marketing –** Door-to-Door sales (D2D) are another form of face-to-face marketing. It simply means that your sales representative is participating in door-to-door prospective, which indicates a system of direct contact with your targeted audience. Rather than relying on any other kind of marketing, a D2D salesman goes from one place to another, engaging prospects in a conversation about the products and services you offer implementing various compliance techniques with the intention of doing business with them.
3. **Kiosk Marketing –** Public places that get a lot of crowds are always full of opportunities to gain people's attention towards your business. Representatives stationed at kiosks in these places such as shopping malls can directly talk to potential customers by catching their eyes with your products and services.
4. **Leaflet Handouts –** This type of direct marketing involves handing out leaflets to the targeted audience that contain printed information about the products and services you offer, giving your potential customers the option to contact you, should they decide to make a purchase. Leaflets are sometimes also handed out at kiosks, to encourage a more positive engagement from your prospects. These leaflets may also sometimes contain offers and coupon codes that are redeemable for only a limited amount of time, thereby enticing your prospects further into making a purchase from you.
5. **Telemarketing –** The process of contacting your prospects individually and trying to get them interested in purchasing what your business has to offer has rapidly grown in the past few years. Representatives at call-centres contact a list of people who would be interested in your product and inform them the perks and advantages of making the purchase. This technique is often used by AT&T and Vodafone to inform both existing and potential consumers about the services they offer.
6. **Email Marketing –** With the widespread usage of the internet, businesses have inclined towards sending emails to contact their prospects directly. This technique is called cold emailing and if used with a proper strategy has a really good conversion rate.
7. **Targeted Advertisements –** Internet has opened the gates to yet another form of direct marketing – Targeted Advertisements. Almost every activity a user perform over the internet is recorded in the form of a cookie or other data. This data along with the user's demographics is used by advertisers to target personalised ads to him directly. An example of targeted advertisements is remarketing where user witnesses the advertisements of the products he abandoned while visiting an eCommerce website.

Advantages Of Direct Marketing

A good direct marketing campaign focuses on promoting and selling to your prospective customers by:

- Helping you build a better relationship with both returning and new customers by contacting them directly.
- Testing the appeal of your products and services and getting direct feedback from your target audience, which can also be used to improve the products and services you offer.
- Helping you understand which marketing technique could be a better way to reach out to your target audience directly in order to do business with them.
- Providing your customers with any compelling content that they could share with other potential customers.
- Providing a positive boost in sales by gaining loyal customers for your business.

MEANING AND DEFINITION OF PROMOTION

Promotion is the process of marketing communication involving information, persuasion and influence.

In other words, promotion is a form of "telling" and "selling". It is a way of creating or influencing the sense of existed product through various means like advertising, sales promotion and personal selling.

According to Mc. Carthy, "promotion is concerned with any method that communicates to the target market about the right product to be sold in the right place at the right price, promotion encompasses sales promotion, advertising and personal selling."

According to Philip Kotler, "promotion compasses all the tools in the marketing mix, whose major role is persuasive communication."

PROMOTION MIX/FORMS/METHODS OF PROMOTION

The marketing mix consists of the following:-

1) Personal selling

It is the most important, the most effective and the most costly form of promotion. It is the best means of oral or face-to-face or direct communication. Personal presentation has the prospect of effecting sales.

2) Advertising

It is a means of mass communication. Advertising is also an important form of promotion and it costs less than personal selling.

3) Sales promotion

The marketing activities other than advertising, publicity and personal selling are known as sales promotion. It serves as bridge between personal selling and advertising.

4) Publicity

It is a non-personal stimulation of demand as advertising. It stimulates demand for a product or service or a business unit by making publicity in radio, television etc.

5) Public relation

It is a form of promotion. It creates, develops and maintains a bright image of an organization on the public.

6) Point of purchase display

Promotion at the point of purchase is more effective. Proper display of products is done by manufacturers or distributors.

7) Direct mail Direct mail is sent to the selective customers. It will attract the customers to buy the goods.

8) Other forms of promotion Sampling, coupons, discounts, special premiums etc all this will play key role inoverall marketing strategies of company

. **IMPORTANCE/ROLE OF PROMOTION**

Company promotions play many roles in marketing, designed to produce certain desired effects.

1) Increase Brand Awareness

Promotion such as television, radio and magazine advertising increase brandawareness. More people tend to learn about a particular company or its brands if they frequently see or hear about them.

2) Provide Information

Companies also use promotions to provide information. Marketers may use press releases, displays, pamphlets, in-store videos, demonstrations etc to conveyi nformation.

3) Increase customer traffic

Grocery stores, beauty salons and movie theatres use promotions such as frequency programs to increase customer traffic. Frequency card promotions are designed primarily to attract traffic among current customers. New customers also may be attracted to the promotion if they hear about it.

4) More employment

Promotional activity helps to increase more employment opportunities to the people who are unemployed, as the promotional activities cannot be performed without the help of an effective sales force and the specialists in various fields.

5) Effective sales support

Promotion helps in the sales support of the product. Sales promotion makes the salesman’s effort more productive. It provides good support in selling the different types of goods. Sales of different types of goods in the market are very necessary to increase the market economy.

6) Increase speed of product acceptance

Most of the sales promotion devices such as contests, premium coupons, etc can be used faster than other promotion methods such as advertising. Increase in the speed of product acceptance is very important in the competitive market. So, it is necessary to increase the speed of product.

SALES PROMOTION

Sales promotion is generally defined as those marketing activities that provide extra values or incentives to the sales force, the distributors, or the ultimate consumer and can stimulate immediate sales.

According to A.H.R Delen, sales promotion means “any steps that are taken for the purpose of obtaining or increasing sales. Often, this term refers specially to selling efforts that are designed to supplement personal selling and advertising and by coordination ,help them to become more effective.”

In other words, sales promotion refers to those specialized activities other than personal selling and advertising that are taken by a firm for promoting its sales.

TOOLS OF SALES PROMOTION

Sales promotion is generally broken into two major categories i.e. consumer oriented and trade oriented activities.

A. Consumer-oriented

The consumer-oriented promotion tools are aimed at increasing the sales to existing consumers, and to attract new customers to the firms. It is also called as *pull strategy*.

It includes the following:-

1) Free samples

Small units of free samples are delivered door to door, sent through direct mail, attached to another product, or given along with the purchase of some other product.

2) Coupons

This involves offering price reduction or saving to customers on the purchase of a specific product. The coupons may be mailed or enclosed along with other products, or inserted in a magazine or newspaper advertisement.

3) Exchange scheme

In this case, the customer exchanges the old product for a new one. These sales Promotion tool is used by several companies for consumer durables.

4) Discounts

It refers to reduction in price on a particular item during a particular period. It is Common during festival season or during off-season period.

5) Premium offers

These can be extra quantities of the same product at the regular price. For instance, Colgate offered 125g in a tube for the price of 100g.

6) Personality promotions

This type of promotion is used to attract the greater number of customers in a store and to promote sale of a particular item. For instance, a famous sports personality may be hired to provide autographs to customers visiting a sports shop.

7) Instalment sales

In this case, consumers initially pay smaller amount of the price and the balance amount in monthly instalments over a period of time. For example, consumer durables such as refrigerators and cars are sold on instalment basis.

B. Trade-oriented

Trade-oriented sales promotion programmes are directed at the dealer network of the company to motivate them to sell more of the company’s brand than other brands. It is also known as *push strategy*.

1) Cash bonuses

It can be in the form of one extra case for every five cases ordered, cash discounts or straight cash payments to encourage volume sales, product display, or in support of a price reduction to customers.

2) Stock return
Some firms take back partly or wholly the unsold stocks lying with the retailers, and distribute it to other dealers, where there is a demand for such stocks.
3) Credit terms
Special credit terms may provide to encourage bulk orders from retailers or dealers.
4) Dealer conferences
A firm may organize dealer conferences and thereby dealers can also provide valuable suggestions to the company at such conferences.
5) Dealer trophies
Some firms may institute a special trophy to the highest-performing dealer in a particular period of time. Along with the trophy, the dealer may get a special gift such as a sponsored tour within or outside the country.

ADVERTISING

The word Advertising derived from *French word "adverted"* which means *"to Notify or to inform"*. Advertising means informing the public of the existence of a particular product orservice.In other words, advertising defined as "non personal forms of presentation and promotion of ideas, goods or services by an identified sponsor through paid sponsorship."
In short, advertising is an attempt to make a particular product or service known to the public and to create demand for the same.

OBJECTIVES OF ADVERTISING

1) Getting Attention
Using highly readable print, colour, diagrams and pictures can also attract the attention of users. Using sounds and jingles will attract attention of customers/users in radio and television ads.
2) Building sales and profits
Advertising is designed to increase sales and build profits gradually. People will try the products and they become repeat users and also they tell their family and friends, which is additional advertising for a company. Many companies budget their advertising by allocating a certain percentage of sales toward it.
3) Switching back
This objective is for the companies who have switched to their previous customers back. They attract the customers back like discount sale, new advertise, some reworking done on packaging etc.
4) Brand switch
The purpose of advertisement is to attract the customers of competitors. Here the advertisers try to convince the customers to switch from the existing brand.
5) Building brand awareness
Companies advertise to build brand awareness, which is when people know a particular brand. Brand awareness is usually calculated as a percentage.

6) Prompting immediate action
Different forms of advertising may also prompt people to act immediately.
Including a coupon, deadlines, free trail etc will attract buyers to make purchase ina short period.

PUBLICITY

The word derived from French *"publicite"* means *"public"*.
Publicity is gaining public visibility or awareness for a product, service or company name through media.
According to American Marketing Association, "publicity is a non-personal stimulation of demand for a product, service or business unit by planting commercially significant news about it in a published medium, or obtaining favourable presentation of it on radio, television or stage, that is not paid for by the sponsor."
In other words, it is a non-personal stimulation of demand for a firm's product or service which is not paid for by the sponsor.

TYPES OF PUBLICITY

1) News releases

An organization may issue news releases to mass media so that the media people can prepare interesting report on the new developments in the organizations and publish or broadcast them to general public.

2) Feature articles

An organization may use the service of an expert or a journalist to write interesting feature on the organization and its products. Once the feature article is ready it is forwarded to a specific media for publication.

3) Press conferences

An organization may request business reporters from important media to attend special press conferences where the new developments are communicated to the mass media.

4) Sponsorship of social events

An organization may receive a very good publicity if it sponsors social events like cultural gatherings, sporting events, seminars and many more.

PERSONAL SELLING

Personal selling is where businesses use people to sell the product after meeting face-to-face with the customer._ ***According to Herbert N Caisson***, personal selling “is the art of understanding, appreciating and influencing other people for mutual benefits.”

In other words, it is a process of persuading and assisting a prospective customer to buy a commodity or service.

PUBLIC RELATIONS (Meaning only)

According to British Institute of Public Relations, “Public relations practice is the planned and sustained efforts to establish and maintain goodwill and mutual understanding between an organization and its publics.”

In other words, It is a planned and purposeful activity undertaken by an organization to develop better mutual relationship with its public.